ANNUAL REPORT

2023

BANCO DE INVESTIMENTO GLOBAL

T.1

(Euro)

Consolidated	2023	2022	2021	2020
Net Interest Margin	36,935,760	28,388,331	19,942,939	18,068,113
Net Commissions and Fees	15,194,661	17,508,837	15,702,237	11,326,316
Treasury and Capital Markets	27,031,307	10,347,623	26,495,372	41,980,415
Other Income	1,037,830	194,870	294,261	288,742
Operating Income	**80,199,558**	**56,439,661**	**62,434,810**	**71,663,585**
Personnel Expenses	-24,382,649	-21,233,057	-21,070,352	-19,380,764
Other Administrative Costs	-14,922,015	-13,591,009	-12,547,803	-13,018,649
Cash Contributions	-1,072,243	-1,164,782	-1,228,416	-1,136,151
Operating Expenses	**-40,376,907**	**-35,988,849**	**-34,846,571**	**-33,535,564**
Operating Cash Flow	**39,822,651**	**20,450,812**	**27,588,239**	**38,128,021**
Depreciation	-3,270,577	-3,473,142	-3,187,138	-2,238,810
Provisions	-61,171	319,059	1,055,500	84,000
Impairments	1,289,680	-2,695,616	-625,177	-1,102,840
Operating Results	**37,780,583**	**14,601,114**	**24,831,423**	**34,870,371**
Profit Before Income Tax	**37,780,583**	**14,601,114**	**24,831,423**	**34,870,371**
Current Income Tax	-8,714,130	-3,605,892	-2,096,910	-8,885,664
Deferred Tax	-1,373,529	-274,776	-986,964	-336,386
Profit Afer Income Tax Before Minority Interest	**27,692,924**	**10,720,446**	**21,747,549**	**25,648,321**
Minority Interest	-3,497,857	-478,959	-546,342	-602,381
Net Income	**24,195,067**	**10,241,487**	**21,201,207**	**25,045,941**

Individual	2023	2022	2021	2020
Net Income	**24,449,135**	**8,704,277**	**18,007,237**	**24,173,007**

Selected Indicators	2023	2022	2021	2020
Total Net Assets	2,663,349,214	2,436,982,999	2,772,026,509	2,203,605,500
Shareholder Funds	390,666,894	350,043,120	412,680,913	421,904,979
Own Funds	357,302,777	316,065,294	374,811,723	390,682,940
Client Deposits	2,024,574,177	1,611,444,893	1,553,888,768	1,402,939,710
Non-Performing Loans / Total Loans	0.1%	0.3%	0.3%	0.3%
Loans / Client Deposits	1.0%	2.2%	2.7%	2.3%
Loans / Total Net Assets	0.7%	1.4%	1.5%	1.5%
Assets Under Supervision (*)	6,942,720,538	5,808,620,545	6,060,342,028	4,704,561,598

(*) Assets under management, held in custody and client deposits

Profitability	2023	2022	2021	2020
Return on Average Assets (ROA)	0.9%	0.4%	0.9%	1.1%
Return on Average Equity (ROE)	7.5%	2.8%	5.2%	6.2%
Operating Income / Average Net Assets	3.1%	2.2%	2.5%	3.2%

Solvency	2023	2022	2021	2020
CET1 Capital Ratio	31.4%	28.8%	34.4%	45.3%
T1 Capital Ratio	31.4%	28.8%	34.4%	45.3%

Efficiency	2023	2022	2021	2020
Net Interest Income / Earning Assets	1.5%	1.3%	0.8%	0.9%
Operating Expense / Operating Income	53.1%	67.9%	58.9%	48.3%
Personnel Expense / Operating Income	30.4%	37.6%	33.7%	27.0%

Source: BiG

1. FINANCIAL INDICATORS

Management Report

Consolidated Financial Statements

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MANAGEMENT REPORT

2. INTRODUCTION

2.1. BiG PROFILE

Banco de Investimento Global, S.A. ("BiG" or "Bank") is a specialized financial institution, wholly owned by private investors, headquartered in Lisbon, authorized to perform in all business areas open to the banking sector, who has been operating for 25 years in Portugal and since 2020 in Spain.

The Bank's business focuses on savings, investment, and advisory services for private and institutional clients. In addition to traditional banking services, the Bank also provides its customers with trading platforms with access to global markets, through which it offers savers and investors easy access to all the main investment markets and products. The Bank's products and services include deposits, investment funds, RSPs, asset management, brokerage, custody, general banking and payment services for private and institutional clients, as well as treasury applications, investment products, capital markets and financial advice for institutional and corporate clients.

On 31 December 2023, on a consolidated basis, the Bank had € 2.7 billion in assets, € 2.0 billion in client deposits and € 391 million in shareholders' equity.

On a daily, operational level, we focus on asset quality, liquidity and interest rate risk management, internal operating controls, reliable execution, capital preservation and the control of business risks.

The Bank's capital is held by a dispersed, stable base of mainly Portuguese individual and institutional investors (see the Section 2.3 – Shareholder Structure and Note 42 of the notes to the Consolidated Accounts).

Total staff for the Group at year-end 2023 was 416 (see the Section 2.4 – People).

The Bank's business model and risk appetite are designed to prepare us for operations under adverse market conditions. With this objective in mind, the Bank's solvency, asset quality, liquidity and other operational metrics are consistently strong and Management's focus on financial discipline is deliberate, permanent, and strategic.

Since the Bank was founded 25 years ago, its growth has been fundamentally based on retaining the majority of internally generated profits, after paying regular dividends. The policy of retaining earnings has also been important in extending and improving the Bank's business model, often during periods of volatility in financial markets. BiG's business is essentially managed using its own funds, customer deposits and interbank financing.

BiG's business model is based on technology-driven solutions to reach clients and process their transactions. We invest regularly in efficient, scalable processes and procedures and we encourage an operating culture that seeks to limit operational errors and credit losses to very low levels. We favor quality over size and market share across our business lines and have never sought to follow, or to replicate traditional, universal banking models.

BiG is independent of banking, specific shareholder, or special interest groups, and since its inception has never requested, nor required, assistance, capital or guarantees from any outside or official source.

2.2. WHAT BiG DOES

For individual clients, the Bank provides savings, brokerage, custody, wealth management and general banking and payment services. For corporate and institutional clients, services include market risk management, treasury, brokerage, custody, and corporate advisory services, including debt finance. The Bank's Treasury and Capital Markets area concentrates on liquidity and balance sheet management. This area is also central to our culture of managing market-related and credit risks.

The Bank's businesses, encompassing the Spain branch, subsidiaries and specialized sales and product teams are combined and presented for purposes of internal reporting as two main business lines – Wealth Management and Advisory and Treasury and Capital Markets. These business areas are described in further detail in Section 6.2 – Earnings in 2023.

The Bank's main subsidiaries focus on providing savings and investment services (BiG Mozambique), on FinTech-related investments and activities (One Tier Partners), and on brokerage services (DIF Broker). In Spain, BiG has a branch office in Madrid, which offers deposits and banking services, digital platforms for client trading, and corporate advisory.

The asset side of the Balance Sheet, as a rule, reflects geographic and sectorial diversity, which may vary over time, depending on market conditions and business opportunities. It also reflects our policy of maintaining significant levels of assets that are easily convertible to liquidity. The liability side of the Balance Sheet focuses on stable retail deposits and capital growth. The Bank interacts with clients through a variety of integrated channels. Retail clients are served by the online investment platforms, www.big.pt, www.bancobig.es, and by a network of 14 branches located in key regions in Portugal. Corporate and Institutional clients are the focus of sales and product teams based in Lisbon, Porto, Madrid (Spain) and Maputo (Mozambique).

The Bank's brokerage platform is supported by its direct membership in Euronext, which includes domestic and key international exchanges. In addition, the Bank maintains partnership arrangements with global financial services suppliers and clearing houses to provide access for our clients to major equity, options and futures exchanges. Platforms for other "over the counter" ("OTC") products, bonds, and mutual funds, usually combine in-house technology solutions and agreements with counterparties and providers.

2.2.1. WEALTH MANAGEMENT AND ADVISORY

BiG's client-facing businesses are non-credit-intensive. They focus instead on helping individual and wholesale clients manage their assets. We work with clients using an integrated multi-channel approach, backed by online banking and trading platforms and a network of branches in Portugal, Spain and Mozambique.

The combination of internet-based platforms and specialized sales teams help clients execute banking transactions, manage savings, and invest in some of the world's most important regulated markets. This business provides banking services and solutions for clients ranging from the self-directed to those seeking assisted investing, with tools for daily banking needs and an array of traditional savings products and investment funds.

For private clients, institutional investors and middle market to larger corporations, the Bank's professionals from key product areas design specific financial solutions, execute trading and investment strategies, and help clients manage their assets and business risks. The broad range of services includes trading in regulated markets, market research, structuring over the counter products, asset management, market risk management and corporate advisory services.

2.2.2. TREASURY AND CAPITAL MARKETS

This business area focuses on the Bank's investment activities, as well as liquidity and balance sheet management. It is also central to the Bank's culture of managing and analyzing market risks, in particular, the interest rate risk inherent to the Bank's portfolio.

2.3. SHAREHOLDER STRUCTURE

At year-end 2023, the Bank's shareholder structure was composed by about 220 common stockholders, mainly Portuguese individuals. On the same date, 57.07% of the common stock was held by individuals and 42.93% were held by institutions, foundations, corporations or holding companies. The largest single shareholder, a private individual, held 12.67% of the stock with voting rights directly.

At 31/12/23, 12 shareholders were owners of at least 2% of the Bank's common stock. All are independent of one another and, in aggregate, held 65.27% of the capital. There are no agreements tying shareholders together.

In accordance with the Bank's statutes, there are no restrictions on the voting rights of shareholders. Each share held corresponds to one vote, which can be exercised provided that each shareholder, or group of shareholders, holds at least 1000 shares.

2.4. PEOPLE

The breakdown by category of staff levels during 2023 may be found in Note 12 of the notes to the Consolidated Accounts. Total staff on a consolidated basis was 416 at year-end 2023, of which 331 were based in Portugal, 35 in Spain, and 50 in Mozambique.

The Bank's business culture derives from a resilient business model, Management's ability to execute its strategies and to control risks, and the quality, training and character of our people. As a result, senior managers are involved directly in the recruitment, training and career development of employees. BiG sees employee development as a key investment and seeks to reward talent from the outset. In hiring staff, we invite diversity, but not in our core values. These include academic excellence, a sense of commitment, teamwork, energy, innovation, respect for others and, above all, integrity.

T.2

Number of Employees	2021	2022	2023
Portugal	289	303	331
Mozambique	44	51	50
Spain	30	28	35
Number of Employees	**363**	**382**	**416**

Source: BiG

3. PERFORMANCE HIGHLIGHTS IN 2023

3.1. MAIN HIGHLIGHTS

An overview of selected income statement and balance sheet items is provided in Table 3 (indicators on a consolidated basis). Further detailed analysis of financial indicators and results of business segments may be found in Section 6.2 – Earnings in 2023 and in the Notes to the Consolidated Accounts.

The Bank generated consolidated Net Income, attributable to the owners of the parent company, of € 24.2 million in 2022, versus € 10.2 million in 2022;

The Bank's consolidated Net Operating Revenues in 2023 were € 80.2 million, versus € 56.4 million in 2022;

The Bank's consolidated Shareholders' Equity at 31/12/23 was 390.7 million, versus € 350.0 million for the prior year at 31/12/22;

Consolidated Own Funds at 31/12/2023 were € 357.5 million, versus 316.1 million at 31/12/22;

Earnings per share (EPS) in 2023 were € 0.13, versus € 0.05 in 2022;

Return on Average Equity (ROE) in 2023 was 7.5%, versus 2.8% in 2022;

The Book Value (BV) of BiG's common stock at 31/12/2023 was € 2.09, versus € 1.87 per share at 31/12/22;

BiG's consolidated Tier 1 Capital Ratio at 31/12/2023 was 31.4%, versus 28.8% at 31/12/22;

The consolidated Leverage Ratio at 31/12/2023 was 13.3%, versus 13.42% at 31/12/22;

The consolidated Liquidity Coverage Ratio at 31/12/2023 was 360%, versus 240% at 31/12/22.

In 2023, more than 85 per cent of the Group's revenues were generated in Portugal, with the remaining revenues coming from the business in Spain developed through the BiG branch based there and the investment banking unit in Mozambique.

In terms of the balance sheet, the Bank's activity focuses on investment grade, liquid securities, recognized in trading and banking books. The balance sheet contains a reduced amount of loans, which are naturally less liquid and not considered strategic from a risk/return perspective. Given the liquid nature of the balance sheet, credit risks and concentrations are managed actively in the context of overall market conditions and investor sentiment with respect to interest rates. These activities are structural and remain unchanged from prior years.

BiG's analysis of credit concentrations and earnings opportunities takes into consideration Management's expectations with respect to trends in credit quality, interest rates and market liquidity, as well as how these issues may be influenced by economic, political, and regulatory movements. As a matter of long-term strategy and appetite for risk, a substantial majority of the Bank's exposure involved country risk exposures other than Portugal, including other European countries, U.S. and, to a lesser extent, other geographies.

3.2. KEY FINANCIAL METRICS IN 2023

For a more detailed analysis, please refer to Section 6.2 – Earnings in 2023 and the Notes to the Consolidated Accounts.

3.2.1. MARKET BACKGROUND

During 2023, the business environment was impacted by the continuing military conflict between Russia and Ukraine, the outbreak of new serious clashes between Israel and Hamas and the resulting geopolitical and economic tensions and consequences. The increase in international sanctions, as well as the instability associated with a possible expansion of the conflict in the Middle East, were reflected in higher levels of volatility in the market, uncertainty regarding the rise in oil prices and

T.3 (Euro 000)

Summary of Results	2023	2022	2021	2020
Total Net Revenue	80,200	56,440	62,435	71,664
Non Interest Expense	-42,419	-41,839	-37,603	-36,793
Minorit Interest	-10,088	-3,881	-3,084	-9,222
Taxes	-3,498	-479	-546	-602
Net Income	24,195	10,241	21,201	25,046

Summary of Statement of Financial Position	2023	2022	2021	2020
Shareholders Funds	390,667	350,043	412,681	421,905
Own Funds	357,303	316,065	374,812	390,683
Total Net Assets	2,663,349	2,436,983	2,772,027	2,203,606
Loans	19,953	34,869	41,467	32,429
Deposits	2,024,574	1,611,445	1,553,889	1,402,940
CET1 Capital Ratio	31.4%	28.8%	34.4%	45.3%
T1 Capital Ratio	31.4%	28.8%	34.4%	45.3%

Source: BiG

demand for safe-haven assets, namely short-term fixed-income securities.

In addition, 2023 continued to be marked by the aggressive action of the main international Central Banks in raising key interest rates, with a view to promoting a sustained reduction in inflation. While the stock market remained optimistic, the bond market showed high volatility, reflecting investors' expectations about the evolution of key rates and inflation.

The cumulative effects of inflation, the tightening of monetary policy and the high degree of geopolitical uncertainty resulted in a worsening of financial conditions, with signs of a slowdown in economic activity.

3.2.2. EARNINGS

Regardless of market conditions, the long-term strategy defined by Management is to maintain a low risk profile, to preserve capital and to grow in a sustainable manner.

In 2023, there were increases in the Group's net interest margin, reflecting the continuation of restrictive monetary policies by central banks, with interest rates reaching historic highs in the 3rd quarter of 2023. The Bank took advantage of high market volatility to generate gains on asset trading, within the defined limits and risk profile, which resulted in an increase in income from treasury and capital market activities. In turn, net commissions fell as a result of lower client trading activity, particularly in Spain.

As a result of these developments, **consolidated operating income rose 42.1 per cent to € 80.2 million in 2023, compared to € 56.4 million in 2022.**

Operating costs amounted to € 42.4 million in 2023, in line with the 2022 figure of € 41.8 million.

Transformation costs, which include personnel costs, administrative costs and depreciation and amortization, increased by 11.2%. As a result of this evolution, the efficiency ratio, defined as Transformation Costs/Operating Income, fell to 53.1 %, compared to 67.9 % the previous year, reflecting greater efficiency.

Net provisions remained low, while there was a reversal of impairment losses, with a reduction in the amount of expected credit losses (ECL) estimated, in a context characterized by the narrowing of credit spreads and the improvement in the ratings of some issuers in the portfolio.

The estimate for the Group's income tax for 2023 amounts to €10.1 million, compared to € 3.9 million in 2022, corresponding to 26.7% of Profit before tax, compared to 26.6% in 2022.

Consolidated Net Profit attributable to owners of the parent company increased 136% to € 24.2 million, compared to €10.2 million in 2022.

3.2.3. KEY BALANCE SHEET ITEMS

Total Assets as of 31 December 2023 amounted to around € 2.7 billion, 9.3% more than at the end of the previous year.

The Bank maintains a significant component of its assets valued at market prices. This practice translates the principles of prudence, rigor and transparency to which the Bank has been committed since its foundation. It also means that the Bank's financial statements reflect in real time the adjustments in market conditions and in market sentiment of economic agents. In 2023 there was an

T.4 (Euro 000)

Earnings	2023	2022	2021	2020
Net Operating Revenues	80,200	56,440	62,435	71,664
Net Operating Expenses	-42,419	-41,839	-37,603	-36,793
Pre-tax Profit	**37,781**	**14,601**	**24,831**	**34,870**
Taxation	-10,088	-3,881	-3,084	-9,222
Net profit before minority interests	**27,693**	**10,720**	**21,748**	**25,648**
Minority Interests	-3,498	-479	-546	-602
Profit or loss for the year	**24,195**	**10,241**	**21,201**	**25,046**

Source: BiG

T.5 (Euro 000)

Key Statement of Financial Position	2023	2022	2021	2020
Total Net Assets	2,663,349	2,436,983	2,772,027	2,203,606
Shareholders Funds	390,667	350,043	412,681	421,905
Own Funds	357,303	316,065	374,812	390,683
Deposits from Clients	2,024,574	1,611,445	1,553,889	1,402,940
Non-Performing Loans / Total Loans	0.1%	0.3%	0.3%	0.3%
Loans / Client Deposits	1.0%	2.2%	2.7%	2.3%
Loans / Total Net Assets	0.7%	1.4%	1.5%	1.5%
Assets Under Supervision (*)	6,942,721	5,808,621	6,060,342	4,704,562

(*) Assets under management, held in custody and client deposits

increase in the value of interest-bearing assets, partly associated with the appreciation of fixed-income securities, following the historically atypical year of 2022 in which there were simultaneous reductions in value in several asset classes.

The composition of BiG's earning assets continued to correspond, essentially, to net fixed income financial instruments, measured under the accounting headings of *Hold to Collect and Sell* and *Hold to Collect*.

The Hold to Collect accounting item includes a "Medium-term financial margin portfolio", created in 2022 with the aim of holding medium-term financial assets and receiving contractual cash flows until maturity, as well as a "Long-term financial margin portfolio", previously set up, dedicated to investing in securities with longer maturities (over 10 years on the date of acquisition).

The ratio of loans granted to customer funds was 1.0% the end of 2023, lower than in 2022. These ratios may vary slightly from year to year, but they tend to remain structurally low over time, contribute to the strategy of maintaining a high level of structural liquidity and reflect the Bank's business model of less emphasis on consumer loans. The ratio of overdue loans to loans granted was 0.1% on 31/12/2023, lower than in previous years.

The Bank's main sources of funding in 2023 were (i) retail client deposits, (ii) shareholders' funds, (iii) asset sale/repurchase agreements with market counterparties, among which are financial institutions with global presence. Retail client deposits and equity are considered core, while other sources of funding vary according to market opportunities and prices.

Consolidated Shareholder Funds increased to € 390.7 million compared to € 350.0 million at the end of 2022, reflecting, in addition to the results achieved in the period, net of the early distribution of dividends, a positive performance in terms of fair value reserves, associated with the mark-to-market of the *Hold to Collect and Sell* portfolio.

3.2.4. CAPITAL

The Bank's capital level provides confidence to clients and counter-parties and reflects key aspects of management. The Bank manages capital by (i) closely monitoring potential risks as well as anticipated returns, (ii) applying the results of capital planning and stress testing processes to the daily management of the balance sheet, (iii) objectively assessing the business environment and (iv) identifying and measuring potential material risks, whether specific or strategic.

As discussed above, the Bank performs projections on funding and capital on a regular basis and provides them to the regulator on an annual basis. Such analyses are fundamental to maintaining discipline in risk taking and, therefore, in the deployment of capital.

The Figure 1 briefly illustrates the capital management process.

The value of the shareholders' capital at the end of the year was € 186.9 million, corresponding to 186,947,388 ordinary shares issued, each with a nominal value of € 1.

The combination of higher earnings and a recovery in the Fair Value Reserve resulted in an increase in Shareholder Funds to € 390.7 million at 31/12/23. This compares to € 350.0 million at year end 2022. At 31/12/23, BiG held treasury stock in an amount inferior to 0.01% of the Total Shareholder's Capital.

The Bank's Regulatory Capital, or "Own Funds," is calculated in accordance with Central Bank regulations and amounted to € 357.3 million at 31/12/2023, versus € 316.1 million at 31/12/2022. This figure does not include the 2023 Net Income, which at year-end is still subject to approval by the shareholders at the General Shareholders' Meeting.

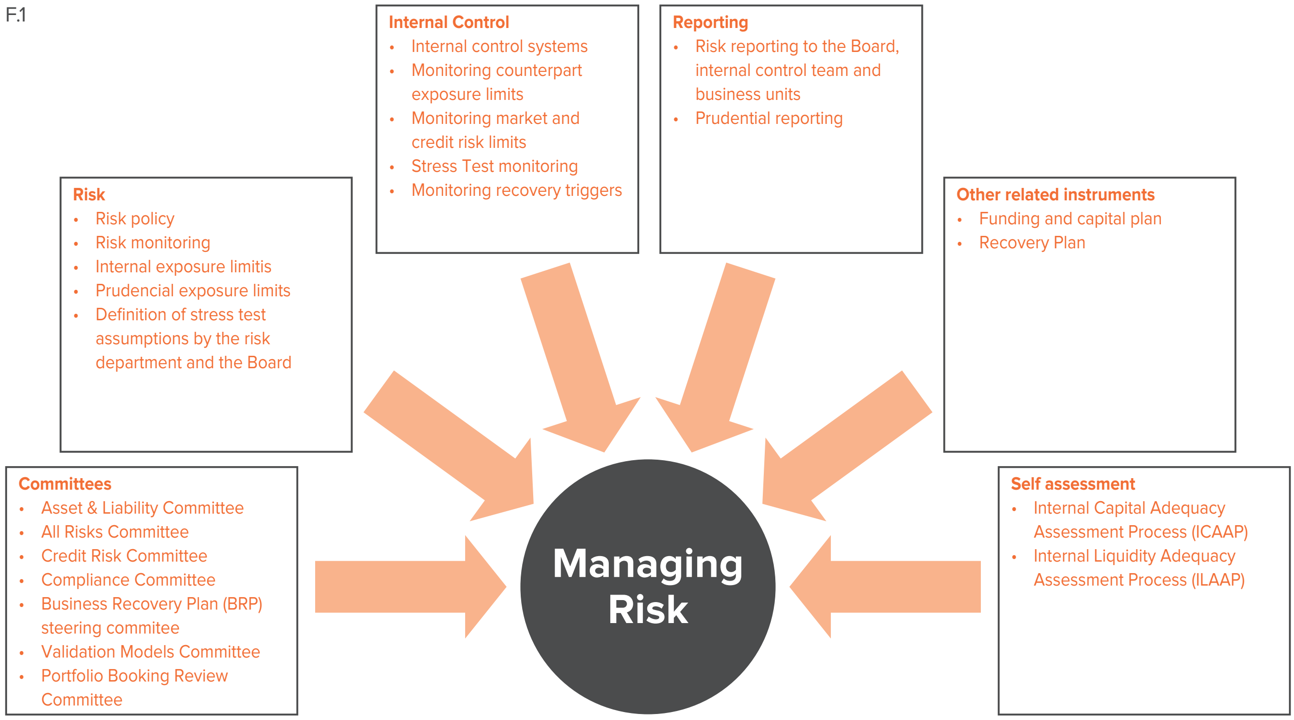
The Bank's consolidated Tier 1 Capital Ratio was 31.4% at the end of 2023, up from 28.8% at the end of 2022. This ratio has remained consistently and significantly above regulatory minimum levels, including under the most stressful market conditions over the past 20 years.

To ensure prudent use of capital and the maintenance of comfortable reserves, the

T.6 (Euro 000)

Shareholders Capital	2023	2022	2021	2020
Common Stock	186,947	186,947	186,947	171,947
Share premium	1,362	1,362	1,362	1,362
Treasury Stock	-2	-2	-2	-2
Accumulated other comprehensive income	-56,989	-86,398	-21,788	2,257
Other Reserves	236,068	232,347	220,111	217,345
Profit or loss attributable to owners of the parent	24,195	10,241	21,201	25,046
Antecipated Dividends	-6,543	0	0	0
Minority Interest	5,629	5,545	4,849	3,950
Total Shareholders Capital	390,667	350,043	412,681	421,905
Book value per share	2.09	1.87	2.21	2.45
Net assets / Equity	6.82	6.96	6.72	5.22

F.1



Bank performs stress tests to the most critical balance sheet items. These include: (i) stress tests on solvency and (ii) controls on prudential and internal limits established by the Bank. These tests are designed to measure the impact on solvency ratios resulting from adverse changes.

The results of the stress tests, while hypothetical, often serve as triggers for Management and business areas to act, by reducing risks or diversifying concentrations. Examples of extreme scenarios used by Management at 31/12/23 are shown below and are discussed in further detail in Section 8 – Risk Management and Internal Control of this report, and in Note 46 of the Notes to the Consolidated Accounts. These results arise from scenarios involving sudden falls in the price of sovereign and other debt securities.

T.7

December 2023 - Stress test	Base Scenario	Scenario 1	Scenario 2
T1 Capital Ratio	31.4%	27.8%	27.0%
Total Capital Ratio	31.4%	27.8%	27.0%

Scenario 1: Negative variation in fair value recognized 100% in own funds as per EBA haircuts
Scenario 2: Negative variation in fair value recognized 120% in own funds as per EBA haircuts
Source: BiG

The results of the impact on the Bank's solvency ratios at year-end December 2023 under each scenario are as follows in Table 7.

Through the Bank's Internal Capital Adequacy Assessment Process (ICAAP), the Bank further analyses how to manage the statement of financial position during a severe crisis, how to generate liquidity and/or how to redeploy capital. This assessment incorporates market risk, credit risk and operational risk and, when combined with daily scenario analyses, as described above and in Section 8 – Risk Management and Internal Control of this report, forms the basis for Management's ongoing evaluation of the Bank's capital adequacy.

3.2.5. LIQUIDITY AND FUNDING

Liquidity is a key basis for managing the Bank, and remained strong for 2023, in line with prior years. The ratio of Loans / Deposits in 2023 was below the historical trend (1,0% in 2023 vs average of 2,4% from 2020-2022). Financing via sale / repurchase agreements with several international banking counterparties continued during 2023, although with a lower value at the end of the year than in the previous year. In 2023, the Bank stopped the use of the long-term facilities made available at the ECB. Overall, the Bank's potential, untapped liquidity, based on the capacity to use eligible securities as collateral for further drawdowns, continues, with a substantial ratio of eligible assets / deposits. Available liquidity rises to over 100% of deposits when unencumbered, non-eligible but liquid assets available for sale, and cash are added to unused available amounts of the ECB / EUREX Pools.

In 2023, as in prior years, the majority of the Bank's assets are generally liquid debt instruments, recorded at fair value through other comprehensive income (*HTCS*), at amortized cost (*HTC*), or held for trading (*Trading*). Management believes that this strategy of maintaining significant portfolios of liquid assets which are marked to market encourages discipline in position-taking and statement of financial position growth and appropriately reflects a culture of transparency with respect to valuations of securities. The combination of (i) a low concentration of illiquid loans, (ii) reduced overall statement of financial position gearing relative to capital and stable funding sources, and (iii) a policy of maintaining a large inventory of unencumbered assets on hand to ensure comfortable levels of liquidity, are central to Bank's business model and relative profitability during the Bank's history.

3.2.6. DIVIDEND POLICY

Shareholders have approved, since the Bank's inception, a policy of building the capital base through retained earnings. Proposals to pay dividends are made generally by Management and are subject to approval by the shareholders in the Annual Shareholders' Meeting.

The Bank began paying annual dividends in 2004 (relative to 2003 Earnings). Since that date, and until the end of 2022, the Bank has retained, on average, approximately 45% of Net Income and distributed approximately 55% in dividends, while maintaining high levels of solvency.

For the fiscal year 2023, the proposed dividend is € 0.10 per share, representing a payout ratio of 76%, which includes the anticipated partial dividend of € 0.035 per share, paid to shareholders in November 2023, based on the net results calculated and certified by the Bank's external auditor for the period from 1 January to 30 September 2023.

The Bank's recent history of payouts is described in Table 10.

The Bank has distributed to the Shareholders approximately € 210.5 million since 2004, which exceeds the total amount of capital injections made by Shareholders since inception, of € 141.7 million.

T.8 (Euro 000)

Liquidity and Funding	2023	2022	2021	2020
Loans / Client Deposits	1.0%	2.2%	2.7%	2.3%
Liquid Earning Assets / Total Net Assets	95.4%	92.0%	95.1%	95.6%
Funding from ECB	0	25,017	50,000	75,000
Other sources of Funding	131,719	323,944	496,759	213,180
Client Deposits / Total Liabilites & Capital	76.0%	66.1%	56.1%	63.7%

Source: BiG

T.9 (Euro)

	Average values 1st quarter 2023	Average values 2nd quarter 2023	Average values 3rd quarter 2023	Average values 4th quarter 2023
ECB - POOL value - Eligible assets (includes *haircut*)(1)	540,358,053	491,983,403	625,307,559	681,704,357
ECB - POOL value - Borrowed	33,333,333	41,666,667	16,666,667	0
ECB - POOL value - Available (a)	507,024,720	450,316,736	608,640,892	681,704,357
EUREX Repo - POOL value(2)	250,604,457	256,056,771	286,849,695	251,800,837
EUREX Repo Borrowed Net: (Borrowed - deposits)	68,333,333	61,666,667	15,000,000	0
Eurex Repo - Available (b)	174,013,849	186,093,683	264,846,155	245,276,126
Eligible assets available for collateral outside the POOL's (c)	86,232,043	108,176,874	66,523,688	68,297,343
Total eligible assets available for collateral (a) + (b) + (c)	767,270,612	744,587,293	940,010,735	995,277,826
Eligible assets not available (given as garantee to other counterparties)	170,157,650	218,289,970	136,243,217	93,721,994
Non eligible assets available held for collateral in repos	144,791,735	115,770,476	79,403,989	64,629,541
Non eligible assets available for collateral (d)	577,133,054	596,121,093	621,055,092	642,289,389
Non eligible assets - Total	721,924,789	711,891,569	700,459,081	706,918,930
Total unencumbered assets (a) + (b) + (c) + (d)	1,344,403,665	1,340,708,386	1,561,065,827	1,637,567,215

(1) POOL de ativos valorizada com preços do BCE que podem não coincidir com os preços de mercado.
(2) POOL de ativos valorizada aos preços da Eurex.
Source: BiG

T.10

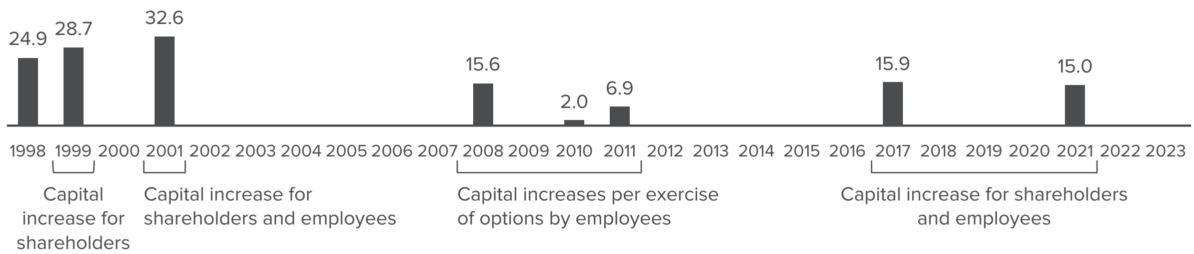
(Euro)

Dividends	2023 1)	2022	2021	2020 2)	2019
Dividend per share	0.100	0.035	0.050	0.150	0.090
% Individual Net Income Distributed	76%	75%	52%	106%	38%

1) Subject to approval by General Shareholders' Meeting
2) Reserves distribution performed in November 2021
Source: BiG

F.2

Capital Injections *(€ millions)*

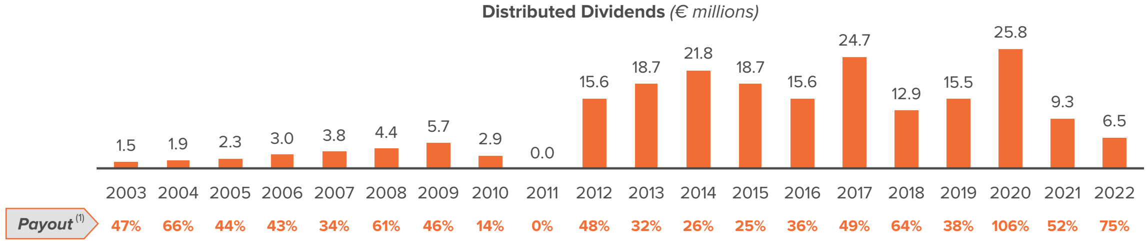


Total capital injections, including the initial capital

€ 141.7 million

F.3

Distributed Dividends *(€ millions)*



(1) Based on the individual net income.

Total distributed dividends: € 210.5 million

Average Payout 2003-2022: **45%**

4. REGULATORY BACKGROUND

4.1. REGULATORS

The Bank's activities in Portugal are regulated by the following supervisory bodies:

- *Banco de Portugal* (Bank of Portugal): beginning of activity March 1st 1999, under Code Number 61. www.bportugal.pt/.

- *CMVM – Comissão do Mercado de Valores Mobiliários* (Portuguese Securities Market Commission): beginning of activity March 8th 1999, under Code Number 263. www.cmvm.pt.

- *ASF – Autoridade de Supervisão de Seguros e Fundos de Pensões* (Insurance and Pension Funds Supervisory Authority): registered as an Insurance Agent www.asf.com.pt.

The Bank's activity in Spain is regulated by the following supervisory bodies:

- *Banco de España* (Bank of Spain): registry on May 31st 2019, for *Banco de Investimento Global, S.A.*, *Sucursal en España*, under registry number 1569 www.bde.es

- *CNMV – Comisión Nacional del Mercado de Valores* (Spanish Securities Market Commission) www.cnmv.es

Banco BiG Moçambique, S.A., a BiG Group entity headquartered in Mozambique, is regulated by the following entities:

- *Banco de Moçambique* (Bank of Mozambique): registry on January 29th 2014, with the start of the bank's activity in 2016 www.bancomoc.mz

- *BVM – Bolsa de Valores de Moçambique* (Securities Market Regulator): date of authorization December 14th 2015. www.bvm.co.mz

Because of its size at the European level, BiG is considered a "Less Significant Institution" (LSI) and is supervised by the Bank of Portugal, according to the guidelines handed down by the Single Supervisory Mechanism (SSM) of the European Central Bank. The SSM directly supervises "Significant Institutions" (SI). At the same time, the Bank is subject to the same supervisory "Single Rulebook" as all other banks under European Banking Authority (EBA) guidelines.

4.2. REGULATORY DEVELOPMENTS

In 2023, there were a number of geopolitical challenges that brought new challenges to monitoring compliance with the regulatory requirements inherent to the Bank's activity, in a challenging environment marked by a difficult economic climate, namely the continuing conflict in Ukraine, an event that led, among other socio-political externalities, to an escalation of sanctions and restrictive measures applied to Russia and Belarus, and the clashes between Israel and Hamas, which resulted, in particular, in the strengthening of restrictive measures against these countries and entities.

At the regulatory level, there continues to be a demanding scenario, with a very relevant set of legislative initiatives at European and national level, in a wide variety of areas.

For the year 2023, we highlight the following legislative or regulatory changes that had a strong organizational impact during the year under review:

Obligations regarding sustainability

Commission Delegated Regulation (EU) 2022/1288, supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council as regards regulatory technical standards, which generally establish the content, methodologies and presentation of information related to sustainability indicators and adverse impacts on sustainability. In particular, they specify the (i) content and presentation of information related to the principle of "no significant detriment", (ii) the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and finally, (iii) the content and presentation of information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and in periodic reports.

During 2023, BiG continued to implement the inherent requirements, bearing in mind, in light of the principle of proportionality, (i) the limitation of information on this subject in a standardized form currently available in the Portuguese and international markets, (ii) the high commercial and regulatory complexity of the subject, (iii) the relative novelty of the subject for financial market players, and (iv) the size, nature and scale of the Bank's activities.

Also on this subject, ESMA published a set of Guidelines on certain aspects of the DMIF II suitability requirements, pursuing the aim of ensuring a coherent and harmonized application of these rules in Europe, including the subject of sustainability within their scope, in line with the supervisory expectations previously conveyed on this matter.

Anticorruption and Whistleblowing

Following the publication of Decree-Law no. 109-E/2021 of 9 December, which approves the General Regime for the Prevention of Corruption (RGPC), guide no. 1/2023 of the National Anti-Corruption Mechanism – MENAC was published, giving some indications and explanatory notes on methodological precautions for the preparation, adoption and dynamisation of the RGPC instruments.

Consumer protection rules for financial services

Law no. 24/2023, of 29 May, which approves the consumer protection rules for financial services, amending Decree-Laws no. 3/2010, of 5 January, 74-A/2017, of 23 June, 80-A/2022, of 25 November, and 27-C/2000, of 10 March, and Law no. 19/2022, of 21 May, which approves the consumer protection rules for financial services, amending Decree-Laws no. 3/2010, of 5 January, 74-A/2017, of 23 June, 80-A/2022, of 25 November, and 27-C/2000, of 10 March and Law no. 19/2022, of 21 October, implied changes to the level of information, reduction or limitation of fees charged on various products/services provided by the Bank, namely, but not limited to (i) a ban on charging fees for photocopies of documents concerning the customer and for issuing duplicate bank statements or other documents and (ii) a ban on charging fees for changing the ownership of a deposit account, namely in the event of divorce and death, among others.

Asset Management Regulations

The Asset Management Regulation published by Decree-Law no. 27/2023 of 28 April established a common regulatory framework for Collective Investment Undertakings ("CIUs"), regulating in a unitary manner matters that were dispersed in other legislation, namely in the General Regime of Collective Undertakings (GRCU) and in the Legal Regime of Venture Capital, Social Entrepreneurship and Social Investment (RVCSESI), bringing national law into line with European Union law.

Duties with regard to publicity

Guidelines have been published on the duties regarding the disclosure of advertising under the terms laid down in legislation, regulations and international, European and national good practice with regard to advertising, in order to materialize the production, dissemination and maintenance of advertising related to investment products and services supervised by the Portuguese Securities Market Commission (CMVM).

4.3. RELEVANT ACCOUNTING POLICIES

BiG's financial statements are prepared in accordance with International Financial Reporting Standards ("IAS/IFRS") as adopted by the European Union. IFRS comprise accounting standards issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and its predecessor bodies. The preparation of the financial statements in accordance with IAS/IFRS, requires the Bank to make several judgements and estimates and uses assumptions that can affect the application of the accounting policies and the amounts of revenue, expenses, assets and liabilities. These analyses reflect the accumulated experience and perspectives of the Board of Directors, among other factors, and are periodically reassessed in light of the operating environment. Possible alterations to these estimates and assumptions may have a significant impact on the financial statements of the Bank in the periods in which they occur. The Board of Directors considers that the estimates and assumptions adopted appropriately reflect the current environment, and that the financial statements adequately present BiG's financial situation, the operating results and the cash flows on December 2023, in accordance with IFRS standards, as adopted by the European Union

The relevant accounting policies used by the Bank are presented in detail in the Notes to the Consolidated Financial Statements, and the most relevant for the Bank corresponds to the fair value measurement of financial instruments. This results from the fact that the portfolio of earning assets mostly consists of liquid assets, of fixed or variable income, as opposed to less liquid assets. As a result, most of the Balance Sheet is assessed at market prices (marked to market), which leads to greater transparency in accounting information. However, this model requires greater financial discipline, given the impact that market volatility has on certain key categories of the Balance Sheet. In part, this financial discipline is reflected in the Bank's low gearing, in its focus on quality, solid assets and its high levels of solvency. In view of the occurrence of events that reduce transparency and/or liquidity in the markets, as has occurred occasionally in recent years, thus generating market volatility, the use of this fair value measurement policy can have a significant impact on the way in which financial assets are assessed and, consequently, on the Bank's financial statements.

In accordance with the accounting standard, IFRS 13, the calculation of the fair value of the assets can be based on three levels of information, corresponding to different degrees of uncertainty. The method with the lowest level of uncertainty corresponds to the price quotation of the asset in a highly liquid market (Level 1). When an asset is not traded on a liquid market or when there are no quoted prices, fair value may be calculated through evaluation methodologies based on market information of comparable financial assets (Level 2). The method with the highest level of uncertainty corresponds to the calculation of fair value through valuation techniques incorporating relevant market information that is not observable (Level 3).

Valuation methodologies based on non-observable market data imply a higher degree of judgement compared to methodologies based entirely on observable data. The Bank's financial assets are valued based on prices and market information that reflect the use of Level 1 and 2 methodologies described above. When other valuation techniques, namely the use of financial models, are used to calculate the fair value of some assets, these techniques are periodically reviewed and validated. The models are adjusted in order to guarantee that the respective conclusions reflect the prices and the market information on comparable assets. Furthermore, the models prioritize the incorporation of market information, when available, over the incorporation of unobservable information. The selection of appropriate financial models and the incorporation of information require a higher degree of discretionary analysis when there is no market information immediately available.

In accordance with IFRS 9 – Financial instruments ("IFRS 9") and according to the business model the Bank classifies its financial assets according to the following categories: (i) financial assets held for trading (*Trading*), (ii) financial assets entered in the accounts at fair value through other comprehensive income (*Hold to Collect and Sell* or *HTCS*) and (iii) financial assets carried at amortised cost (*Hold to Collect* or *HTC*).

For these three categories, financial instruments are recognized or not recognized on their trade date, or rather, on the date on which the Bank undertakes to purchase or sell the asset.

Financial assets entered in the accounts at fair value through other comprehensive income and financial assets entered in the accounts at amortized cost are subject to impairment losses, their recognition and measurement being calculated from an "expected loss" perspective. The Bank's model focuses on the concept of significant increase in the credit risk, whose determination is based on the evolution of market factors such as ratings and prices.

The increase in credit risk is classified based on three different stages:

- *Stage 1* – Financial assets are classified in stage 1 whenever no significant increase in the credit risk is noted from the date of its initial recognition. For these assets the expected credit impairment loss resulting from events of non-compliance occurring during 12 months after the reporting date should be recognized in the income statement of the year;

- *Stage 2* – Incorporates the financial assets in which there has been a significant increase in the credit risk from the date of their initial recognition, even though this situation may not have led to concrete losses and are only indications. For these financial assets expected credit impairment losses are recognized over the assets' lifetime;

- *Stage 3* – Financial assets classified in this stage present objective evidence of impairment on the reporting date as a result of one or more events that have already occurred that result in a loss. In this case, the expected credit impairment during the expected residual life of the financial assets loss will be recognized in the income statement of the year.

To ascertain the expected credit loss, the Bank implemented a model whose parameters incorporate point in time, through the cycle and forward-looking requirements, calculated monthly. In the case of the securities portfolio, which is the one that is more significant in the statement of financial position, the probability of default (PD) is estimated based on the credit spreads that are obtained from the market interest rate curves (issuer interest rate curve vs. risk-free interest rate curve).

Financial liabilities, including deposits and financing through sale/repurchase agreements, are measured at amortized cost.

4.3.1. OTHER RELEVANT ACCOUNTING ITEMS

Deferred tax: Deferred tax assets can arise from a variety of factors, the most significant of which are: (i) potential losses with financial assets entered in the accounts at fair value through other comprehensive income recorded at market prices, which may lead to future losses recognizable for tax purposes, (ii) losses recorded in the Income Statement that can only be recognized for tax purposes when the corresponding cash flow is recorded and (iii) tax losses that may be recognized in the future. Deferred tax is calculated according to the tax rules in force or substantially approved and using the tax rates on the statement of financial position date and are expected to be applied when the temporary differences are reversed. Deferred tax assets are recognized only when it can be expected that there will be taxed profits in the future.

Control over valuation of financial instruments: The control infrastructures are independent of the revenue generating areas. These processes, together with the methodologies mentioned above, are defined by the Executive Committee and controlled or revised by the internal and external audit functions of the Bank.

Review of net income and expenditure: The accounting of income and expenses is the responsibility of independent and control functions and is checked daily by the Executive Committee. The objective is to identify and resolve potential problems associated to the fair or book value of revenues on an objective and regular basis.

4.4. OTHER PERIODIC REGULATORY ASSESSMENTS

4.4.1. INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS (ICAAP)

Within the scope of the annual Internal Capital Adequacy Assessment Process ("ICAAP") process, BiG performs an internal analysis of the techniques and models used in the qualitative and quantitative assessment of internal capital and risks to which it is or could be exposed. BiG also carries out a critical analysis of: (i) the suitability of its capital and risk management and monitoring processes, (ii) prospects for the evolution of internal capital and materially relevant risks, (iii) its risk profile and (iv) the adequacy of internal capital levels and assessment of capital requirements.

From a qualitative point of view, in the ICAAP process, this report also reflects a descriptive analysis: (i) of the internal capital and risk management and monitoring processes and (ii) of the adequacy of the organization, structure and processes in view of the internal capital needs and the risks incurred.

Regarding the quantitative aspects, there should be (i) an identification and quantification of the materially relevant risks, (ii) a description of the process of aggregating risk assessments, (iii) a global assessment of capital requirements, which should contemplate, namely, uncertainty about the model used, weaknesses in procedures, risk systems and controls and the differences between equity funds and internal capital.

The regulatory framework of this report is Instruction no. 03/2019 of the Bank of Portugal, which is reported on an annual basis, and can be more detailed or simplified at the regulator's discretion.

In its annual ICAAP report, the Bank presents a self-assessment analysis of the main risks: market, credit, operational, interest rate, concentration, information systems, compliance, reputation and business model. Of the various risks to which the Bank is subject, BiG considers as materially relevant those that are defined in Pillar I (market, credit (including sovereign), operational and credit valuation adjustment), the interest rate risk of the banking book, the concentration risk, and credit spread risk. Capital requirements are calculated for each of these types of risk. The starting point for the methodologies adopted to establish the requirements for Pillar I risks is the regulatory models. For Pillar II risks (interest rate risk of the banking book, concentration, and credit spread) internal models are used or models based on methodologies developed by other Central Banks.

Following the annual exercise conducted by BiG, the Board of Directors considers that the current levels of capital and liquidity are appropriate taking into account: (i) the risk profile, (ii) the current conditions, (iii) the prospects for the near future and (iv) the dimension and complexity of the Bank.

4.4.2. INTERNAL LIQUIDITY ADEQUACY ASSESSMENT PROCESS (ILAAP)

Instruction no. 02/2019 of the Bank of Portugal intends to fulfil the guidelines of EBA/GL/2016/10 – Guidelines on ICAAP and ILAAP information collected for the purpose of the broader Supervisory Review and Evaluation Process (SREP). This instruction's objective is to define the procedures relating to the ILAAP process and to establish the respective reporting templates for the Bank of Portugal, in order to guarantee that the liquidity risk to which the institutions are exposed is adequately assessed and that these maintain adequate levels of liquidity, institutions are required to: (i) guarantee that the liquidity and funding risks to which they are exposed are adequately identified, measured, managed and monitored and that their liquidity is appropriate in view of the respective risk profile, (ii) have an internally developed process to identify, measure, manage and monitor the liquidity that complies with the minimum requirements and guidelines defined in Instruction no. 02/2019 of the Bank of Portugal.

The ILAAP is a process that: (i) is part of the management process and culture of the institution, is regularly reviewed and considers the regulatory context and the economic environment in which the institution operates; (ii) takes into account the type, dimension, complexity and business model of the institution, and also the operating environment and nature and risks of the activities performed; and (iii) is forward looking with reference to the institutions that have an internal strategy to maintain adequate levels of liquidity.

4.4.3. SUPERVISORY REVIEW AND EVALUATION PROCESS (SREP)

The SREP is the process of analysis and assessment, conducted by the supervisory authorities, to ensure that each credit institution has strategies, processes, capital, and liquidity that are adequate for the risks to which it is or may come to be exposed. This process is part of the second Pillar of Basel.

The supervisor aims to determine the capital and liquidity requirements and other supervisory measures to address the specific weaknesses of each institution considering not only the characteristics of each institution, but also the risk it poses for the financial system.

The SREP is a process that is applied to both significant and non-significant entities, taking into account the principle of proportionality. The frequency and depth of the assessment made in the SREP by the supervisor can vary according to: (i) the potential impact of each institution on the financial system and (ii) the respective risk profile.

The analysis made by the supervisor within the scope of the SREP establishes that the risks to which the institutions are exposed must be assessed. This analysis should include: (i) the business model, (ii) internal governance and risk management, (iii) risks for capital and (iv) risks for liquidity and financing.

Following this analysis, an overall assessment is made based on a holistic approach, where decisions are taken relating to quantitative capital and liquidity measures, as well as other supervisory measures.

The following exercises are included in this approach of SREP by the supervisor:

Risk assessment

Risk assessment allows continuous evaluation of the risk levels to which the institution is exposed and establish the respective internal controls. This assessment is based on a quantitative and qualitative analysis and uses retrospective and prospective indicators.

Risks that have an impact on capital and liquidity are assessed by risk levels and by the corresponding risk control/mitigation procedures implemented. The Bank of Portugal assesses business risk and profitability of the institutions, as well as the respective internal governance and risk management framework. All evaluations are later integrated into a global assessment.

Assessment of Capital and Liquidity Adequacy

The SREP comprises a comprehensive review of the internal processes of capital adequacy assessment – ICAAP and liquidity adequacy assessment – ILAAP. These are key risk management processes for all institutions, which help to determine capital and liquidity requirements.

The supervisor assesses the fulfilment of the capital requirements defined in Pillar I of the Basel Accords, which are considered as minimum limits. Furthermore, institutions should set up specific additional own funds and liquidity requirements to cover risks not covered, or not fully covered, by Pillar I. For this purpose, institutions must use internal methods of measurement and assessment, which are then reflected in their ICAAP and ILAAP processes.

Quantification of Capital and Liquidity

In SREP exercise, Bank of Portugal uses various information provided by each institution, such as: (i) periodic regulatory reporting, (ii) ICAAP and ILAAP reports, (iii) risk appetite framework, (iv) supervisory benchmarks or proxies used to verify and test institutions' own estimates, (v) risk assessment results, (vi) stress test results, and also takes in consideration (vii) general priorities of the Bank of Portugal concerning risks thematic.

Based on the information analyzed and assessed throughout the SREP, Bank of Portugal makes an overall assessment of the adequacy of the equity funds and liquidity of the credit institution and prepares decisions and recommendations. SREP decisions include an overall conclusion on the adequate level of equity funds and liquidity of the institution assessed. They may also include qualitative measures recommended, such as ones for addressing deficiencies in the institutions' risk management. The conclusions of this analysis and any corrective action necessary are communicated to the credit institution, which is given the opportunity to present in writing to the Bank of Portugal observations on the facts, objections, and legal grounds relevant for the decision.

4.4.4. RECOVERY PLAN

The Recovery Plan is an instrument designed to help financial institutions prepare for financial crisis management. The Recovery Plan describes the measures and procedures to be adopted to return to financial equilibrium and normal operation of the business after the occurrence of an event of this kind.

The main objectives of the Recovery Plan involve establishing an organized and preventive planning process of the management measures to follow in the event of a financial crisis, idiosyncratic or systemic, ensuring that the Bank has the capacity to react in a timely and adequate manner to it.

The regulatory framework for this reporting is Notice no. 03/2015 of the Bank of Portugal, amended in February 2024 by Notice no. 02/2024, Articles 116-G to 116-O of the RGICSF (according to the numbering assigned by Law No. 23-A/2022, of December 9) and Delegated Regulation (EU) 2016/1075 of the Commission.

BiG's Recovery Plan provides a set of recovery measures aimed at strengthening the Bank's liquidity, capital, or equity funds, describing the mechanisms and assumptions underlying their possible triggering in a scenario of severe macroeconomic and financial tension. These mechanisms can be, namely, the possibility of the divestment of the Bank's assets to correct financial shortfalls or needs, access to means of financing as a way to maintain the normal development of the activity, and a capital increase in order to reinforce the levels of solvency of the Bank.

As an component of the management process, and for the purpose of preparing the Recovery Plan, BiG identified the relevant recovery indicators. These indicators can be setup on: (i) capital, (ii) liquidity, (iii) quality of the assets and (iv) profitability of the assets and (v) macroeconomic. The indicators are essentially preventive alerts for the activation of recovery measures defined in the Plan. These measures reflect the results from the monitoring of events and/or in results of the stress tests and analysis of scenarios made within the scope of the Bank's risk management and control structure. This monitoring allows a prompt response and immediate action to be taken to ensure the viability and financial solvency of the Bank.

The regulatory framework provides that the Recovery Plan must define an alert level and an activation level for each of the recovery indicators. If any of the triggers is reached, institutions will have to notify Bank of Portugal of that fact, as well as assess the need to take any recovery measures. These levels are preventive signals that aim to anticipate, mitigate, and avoid possible financial problems in the Institution. Besides the alert and activation levels, BiG has also defined pre-alert levels for each of the recovery indicators. These pre-alert levels constitute an internal warning and have as objective to prompt necessary measures to be taken proactively so that the alert and activation levels are never reached.

4.4.5. FUNDING AND CAPITAL PLAN

The Funding and Capital Plan is a medium to long-term forecasting exercise carried out annually by the Bank, which relates to the expected future evolution of the main captions of results, assets, liabilities, and equity funds of the Bank. It is an element of information submitted periodically by national financial institutions to the Bank of Portugal under its functions of prudential supervision, and as contemplated in Instruction no. 18/2015 of the Bank of Portugal.

Since 2011, the year in which the requirement of this reporting by financial institutions was established, in the context of the Economic and Financial Assistance Program to Portugal, the Funding and Capital Plan has undergone several changes, including in its frequency, format, content, and level of detail. Currently, the Plan is prepared and reported by the Bank annually and contains detailed forecasts of captions of results, statement of financial position, and equity funds for a time horizon of 3 years, including quarterly forecasts for the financial year ongoing at the reporting date.

The Bank's planning process

The preparation of the Funding and Capital Plan is based on an internal medium-to-long term financial planning process coordinated by the Board of Directors. This planning process incorporates a set of expectations regarding the management of the Bank's earning assets and sources of funding. In as much as it is a forward-looking exercise, the Bank typically assumes normal market conditions, although several risk factors with potential impact on the Bank are identified.

Normally, the Bank does not estimate a specific rate for the growth of its assets. Conversely, the growth of the Balance Sheet derives from the funds available, market conditions, and existence of a capital base that guarantees resilience in scenarios of greater stress.

In parallel, according to market conditions, the Bank adjust to the different business areas, products and distribution channels, in order to increase stable funding and to ensure the preservation of capital and increase revenues. It should be noted that this exercise typically takes place during the first quarter of the year, and so the projections may not coincide with the actual results at the end of the same period.

The Bank's planning: summary of guidelines and projected development for selected indicators

The key assumptions considered by the Bank include sustainable organic growth and a continuous focus on a business model based on low gearing, high levels of capital and comfortable levels of liquidity. BiG's asset structure is mostly made up of financial assets with quality and liquidity, cash, and short-term investments.

The Bank's base of earning assets has focused on investment-grade bonds and corporate and sovereign debt securities issued by Eurozone member countries and the USA. This strategy should remain stable for the next years, given the risk profile of the alternatives and based on the Board of Directors' experience with these specific markets.

BiG's reduced focus on traditional lending is based on the perception of risk levels and return has been inadequate over the past two decades. The Board of Directors expects that the Bank's loans/deposits ratio will remain below the market average for the near future. In fact, given the high level of indebtedness of Portuguese companies and families, and the growing pressure on the financial sector to generate results, the Board of Directors understands that a change in the current profile of earning assets in favor of an increase in traditional credit continues to be unattractive.

BiG's funding structure mostly made up of a base of retail deposits, resources from other banks and the Bank's own capital.

It is expected that the Bank's resource profile is maintained over the next few years, above all based on stable resources and reduced dependence on the money market.

For strategic reasons, the Bank has used its capital conservatively, and this trend is expected to continue.

T.11

(Euro 000)

	2021	2022	2023	Funding and Capital Plan Mar 2024 2024E	2025E
Total financial assets	**2,636,841**	**2,296,998**	**2,550,613**	**2,713,820**	**2,890,606**
% growth	25.2%	-12.9%	11.0%	6.4%	6.5%
Net credit	**41,467**	**34,869**	**19,953**	**21,744**	**22,840**
% growth	27.9%	-15.9%	-42.8%	9.0%	5.0%

Source: BiG

T.12

(Euro 000)

	2021	2022	2023	Funding and Capital Plan Mar 2024 2024E	2025E
Demand deposits	981,634	990,630	616,401	671,743	705,583
Time deposits	453,182	497,099	1,346,582	1,467,480	1,541,408
Other	119,072	123,716	61,591	67,121	70,502
Total client deposits	**1,553,889**	**1,611,445**	**2,024,574**	**2,206,344**	**2,317,493**
% growth	10.8%	3.7%	25.6%	9.0%	5.0%

Source: BiG

T.13

	2021	2022	2023	Funding and Capital Plan Mar 2024 2024E	2025E
Common Equity Tier 1	34.4%	28.8%	31.4%	30.2%	30.7%

Source: BiG

5. CORPORATE GOVERNANCE

5.1. LEGAL STRUCTURE

The organizational structure reflects key aspects of the business culture, which focuses on our goal to ensure the resilience and integrity of the Bank's business model and our ability to withstand any type of crisis, financial or of some other nature. To this end, we seek to be transparent, flexible, focused on market risks and manage to be able to react quickly to perceived increases in business opportunities. The business model is based on the following pillars: comfortable liquidity levels, solid asset quality and a robust capital profile. The Bank's strategy has sought to adapt to the volatile political-economic context and the challenges it poses to the financial sector.

BiG's corporate structure is headed by the Bank. At year-end, the Bank held interests in four subsidiaries: (i) DIF Broker – *Empresa de Investimento*, S.A., acquired in 2021, (ii) ONETIER Partners, SCR, S.A., venture capital management company with investments in FinTech companies and management of venture capital funds, namely the management of the Onetier Closed-End Venture Capital Fund, whose units are predominantly held by Banco de Investimento Global, S.A. (iii) BiG *Serviços Financeiros*, S.A., financial advisory and auxiliary services company and (iv) *Banco BiG Moçambique*, S.A., a wholesale bank based in Maputo, majority-owned by BiG, which began its operations in the first quarter of 2016.

The Group has also a branch in Spain, which offers wealth management and financial advisory services, in line with the Bank's specialized business model.

The Bank's retail business combines internet-based platforms, www.big.pt and www.bancobig.es, mobile (BiG ES and BiG PT), and integrated sales teams located in Portugal and Spain, concentrated in Lisbon, Oporto and Madrid. Depending on the nature of the service, Institutional Clients have access to teams located in Lisbon, Oporto, Madrid, and Maputo.

In its business model, the Bank does not operate in offshore territories or through special purpose vehicles (SPV).

Properties occupied by the Bank are either leased or directly owned by the Bank. The Bank's head office building at Av. 24 de Julho in Lisbon is owned directly by the Bank. In its approach to the market, the Bank uses the following brands: *BiG – Banco de Investimento Global*, *Banco BiG* and *Banco de Inversión Global.*

5.2. CORPORATE BODIES

Figure 5 describes BiG's governing bodies.

5.3. INTERNAL CONTROL

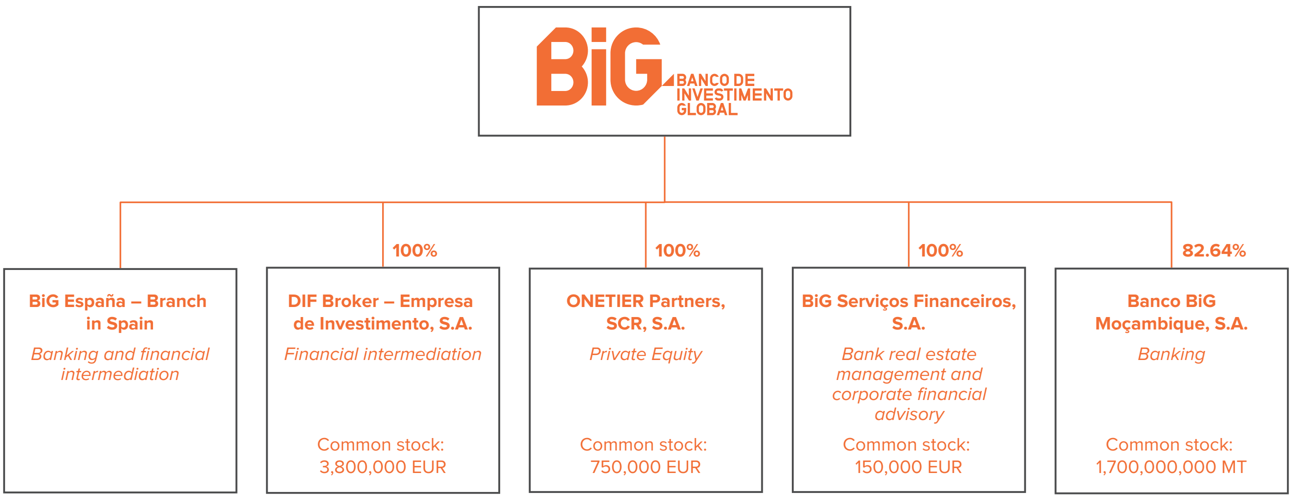
The system of internal control is defined by a set of strategies, systems, processes, policies and procedures established by the Board and implemented by the Executive Committee. Functional management responsibilities lie with the members of the Bank's Executive Committee, to whom the general Board of Directors has delegated day to day management. The non-executive members of the Board of Directors oversee the management of the business and the support and control areas of the Bank. As such, these members supervise the various heads of trading, front office, back office, and control functions. As part of its internal control system, the Bank also has a few committees, described in detail in Section 8 – Risk Management and Internal Control – of this Report. These committees are an integral part of the day-to-day management of the Bank's main risks and control systems.

5.4. INTERNAL AUDIT

Internal Audit plays a key role in the Bank, acting as the third line of defense, responsible for the independent verification of the adequacy and effectiveness of the organizational culture and the internal control and governance systems.

Internal Audit is responsible for evaluating the adequacy and effectiveness of (i) processes of risk management policies, (ii) internal control mechanisms, (iii)

F.4



F.5

BiG's Corporate Governance

General Assembly	General Assembly meets at least once a year and is presided over by a President and Secretary, elected by the shareholders for four-year terms. Responsibilities include electing the governing bodies, evaluating annual management reports and accounts and approving the application of results.
Advisory Board	Composed typically of fifteen individuals, it includes the main shareholders of BiG and other elements whose presence is considered relevant. The Chairman and the members of the Advisory Board are invited by the Chairman of the Board of Directors, who also has a seat in this body. The Advisory Board when invited by the Chairman, to discuss strategy of the Bank, formulating recommendations on this matter. The decisions of the Advisory Board are not binding on the Board of Directors.
Board of Directors	Consists of eight members, including three members with supervisory responsibilities, and five executive members ("Executive Committee"), to whom the Board has delegated day to day management responsibilities. The three non-executive/supervisory members include the Chairman, and two Independent members, who participate over the following Board committees: Nominations, Risk and Compensation, respectively. The Chief Executive Officer / CEO is nominated by the Board of Directors, from among the executive board members, to preside over the Bank's Executive Committee.
Fiscal Board	The Fiscal Board is the independent supervisory body, consisting of three effective members and an alternate member, elected for four year terms. This body reports directly to the shareholders. The independent CPA performs periodic audits and also provides an opinion of the accounts.
Compensation Committee	Consisting of three independent individuals elected by the General Assembly for four year terms, this body reports directly to the shareholders. Compensation for the Board of Directors, Audit Committee and key function holders is determined periodically by this Committee.

F.6

Internal Committees

Portfolio Booking Review Committee	Assets & Liabilities	All Risks	Compliance	Credit Risk
Whistleblowing	Business Continuity Management Steering Committee	Product Governance	Validation of Findings	Models assessment

governance issues, and (iv) compliance with internal procedures and regulations.

Internal audit prepares audit plans using a risk-based approach, which considers the priorities set by the Board of Directors and by regulatory requirements. The audit universe includes all businesses, activities and geographic areas and considers their inherent risks and associated controls.

The Audit activity complies with international standards for Internal Audit which are verified through a quality assurance program. The Audit activity is performed with independence, objectivity, and high standards of conduct and integrity.

This function reports directly to the Board of Directors. The communication of the results of the evaluation carried out by the Internal Audit function includes an auditor's opinion, conclusions, recommendations, and action plans. Internal Audit has procedures to monitor the degree of implementation of the agreed action plans.

5.5. RISK MANAGEMENT POLICIES AND PROCEDURES

The Bank assumes and manages risks in a prudential manner to create value for shareholders. Policies and practices are designed to control these fundamental aspects of the business, ensure a sound operating environment, and allow the Bank to meet the expectations of the stakeholders.

Risk management within the organization involves regular and frequent contacts between business units, internal control areas, and internal supervisory bodies, to ensure that general policies and procedures are well designed and implemented, disciplined, independent, objective, and quantitative. This process also seeks to guarantee compliance with regulatory standards and while putting adopting sensible business practices. Managing risks associated with global markets, lending, processing, technology, and general business risks must be designed and monitored to ensure the integrity of the Bank's business model, to preserve stability and to enhance profitability.

With a culture of personal responsibility and mutual surveillance to the common interest, the Bank seeks to generate revenues from diversified sources. Running the business implies assuming a certain level of exposure to a variety of risks and operating within defined and reasonable guidelines. These guidelines combine common sense but also prudential aspects of the banking business, reflecting the specific experience of the Management and the business managers, and are complemented via regulatory or legislative measures. Internal communications on risk matters include but is not limited to: (i) the Bank's adherence to prudential regulations, (ii) the capacity to monitor transactions appropriately, (iii) knowledge of the clients and understanding of the markets, (iv) the regulatory environment in which the Bank operates, and (v) the appetite for bearing with certain risks given market conditions.

The main risks to which the Bank is exposed are summarized in the following graph and are described in Section 8 – Risk Management and Internal Control.

5.5.1. RISK APPETITE

Appetite for assuming risks is reviewed at regular intervals, from daily to annually, as reflected in the Bank's *Risk Appetite Framework (RAF)* document, which forms part of the Bank's annual capital adequacy self-assessment process. This appetite is reflected in limits, and controls over exposures against those limits.

This process begins with the identification of risks, followed by their quantification, control, and eventual internal and external reporting at appropriate different intervals.

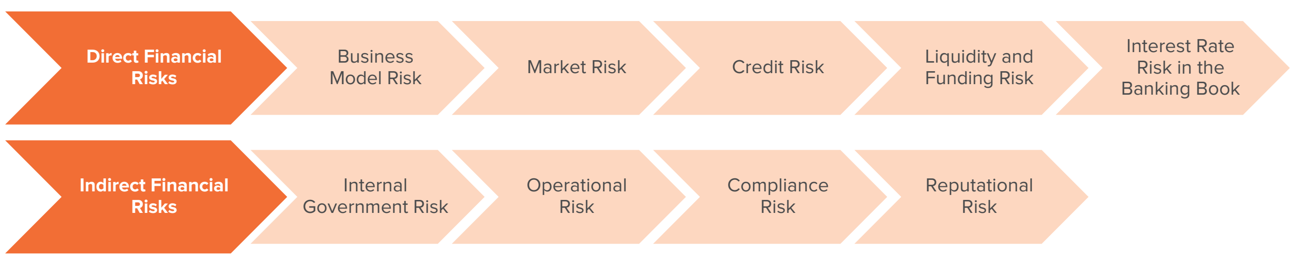
Among other aspects, the definition of risk appetite takes into consideration the fact that the Bank's business relies heavily on the confidence of its employees and stakeholders, and on the reliability of its systems to process operations on a continuous and relatively error-free basis.

5.5.2. RISK MEASUREMENT

Management and control units use several different processes and techniques to review and analyze the risks to which we are exposed. These include financial, non-financial and other kinds of risks, with a primary focus on market risks, credit risks, operational risk, and reputational risk.

Control processes, besides checking internal and prudential limits, involve a range of stress tests, performed daily, which are adjusted periodically, and which examine results of scenarios for all major asset classes and portfolios.

F.7



6. FINANCIAL PERFORMANCE

6.1. MARKET ENVIRONMENT

6.1.1. OVERVIEW

The year 2023 was marked by continued efforts to reduce inflation by most Central Banks, both in the developed and emerging blocks. For this purpose, the US Federal Reserve and the ECB implemented the last interest rate hikes in both regions in the 3rd quarter of the year, setting the upper limit of the FED Funds at 5.5% and the ECB's Deposit Rate at 4%, respectively. Monetary tightening had a strong impact on economic activity, despite the greater resilience of the US economy compared to the European one, the latter dragged down by Germany's faltering recession and the sharp contraction of the industrial sector resulting from the deflationary spiral in the Chinese economy.

Even so, the American economy experienced some endogenous shocks throughout the year, the most evident being the collapse of Silicon Valley Bank in March, which triggered a severe crisis of confidence in the Regional Banking segment, forcing the FED to emergency liquidity interventions with the ultimately successful aim of limiting more serious harmful effects on the general financial system. It is noteworthy that, although the problem originated in the US, the European banking sector was not left unscathed, as highlighted by the Swiss Central Bank's emergency intervention in Credit Suisse, which quickly led its "forced" integration into its largest domestic rival, UBS Bank.

The geopolitical front remained highly uncertain, with the continuation of the conflict between Russia and Ukraine, resulting in more loss of human lives and incalculable economic damage. In October, the regional conflict between Hamas and Israel broke out, having a devasting human impact, following exponential retaliations carried out by Israeli forces against Hamas rebels. The conflict remained confined to the Israel/Gaza/West Bank region and extended to Lebanon, where Hezbollah attacks occurred, maintaining the risks that the conflict could extend to Iran, which would have very significant repercussions on political and economic stability in the region and globally.

The year ended on a more optimistic note, with confirmation of the success of Central Banks in bringing inflation levels closer to the targets, and the FED even admitting in November that interest rates could be cut by up to 75 basis points in 2024. This situation had a very significant impact on financial markets, with risk-free interest rates in the US falling more than 100 basis points at longer maturities and the stock market rising consistently, in anticipation of the FED's monetary policy and driven by enthusiasm in the Artificial Intelligence sector, which marked the entire year.

6.1.2. MACROECONOMIC INDICATORS AND ECONOMIC TRENDS

USA

The American economy defied all market expectations and was hardly affected by the cumulative monetary tightening implemented in 2022-2023, recording a growth of 2.5%, significantly above the 1.9% observed in 2022. From the perspective of product aggregates, special notes goes to the evolution of Consumption – the main vector of economic growth – which remained exceptionally resilient, anchored by the maintenance of a very robust labor market, benefiting from the dual positive effect both quantitatively and qualitatively, that is, unemployment rates that remain historically low and a rise in real wages following the normalization of inflation at the end of the year.

Further highlight goes to the favorable evolution of public investment and the significant contraction of the trade deficit,

T.14

Macroeconomic Indicators and Economic Trends – Detail	% Real GDP growth 2022	2023E	2024E	Inflation 2022	2023E	2024E
World	**3.5**	**3.1**	**2.8**	**8.7**	**6.8**	**4**
Developed Economies	**2.7**	**1.8**	**1.5**	**8.5**	**5.8**	**3.8**
USA	1.9	2.5	2.1	8	4.1	2.8
Euro Zone	3.4	0.4	0.5	8.4	5.5	2.4
Germany	1.8	-0.3	0.1	8.6	6.1	2.5
Spain	5.8	2.5	1.6	8.3	3.4	3
Portugal	6.9	2.3	1.4	8.1	5.3	2.4
Japan	1	1.9	0.7	2.5	3.3	2.3
United Kingdom	4.5	0.1	0.3	9.1	7.4	2.5
Emergent Economies	**3.8**	**4.6**	**4.1**	**6.4**	**3.4**	**7.5**
Emergent Asia	4	5.1	4.7	3.1	1.7	1.9
Latin America	3.9	1.8	1.4	18.3	5.6	40.2
China	3	5.2	4.6	2	0.2	0.8
India	9.1	7	7	6.7	5.7	5.4
Russia	-1.2	3.6	1.9	13.8	6	6.5
Brazil	3	2.9	1.7	9.3	4.6	3.9

Source: Bloomberg

which reduced from 4% to 3% of GDP, a performance primarily driven by the pickup in exports, contrasting with a stabilization in import levels following consumer resilience. The economic vigor of the United States ultimately embeds risks of structurally higher inflation, expected to complicate the Federal Reserve's monetary normalization process, given that the core inflation remains around 4% and the risks of a deferred and more significant economic downturn thus intensify. In this scenario, the FED projected expectations of rate cuts up to 75 basis points in 2024 by the end of 2023, drawing parallels to the Volcker mistake (prematurely suppressing rate hikes in the early 1980s amidst persistent inflation), which not only shadows collective memory but also becomes an increasingly real risk entering 2024, considering that economic financing conditions significantly eased in the last quarter of the year. Additionally, notable was the decisive action by the Fed in providing liquidity to the financial system last March during the collapse of Silicon Vally Bank, whose contagion effect was strictly limited to a small set of other regional financial institutions.

The worsening of geopolitical instability throughout the year is an additional source of pressure on the eve of the presidential elections taking place at the end of 2024. With the reversal of globalization already significantly marked in the last decade and a fractured world from a geopolitical standpoint, the choice of the new US President takes on increased importance.

Euro Zone

The economy of the Eurozone recorded a growth of 0.4% in 2023, reflecting a slowdown compared to the 3.4% observed in 2022. This downturn was driven by the negative impact of the sharp rise in interest rates to curb inflation, which constrained consumption, and weak external demand due to the deflationary context affecting the Chinese economy – the main export destination that drives Germany's economy within the European Union. The industrial sector consistently contracted significantly throughout 2023, a trend that extended to the services sector towards the end of the year, although Southern countries showed a clearly more favorable economic performance compared to the Central-Northern countries, considering their respective idiosyncratic economic activity profiles.

The worsening of geopolitical tensions continued to exert strong pressure on the world, with particular emphasis on activity in Europe, given the issue of the bloc's energy dependence and its proximity to the Russia-Ukraine conflict and, to a lesser extent, the Middle East, with the outbreak of conflict between Israel and Hamas. These factors, along with some relative weakness of the Euro and a significant increase in nominal wages, ultimately hindered the inflation normalization process, forcing the ECB to intensify its restrictive monetary policy – with the deposit rate already fixed at 4%. The European economy remains overall hesitant, and some Eurozone countries could not avoid a recessionary scenario in the second half of the year. Thus, pressure for the ECB to begin a rate-cutting trajectory alongside the US is expected to materialize throughout 2024, with markets pricing in global cuts that could reach up to 100 basis points.

Portugal

Overall, in 2023, GDP grew by 2.3%, following a 6.9% increase in 2022, the highest since 1987. Domestic demand contributed positively to the annual GDP variation, although less than observed in the previous year, with a slowdown in private consumption and investment. Meanwhile, the contribution of net external demand was also positive in 2023, but less intense than in 2022 – with exports and imports of goods and services in volume decelerating significantly. Among the components of GDP, the decline in investment was notable, particularly in the real estate segment, which fell more than 50% compared to the previous year – with foreign capital accounting for 10% of the respective market – reflecting in part the price downturn dynamics in major European real estate indices, which saw reductions ranging from 10% to 20% in the past year. It's worth noting that in the last quarter of the year, GDP grew by 0.8% quarter-on-quarter, following a 0.2% contraction in the immediately preceding quarter, thus allowing the country to avoid entering a technical recession scenario.

The idiosyncratic profile of the country's activity – which reinforced an excessive dependence on tourism in the years following the Troika – ultimately propelled Portugal's economic performance above its European peers, while the cumulative 25% inflation over the past 3 years benefited from boosting state tax revenues and triggering a more favorable trajectory for public debt metrics, with the Debt/GDP ratio registering below the 100% threshold precisely towards the end of the year. The Bank of Portugal predicts that the Portuguese economy will continue to grow faster than the euro area in 2024, benefiting from reduced uncertainty, recovery in household income, receipt of European funds, and expected increases in exports, although it is important to note that this growth will be conditioned by a more restrictive financial environment.

6.2. EARNINGS IN 2023

For 2023, the Bank's results reflect (i) a higher net interest margin, (ii) a reduction in net commissions, and (iii) higher results from Treasury and Capital Markets activities.

6.2.1. OPERATING INCOME

In 2023, consolidated Operating Income amounted to € 80.2 million, an increase of 42.1% compared to 2022, essentially driven by the performance in net margin and Treasury and Capital Markets.

Table 15 summarizes the main components of Operating Income in 2023 and in prior years.

Net interest income was € 36.9 million, compared to € 28.4 million in 2022. This performance reflects the market context of high interest rate levels, following the contractionary monetary policies adopted. Despite the increase in absolute terms, the contribution of net interest income to

T.15

(Euro 000)

Revenues	2023	2022	2021	2020
Interest income	81,239	53,657	36,794	37,795
Interest expense	-44,303	-25,268	-16,851	-19,727
Net interest margin	**36,936**	**28,388**	**19,943**	**18,068**
Income from capital instruments	100	129	47	41
Fee and comission income	19,353	21,837	19,570	14,339
Fee and comission expenses	-4,158	-4,328	-3,868	-3,012
Profit / loss of assets and liabilities at fair value through Profit & Loss	24,373	2,223	1,234	5,157
Financial assets at fair value through other comprehensive income	4,465	500	16,651	34,748
Exchange differences, net	-1,907	7,495	8,535	2,074
Income from the sale of other assets	0	1	29	-40
Other income	1,038	195	294	289
Net operating income	**80,200**	**56,440**	**62,435**	**71,664**

Source: BiG

net operating revenues decreased to 46.1% from 50.3% in 2022.

Net commissions derive largely from asset management and brokerage activities with retail and wholesale clients. These businesses include a variety of managed investments and largely self-directed, client trading platforms made available to clients who can trade cash equities, warrants, futures, foreign exchange, and certificates for difference. This category also includes fees from distribution and custody services, banking fees, such as revenues from ATMs, and retainers and commissions associated with corporate advisory mandates. Total net commissions were 13.2% lower in 2022, reflecting a lower level of client activity, particularly in Spain.

The net interest margin and net commissions represented 65.0% of operating income in 2023. This performance is in line with the Bank's strategy of strengthening the most recurrent components of net operating revenues (net interest income and commissions) and reflects the focus on developing the Wealth Management business area over the last few years, a trend that is expected to continue.

The remaining component of operating income essentially corresponds to income from trading and investment activities (Treasury and Capital Markets) related to a diversified portfolio of liquid fixed income assets associated with active management of diversified credit concentrations, maturities, and country risks. This portfolio is a key to managing the Bank's liquidity and interest rate positions.

This revenue tends to be very directly dependent on market conditions, which have been more favorable in 2023. Thus, on an aggregate, it increased in 2023 to € 27.0 million, from € 10.3 million in 2022.

The Bank's Operating Income over the next few years is expected to continue to derive mainly from the categories described above (net interest income, commissions and treasury and capital markets). In particular, the Bank's business and balance sheet management will be aimed, as mentioned above, at strengthening the more recurrent components of income: net interest income and commissions. The proportions may vary depending on the evolution of market conditions and the Bank's performance, notably with respect to client deposits, assets under custody, and assets under management, while maintaining a focus on discipline and strict adherence to BiG's values and culture, in particular the financial pillars of soundness, asset quality, liquidity, and efficiency.

6.2.2. OPERATING EXPENSES

In 2023, operating expenses amount to € 42.4 million, compared to 41.8 million in 2022, a rise of 1.4%.

Table 16 summarizes the different components of operating costs.

Operating costs include administrative expenses, cash contributions to resolution funds, depreciation and amortization, provisions, and impairments. Overall, operating costs are essentially influenced by remuneration, growth in the number of employees, external supply costs and the management's confidence regarding levels of business activity.

Transformation costs – i.e. staff costs, other administrative expenses and depreciation and amortisation – together totalled €42.6 million, an increase of 11.2% compared to 2022.

Staff costs rose 14.8 per cent to €24.4 million, reflecting the increase in the number of employees compared to 2022 and the current expansion phase of the Bank's business.

The administrative expenses item includes costs with communications, information services, publicity, licensing, agreements with stock exchanges and related suppliers, consultants, contribution from the banking sector, rents and other expenses related to the day-to-day operation of the Bank. These costs are correlated with inflation, the evolution of the business and staff, as well as specific investments. In 2023, there was an increase of 9.8% vs. 2022.

Amortization and depreciation expenses are mainly due to real estate occupied by the Bank, investments in hardware and other equipment, initial licensing fees with software agreements and rights of use

T.16 (Euro 000)

Expenses	2023	2022	2021	2020
Administrative expenses				
Staff expenses	-24,383	-21,233	-21,070	-19,381
Other administrative expenses	-14,922	-13,591	-12,548	-13,019
Cash Contributions	-1,072	-1,165	-1,228	-1,136
Depreciation	-3,271	-3,473	-3,187	-2,239
Provisions	-61	319	1,056	84
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss				
Financial assets at fair value through other comprehensive income	1,310	-1,452	-475	-1,029
Financial assets at amortised cost	15	-1,242	-32	-34
Financial asset available for sale	0	0	0	0
Impairment or reversal of impairment on non-financial assets				
Other	-35	-1	-118	-39
Total costs	**-42,419**	**-41,839**	**-37,603**	**-36,793**

Source: BiG

resulting from leases, namely real estate and vehicle leasing contracts. The portion associated with premises includes the head office building and investments in and improvements to the Bank's branch and ATM network. The Bank regularly invests in its IT infrastructure to ensure quality execution, state-of-the-art security and appropriate redundancy. The Bank invests in third-party IT solutions and equipment to support infrastructure and has dedicated resources to managing the infrastructure with in-house solutions. This category recorded an increase of approximately 5.8% in 2023.

With increasing revenues, the Operating Expense / Operating Income ratio decreased to 53.1% in 2023, compared to 67.9% in the previous year.

The operating expenses structure also includes cash contributions to the Portuguese Resolution Fund, namely associated with the various bank resolutions that have occurred since 2014, as well as to the European Resolution Fund.

In 2023 there were also impairment reversals totaling € 1.3 million, in a context of contracting credit spreads and improved ratings for certain securities in the portfolio. In light of the above, and as illustrated in the table below, Operating results and Pre-Tax Profit amounted to € 37.8 million in 2023, compared to € 14.6 million in 2022.

The tax rate on the Bank's profit before tax and minority interests in 2023 was 26.7 per cent, compared to 26.6 per cent in 2022. In 2021, the tax rate was only 12.4%, considering that in that year the Group benefited from the SIFIDE II tax incentive in the amount of €5 million.

6.3. RESULTS OF BUSINESS LINES

Internally, Management reviews the performance of the Bank at the level of major business lines, sales teams and product areas, based on objective criteria and on the Bank's accounting records. Performance is reviewed at various levels and for numerous individual profit centers. These, for purposes of presentation, are combined below into two broad segments: *Wealth Management and Advisory* activities, and *Treasury and Capital Markets*.

Operating results on a "management" basis involve allocating revenues and expenses by client segment or business area. The operating costs of each business area include direct costs and indirect costs, which are allocated based on criteria defined by the Executive Committee.

T.17 (Euro 000)

Results and Taxation	2023	2022	2021	2020
Operating results	**37,781**	**14,601**	**24,831**	**34,870**
Profit or loss before tax and minority interests	**37,781**	**14,601**	**24,831**	**34,870**
Tax expense or (-) income related to profit or loss from continuing operations				
Current Taxes	-8,714	-3,606	-2,097	-8,886
Deferred Taxes	-1,374	-275	-987	-336
Net income before minority interests	**27,693**	**10,720**	**21,748**	**25,648**
Minority Interests	-3,498	-479	-546	-602
Profit or loss for the year	**24,195**	**10,241**	**21,201**	**25,046**

Source: BiG

T.18 (Euro 000)

Wealth Management and Advisory Services	2023	(%)	2022	(%)	2021	(%)	2020	(%)
Fees and Commissions - Core Business	15,544	33%	16,242	38%	13,633	39%	12,000	39%
Margin	10,396	22%	9,589	22%	7,740	22%	7,264	24%
Other Banking Commissions	497	1%	760	2%	901	3%	627	2%
Trading / Sales	858	2%	1,297	3%	1,700	5%	1,626	5%
Corporate Finance	1,157	2%	1,517	4%	1,485	4%	895	3%
Additional Margin Allocated	19,210	40%	13,541	32%	9,496	27%	8,268	27%
Net Revenues	**47,662**	**100%**	**42,944**	**100%**	**34,955**	**100%**	**30,680**	**100%**
Operating Expenses	-29,338		-27,712		-26,380		-23,121	
Pre-tax Income	18,324		15,233		8,574		7,560	
% Operating Revenues / Total Segments Revenues	59%		77%		56%		42%	
% Operating Expenses / Total Segments Expenses	77%		72%		78%		76%	

Source: BiG

6.3.1. WEALTH MANAGEMENT AND ADVISORY

Table 18 contains a summary of the results associated with the Wealth Management and Advisory business area.

The combined business areas under general *Wealth Management and Advisory* Services contributed € 47.7 million to net revenues in 2023, compared to € 42.9 in 2022.

The contribution of this segment to total net revenues grew in line with the Bank's strategy of focusing on Wealth Management. Growth in this segment tends to be slow and sustainable, rather than immediate and disruptive.

Contributing to total revenues in this segment were net commissions – from brokerage, asset management, financial advisory and other banking services – and net interest margin associated with client funds raised by this business area. In effect, the Bank's client-related funding essentially comes from this area.

The retail sub-segment of BiG *Wealth Management and Advisory* business is a combination of brokerage and investment platforms and an integrated, specialized banking offering for the private individual. The approach combines "high touch," or personalized service, with "low touch," associated with electronic means of transacting business. Products and services include cash accounts, debit and credit cards, payment services and, to a lesser extent, certain consumer credit arrangements, such as margin accounts. The platforms provide a range of savings and investment products from general banking and credit arrangements for the client requiring assistance, to more sophisticated online trading and investment platforms for self-directed clients. These include trading in equities, ETF's, warrants, futures, foreign exchange, CFDs, and third-party mutual funds.

The Bank reaches clients via different channels, including internet, telephone and physical branches, staffed by financial consultants. The range of products and distribution methods are designed to efficiently target clients with different investment profiles, appetite for risk, transaction needs and profiles.

The Institutional and Corporate Advisory sub-segments of this business feature specialized sales teams and tailored solutions for wholesale clients with specific needs. Product offerings include institutional asset management, brokerage, risk management, sales of tailored investment products, and independent advisory services and capital markets for corporate, banking and institutional clients.

6.3.2. TREASURY AND CAPITAL MARKETS

The following table contains a summary of the results associated with the Treasury and Capital Markets business area.

The Treasury and Capital Markets business segment seeks to generate revenues, while managing the exposure of the Bank to interest rates, foreign exchange market, fixed income, equities and derivative instruments.

The business focuses on managing the Bank's liquidity and exposure to interest rate risk, in conjunction with credit activities and their concentrations. Credit exposures feature liquid debt instruments of quality corporate, financial, and sovereign issuers for a variety of maturities. The Bank may also trade in major foreign currency instruments, interest rate and equity futures, futures on major indices and similar instruments, mainly in connection with its hedging activities. In managing the various trading books, the team's activity touches on many areas internally and is a source of expertise, market risk management and consistent profitability for the organization.

6.4. STATEMENT OF FINANCIAL POSITION AND SOURCES OF FUNDING

Management's view on risks and the evolution of the balance sheet takes into consideration the stability of core capital, mainly through reinvested earnings, the evolution of customer deposits, the existence of acquisition opportunities and the core objectives of ensuring prudent levels of liquidity and solvency at all times.

T.19 (Euro 000)

Treasury & Capital Markets	2023	(%)	2022	(%)	2021	(%)	2020	(%)
Income from capital instruments	100	0%	129	1%	47	0%	41	0%
Profit / loss of assets and liabilities at fair value through Profit & Loss	4,465	14%	500	4%	1,234	5%	5,157	12%
Gains or losses with financial assets and liabilities at fair value through profit or loss and hedge accounting	24,373	74%	2,223	18%	16,651	63%	34,748	84%
Exchange differences, net	-2,766	-8%	6,198	50%	6,835	26%	448	1%
Results from sale of other assets	0	0%	1	0%	29	0%	0	0%
(Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss)	1,310	4%	-1,452	-12%	-475	-2%	-1,029	-2%
Additional Margin Allocated	5,898	18%	5,259	43%	2,744	10%	2,536	6%
Fees paid	-442	-1%	-509	-4%	-498	-2%	-458	-1%
Net Revenues	32,938	100%	12,348	100%	26,566	100%	41,443	100%
Operating Expenses	-9,007		-11,350		-7,527		-7,188	
Pre-tax Income	23,931		998		19,537		34,714	
% Operating Revenues / Total Segments Revenues	41%		23%		44%		58%	
% Operating Expenses / Total Segments Expenses	23%		28%		22%		24%	

Source: BiG

Close attention to the size and composition of the Bank's balance sheet is one of Management's most important exercises in risk management. Assets and liabilities frequently change due to client activity, market conditions and available business opportunities, but the size and composition of the Bank's balance sheet at any given time may reflect a variety of factors. These include (i) the nature and availability of stable sources of funding, (ii) the level of the Bank's capital or own funds, based on actual and stressed, or hypothetical, levels, and (iii) Management's overall view of opportunities and associated risks. The process involves regular review of Management's appetite for risk, planning of available investment opportunities and funding strategies via the ALCO (asset and liability) committee, definition of limits on balance sheet growth by business, asset class or concentration, daily monitoring of key metrics by Risk Management, and importantly, the use of scenario analyses and stress tests as an essential tool in maintaining financial discipline. Most earning assets of the Group are securities classified as (i) financial assets at fair value through other comprehensive income, marked to market daily and are used to manage the Group's exposure to movements in interest rates and (ii) financial assets at amortized cost, including assets in the medium-term financial margin portfolio, constituted in 2022 in the context of defining a new business model aimed at strengthening the contribution of financial margin to the Group's operating income.

Our risk framework has been based, for many years, on a core strategy of maintaining a liquid balance sheet. The Bank's processes and procedures encourage a dynamic management of our assets and liabilities and include:

- Daily review and at least weekly planning of key asset and liability items;
- Daily monitoring of key risk measures and use of capital;
- Analysis of different scenarios compiled and measured daily;
- Annual projections of funding and capital requirements for a multi-year period;
- Annual review of limits (or more frequently, as required);

Some key inter-related concepts of liquidity management, asset quality control and capital adequacy are presented in sections 8.3, 8.4 and 8.5 of this Report.

In general, the changes in the nature of the Group's balance sheet over the years have been gradual. Accordingly, there have been no significant changes in 2023. Table 20 summarizes some of the key indicators of the Group's consolidated balance sheet in 2023 and prior years.

Total consolidated net assets at the end of 2023 were approximately € 2.7 billion, compared to € 2.4 billion at the end of 2022. This evolution reflects the increase in total earning assets of about 13.4 % to € 2.5 billion.

Deposits with Banks and with other financial institutions are used by the Bank to manage short-term liquidity and reserve requirements with the Central Bank and counterparties.

The item "Financial assets at amortized cost – Debt securities" relates to the assets in the *Hold to Collect* portfolios, including the medium-term financial margin portfolio.

The item "Financial assets at amortized cost – Loans and advances – Clients" refers to credit, a portion of which is composed of current account credits (margin accounts) to retail customers. At the end of 2023, virtually all credit

T.20 (Euro 000)

Key Balance Sheet Items	2023	2022	2021	2020
Total Net Assets	2,663,349	2,436,983	2,772,027	2,203,606
Earning Assets	2,541,526	2,241,427	2,635,644	2,101,485
Loans to Total Net Assets	0.7%	1.4%	1.5%	1.5%
Deposits from Central Banks	0	25,017	50,000	75,000
Funding from other Credit Institutions	131,719	323,944	496,759	213,180
Deposits from Clients	2,024,574	1,611,445	1,553,889	1,402,940

T.21 (Euro 000)

Earning Assets	2023	2022	2021	2020
Deposits with Banks	386,842	246,416	219,057	197,349
Financial assets held for trading	73,312	54,722	75,459	45,815
Non-trading financial assets madoriily at fair vale through profit or loss	8,689	7,787	5,872	3,467
Financial Assets designated at fair value through profit or loss	8,551	2,375	1,556	824
Financial assets at fair value through other comprehensive income	1,069,926	1,013,518	1,746,150	1,451,904
Financial assets at amortized cost				
Debt securities	886,193	847,123	338,030	359,812
Loans and advances - Clients	19,953	34,869	41,467	32,429
Loans and advances - Banks	88,060	34,616	208,053	14,175
Total	**2,541,526**	**2,241,426**	**2,635,644**	**2,105,776**

Source: BiG

T.22 (Euro 000)

Main Liabilities and Capital	2023	2022	2021	2020
Finacial liabilites held for trading	3	0	25,820	23
Financial liabilities designated at fair value through profit and loss	19,040	20,831	156,233	0
Deposits from Clients	2,024,574	1,611,445	1,553,889	1,402,940
Deposits from central banks	0	25,017	50,000	75,000
Deposits from other banks	131,719	323,944	496,759	213,180
Shareholder funds	390,667	350,043	412,681	421,905

Source: BiG

assets in this class were fully collateralized by real estate and/or securities and are consequently low risk. Funding of this nature to clients tends to correlate positively with performance in financial markets and, this way, to decline in periods of stress (see Section 8.10 – Credit and Investment Risk).

The item "Financial assets recognized at fair value through other comprehensive income" (*HTCS*) includes a mix of sovereign, financial and senior debt securities. Factors that may affect the size of this portfolio include opportunities to create margin or investment income during the year.

The decision to hold assets to take advantage of margin or to divest is discussed daily and also, more formally, at the level of the Asset and Liability Committee (ALCO), which takes into consideration market concentrations and the Bank's overall liquidity profile.

At the funding level, the Group's main sources of funding were, as in prior years, client deposits, shareholder funds, and also access to funding via sale/repurchase agreements at favorable rates with market counterparties such as EUREX Repo and other banks.

Client deposits are primarily retail in nature and grew to over € 2.0 billion.

In 2023, the financing obtained from the ECB, which the Bank used during 2020 to strengthen its treasury levels in a pandemic environment, was paid off.

Resources from other credit institutions are mainly sale/purchase agreements with international counterparties, including EUREX Repo, which the Bank joined as a member in 2011.

ALCO provides insight into the nature of the concentrations and liquidity of the Bank's assets and conservative management with respect to the composition of funding referred to above. The Board seeks to ensure that substantial net surplus cash positions exist to cover normal or hypothetical capital outflows. For more information regarding secured funding and client deposits, see Section 8.8 – Liquidity Risk and Note 46 of the notes to the consolidated financial statements.

T.23

(Euro 000)

Shareholders Capital	2023	2022	2021	2020
Common Stock	186,947	186,947	186,947	171,947
Share premium	1,362	1,362	1,362	1,362
Treasury Stock	-2	-2	-2	-2
Accumulated other comprehensive income	-56,989	-86,398	-21,788	2,257
Other Reserves	236,068	232,347	220,111	217,345
Profit or loss attributable to owners of the parent	24,195	10,241	21,201	25,046
Antecipated Dividends	-6,543	0	0	0
Minority Interest	5,629	5,545	4,849	3,950
Total Shareholders Capital	390,667	350,043	412,681	421,905
Book value per share	2.09	1.87	2.21	2.45
Net assets / Equity	6.82	6.96	6.72	5.22

T.24

(Euro 000)

Consolidated Regulatory Capital	2023	2022	2021	2020
Shareholders Equity	**390,667**	**350,043**	**412,681**	**421,905**
Antecipated Dividends	6,543	0	0	0
Net Income	-24,195	-10,241	-21,201	-25,046
Intangible Assets	-11,457	-11,373	-11,790	-4,053
Loans to Employees	-161	-344	-344	-568
Value adjustments due to the requirements for prudent valuation	-1,209	-1,155	-2,044	-1,555
Other	-2,885	-10,865	-2,490	0
Own Funds	**357,303**	**316,065**	**374,812**	**390,683**
Risk-Weighted Assets	1,136,430	1,099,231	1,088,419	863,231
CET 1 Capital Ratio	31.4%	28.8%	34.4%	45.3%
T1 Capital Ratio	31.4%	28.8%	34.4%	45.3%

Source: BiG

T.25

Performance Measures	2023	2022	2021	2020
Profitability				
Return on Assets (ROA)	0.9%	0.4%	0.9%	1.1%
Return on Equity (ROE)	7.5%	2.8%	5.2%	6.2%
Operating Revenues / Average Net Assets	3.1%	2.2%	2.5%	3.2%
Efficiency				
Net Margin / Earning Assets	1.5%	1.3%	0.8%	0.9%
Operating Expenses / Operating Income	53.1%	67.9%	58.9%	48.3%
Personnel Expenses / Operating Income	30.4%	37.6%	33.7%	27.0%
Solvency				
CET1 Capital Ratio	31.4%	28.8%	34.4%	45.3%
T1 Capital Ratio	31.4%	28.8%	34.4%	45.3%

Source: BiG

The Bank's consolidated shareholders' capital at the end of 2023 was € 390.7 million, compared to € 350.0 million at the end of 2022. The increase reflects, fundamentally the positive results achieved during 2023, as well as the positive impact on "Other accumulated comprehensive income" associated with favorable market conditions and the increase in the mark-to-market of assets in the "Hold to Collect and Sell" portfolio.

BiG is regulated by the Bank of Portugal and, in accordance with banking regulations, is subject to consolidated, risk-based capital requirements. In broad terms, regulatory capital, which is reported regularly, is used as the basis for assessing key aspects of the banking business and involves a number of regular adjustments to the Bank's capital line. Capital requirements are presented as capital ratios that compare adjusted capital to risk-weighted assets. The Tier 1 ratio and other solvency ratios reported regularly by the Bank are a key part of the regulatory capital process.

In light of the above, some of the key performance metrics in 2023 and previous years are summarized in Table 25.

The return on average equity (ROE) in 2022 was 7.5%, compared to 2.8% in 2022. In terms of efficiency, the operating expenses / operating income ratio stood at 53.1%, down from 67.9% in 2022. The Bank maintained comfortable capital levels, with the T1 Capital Ratio standing at 31.4% at year-end.

6.5. RISK FACTORS AFFECTING THE BANKING BUSINESS

The Bank manages a number of risks inherent to the banking business. In addition, the risks summarized previously and discussed in greater detail in this Management Report and in the Notes to the Consolidated Financial Statements, economic, political, competitive and regulatory conditions and changes also affect the Bank's business.

These include the following geopolitical risk factors:

- Political, economic and social impacts due to the international military conflicts, particularly in Ukraine and the Middle East;
- Impacts on the financial markets resulting from tensions of various kinds at international level, particularly between major powers;
- Political instability at national or international level, particularly as a result of the results of electoral cycles in Portugal, the European Union, the USA and other countries;
- Political instability and fragmentation in Europe.

Additionally, the following economic and financial risk factors are identified:

- Additional disruptions in international markets, particularly in the energy sector, commodities or other goods and services with global impact;
- Economic slowdown and/or recession in Portugal and Spain, as well as in the large international blocs and in countries with which Iberia maintains strong commercial relations (USA, Germany, France United Kingdom, etc.);
- Deterioration of conditions in the real economy, namely through financial difficulties of companies, reduction in the purchasing power of individuals and increased unemployment;
- Rating downgrades on securities / issues and potential increased credit risk / default;
- Persistent high levels of inflation and the consequent delay in reversing contractionary monetary policies by international central banks;
- Possible new waves of instability in the financial sector, namely due to a lack of confidence on the part of depositors, creditors and/or shareholders;
- Regulatory or prudential changes with an impact on the financial sector;
- Continued growth and complexity of the regulatory and legislative burden on the banking industry;
- Restrictions on access to funding from market counterparties, namely in the use of securities as funding collateral.

6.6. EVENTS FOLLOWING THE YEAR END 2023

Market conditions and political instability

The financial markets have been volatile, in a context characterized by the persistence of a high degree of geopolitical uncertainty. At the beginning of 2024, there was an increase in attacks by Houthi rebels on commercial ships in the Red Sea, in reaction against Israel's military operation in the Gaza Strip. The attacks have forced some of the largest shipping companies to suspend transit through one of the world's most important trade routes, causing complications in global supply chains. In response, there was coordinated action by the United States and the United Kingdom to retaliate against the actions of the Houthis and restore the normal functioning of international trade. At the time of writing, there remains a high degree of uncertainty regarding the extent of the conflict, geographically, in time and the impact on global financial markets.

Uncertainty regarding the effects of the ECB's restrictive monetary policy

After a period of aggressive tightening of interest rate levels, from -0.5% to 4% in September 2023, a reversal of monetary policy is expected for 2024.Nevertheless, there is a high level of uncertainty regarding the date of the first cut and the pace at which interest rates will fall. Maintaining high interest rates could lead to a deterioration in economic activity in the Eurozone and additional pressure on financing costs.

7. ESG RESPONSIBILITY

Since it was founded, BiG has acted responsibly in a number of areas, making a commitment to sustainability issues, particularly environmental, social and internal governance issues, recognizing their importance for a sustainable and responsible economy.

In fact, despite the high technical and scientific complexity involved in analyzing sustainability issues and the novelty of measuring environmental and social risks and factors and their impact on financial performance, BiG recognizes the growing need to train human resources and strengthen the technical resources of market agents in order to address the challenges of this issue.

In addition, BiG has made an effort to keep up with legal and regulatory developments, in order to remain compliant with its positioning and with the requirements of supervisory bodies in terms of sustainability. This effort has been reflected in the review of internal processes, policies and procedures that take these matters into account, in line with the Bank's size and exposure to this issue.

Similarly, considering the growing importance of ESG risks, following internal training carried out between November 2022 and January 2023, in which the members of the Board of Directors and the Supervisory Board took part, as well as key people from various areas of the Bank, an ESG Working Group was set up, which began operating in June 2023.

The Working Group is coordinated by a non-executive member of the Board of Directors and is made up of 9 members, including the CEO and the CRO. The Working Group provides support and participates, when necessary, in the decisions to be taken by the Board of Directors, which is the body ultimately responsible for defining and approving the sustainability strategy and the management of ESG risk factors, as well as supervising their correct implementation.

The aim of this Working Group is to address the challenges arising from the growing regulatory requirements in this area and to promote the progressive integration of ESG factors into the Bank's business management. Given the relevance of the different aspects and taking into account the supervision expectations defined and the Bank's size and business model, the initial plan of activities prioritized the integration of Climate and Environmental Risks ("CER") into its risk management framework.

In addition, the Working Group has participated in the review of the pre- and post-contractual information of the products and services offered by BiG subject to the theme of sustainability, taking into account the legislation in effect and the strategic plans of the Regulators, particularly with regard to the commitment to promote the transition to a more sustainable economy, acting to strengthen the quality of the information disclosed to investors and to identify and mitigate risks, particularly those that may affect the credibility of the market and investor confidence.

BiG intends to continue to carry out a survey, in the light of the principle of proportionality and considering its size and scale of activities, on the assessment of the current situation and the definition of concrete ESG objectives to be considered, to address the constraints that are mainly related to the limited information currently available on the market and the high regulatory complexity associated with this issue.

7.1. OVERVIEW

The Bank has identified the following Sustainable Development Goals (SDGs) as priorities for its sustainability activities:

4 QUALITY EDUCATION

Promotion of the population's financial literacy, contributing to more informed management of personal finances, savings and investment. Development of employees' personal and professional skills and training activities aimed at clients, potential clients and its various stakeholders.

5 GENDER EQUALITY

Promoting gender equality and non-discrimination between women and men, as a structuring factor in creating value for the institution.

13 CLIMATE ACTION

Reduction of energy consumption and responsible use of natural resources, contributing to the control of global warming through measures to reduce the carbon footprint.

8 DECENT WORK AND ECONOMIC GROWTH

Promoting productivity, creativity and innovation in business development. Developing employees' skills is an important factor contributing to BiG's innovation.

Below are some initiatives that have been developed and that contribute to the selected objectives:

4 QUALITY EDUCATION

BiG has been a promoter of financial inclusion and literacy, publicising various actions to clients and the community in general by holding events, webinars, producing different content disseminated on various channels (social networks and the web).

In addition, BiG has collaborated with the Portuguese Banking Association (APB) in financial literacy actions among the population, namely by giving lessons on financial literacy in secondary schools for students of different years.

5 GENDER EQUALITY

BiG endeavours to be an inclusive bank by promoting a culture of diversity and equal opportunities.

13 CLIMATE ACTION

The Bank has invested in improving its energy efficiency in order to mitigate the risks related to climate change, through the use of renewable energies (with the installation of solar energy panels in its head office building). In addition, it has invested in dematerializing processes and operations to limit the use of paper, and has created a digital archive.

Furthermore, since the 4th quarter of 2022, the Bank has been collecting its clients' ESG preferences as part of its investment consultancy and portfolio management services.

8 DECENT WORK AND ECONOMIC GROWTH

BiG has sought to modernize and streamline the bank's processes and operations, as well as Client relations through the bank's digital channels. This positioning aims to achieve more efficient business processes, contributing to increased productivity and economic growth in the countries where the Bank operates.

In addition, since 2016 BiG has been investing in several start-up companies operating in the Fintech and Insurtech segments, thus contributing to growth, innovation and digitalization in the financial sector.

7.2. ENVIRONMENTAL RESPONSABILITY

In recent years, the Bank has developed a series of initiatives with a positive impact on the environmental responsibility, as illustrated in Figure 8.

In addition to the initiatives related to the direct impact of its activity in terms of carbon emissions, the Bank has been developing a set of initiatives to gradually integrate RCA into its business strategy and risk management framework. In this regard, the Bank has been developing a set of analyses and defining a set of metrics (KPIs) to enable regular monitoring of this exposure.

7.3. SOCIAL RESPONSABILITY

In carrying out its business, BiG adopts a socially responsible stance, enshrining in its Code of Conduct a set of values and rules of deontology, ethics and professional conduct that reflect the fundamental guiding principles of its activity.

These guidelines reflect the institutional policy of demand, responsibility and rigor. In this way, the Bank's employees are bound by guidelines that require them to act with integrity and responsibility.

In terms of selecting and managing human resources, BiG seeks to promote diversity in terms of gender, ethnicity, culture and nationality, adopting the principle of non-discrimination, basing its decisions solely on the competence and capacity requirements for each employee's job.

To this end, BiG, as part of its regular communications to employees on the principles set out in the Code of Conduct, has taken the opportunity to reinforce the existence of whistleblowing channels to alert them to possible situations that could jeopardize their personal integrity.

Finally, aware of the importance of training and education for the sustainable development of the economy, the Bank actively contributes to this goal by promoting the dissemination of information not only to its employees, but also to the community.

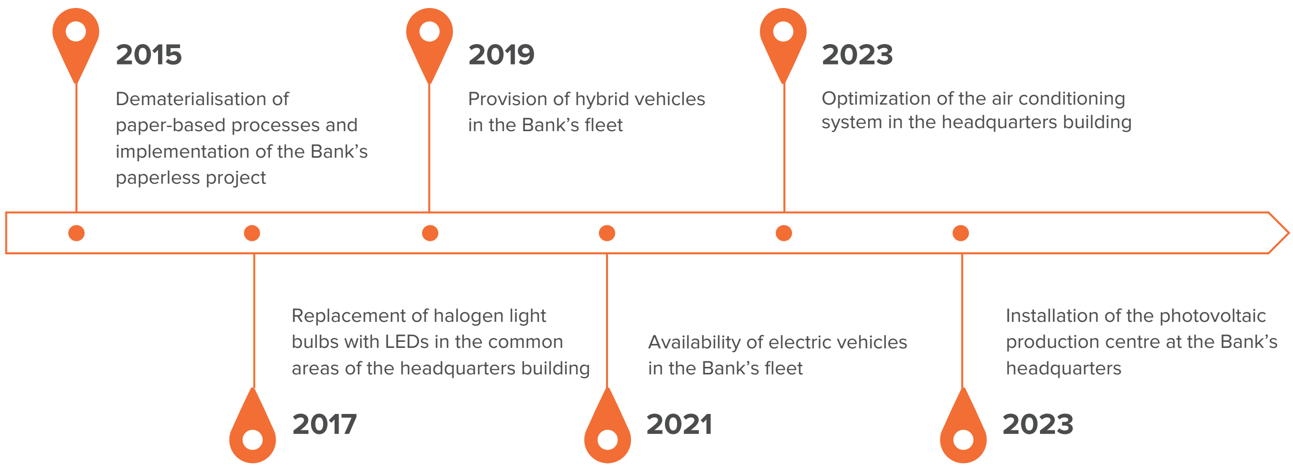
Thus, internally, training courses are provided in accordance with internal regulations, which are considered essential for the diligent and informed performance of employees.

Regarding community initiatives, BiG is committed to financial literacy training, organizing training initiatives aimed not only at clients, but also at young people in secondary schools in collaboration with the APB, some professional associations and other institutions. BiG devotes significant resources to producing information in various forms, including events, webinars and weekly podcasts.

7.4. GOVERNANCE

The Group has endeavored to adopt a robust governance model adapted to its size, activity and business strategy in order to be consistent with its duty to act honestly, fairly and professionally and in the best interests of its clients. In this context, the Bank relies on the continuous participation of its control functions, which ensure that there is an internal structure that keeps up with regulatory developments and best market practices

F.8



in order to contribute to strengthening BiG's positioning.

The Bank's internal regulatory management model provides for a regular review of processes to ensure that they are well defined, comprehensive, independent and objective. This model requires an integrated system of policies, procedures and controls in order to guarantee the integrity of the Bank's business model and boost its stability and profitability. This concern is reflected in the adoption of a set of policies that contribute to the Bank's internal governance system, the effectiveness of which is monitored with the contribution of the control functions. In addition, the Bank aims to communicate the culture of transparency, based on simple and clear reporting lines, and the sharing of responsibility, with a view to the common interest, to its employees through continuous training as a result of internal control activities.

The fulfilment of these compliance control processes is guided by a formal structure of policies, which include:

- Code of Conduct and Internal Regulations – BiG has a Code of Conduct and internal mechanisms that ensure the values and behaviors that govern its organizational culture as an institution and that shape the conduct of its employees.

- Policy for the Prevention and Management of Money Laundering and Terrorist Financing Risks and Sanctions (ML/TF) – This regulation provides for the creation of mechanisms to control and detect suspicious ML/TF operations, as well as monitoring compliance with the duties set out in the legislation in force. In developing these mechanisms, the Bank particularly considers situations that indicate potentially higher risk inherent to products, services, transactions or distribution channels, with the aim of identifying and capturing, in an efficient and holistic manner, the ML/TF risks to which it is exposed, taking into account the nature, size and complexity of the Bank's activity and the business areas developed.

- Policy to Combat Market Abuse – These rules define the specifications, assumptions and duties underlying the prevention of insider dealing, the illicit transmission of inside information and market manipulation. In order to mitigate the risk of the institution being involved in market abuse operations and non-compliance with market defence duties, the Bank seeks to promote (i) effective and continuous control, for the purposes of detecting and identifying orders and operations that may constitute insider dealing, market manipulation or an attempt to abuse insider information or market manipulation, of all orders received and transmitted and all operations executed; and (ii) the transmission of suspicious operation reports to the competent authorities in accordance with the requirements set out in the legislation in force.

- Conflicts of Interest Management Policy – This Policy aims to ensure that the Bank carries out its activity and business strategy in a manner consistent with its duty to act honestly, fairly and professionally, in the best interests of the Client.

- Anti-Corruption and Anti-Bribery Policy – BiG, as a covered entity, adopted and implemented, in 2022, a Corruption and Related Offences Risk Prevention Plan (PPR) that covers its entire organization and activity, including administrative, management, operational and support areas. The implementation of this PPR is subject to control, under the terms of Article 6(4)(a) of the RGPC. In this context, the Bank has defined a set of continuous improvement actions that are deemed important to ensure a more structured and targeted prevention of the risks of corruption and related offences through the implementation of additional controls, which make it possible to strengthen the internal control system in terms of preventing and combating corruption and related offences.

- Related Party Transactions Policy – The Bank has been determining the rules to be observed and procedures to be followed whenever transactions with related parties take place, in order to ensure that there are no particular benefits to the detriment of BiG and equal treatment in these transactions, under normal market conditions (arm's length), safeguarding the interests of the Bank and all its stakeholders, in line with best corporate governance practices, and framed by the principles of transparency and oversight.

- Whistleblowing Policy – BiG has implemented specific, independent, autonomous and appropriate means of receiving, processing and archiving complaints or reports of irregularities (whistleblowing). To this end, it has defined an autonomous internal procedure for reporting irregularities in order to guarantee the confidentiality of the identity of whistleblowers.

8. RISK MANAGEMENT AND INTERNAL CONTROL

8.1. OVERVIEW

The assumption and control of Risks are basic concepts inherent to our business. These include *direct financial risks*, such as capital, market, liquidity, interest rate, and credit risks; and *non-financial risks*, including strategic or business model risk, operational, technological, compliance, and reputational risks. Controls over risks include (i) a well-designed and a continuously evolving internal structure of governance, (ii) the understanding, identification, and acceptance of responsibility by individuals within the organization, and (iii) ownership of risk assessment, control, and management by the oversight functions within business units.

To identify and manage these risks, which are interrelated, the Bank maintains a global and integrated system of internal controls, policies, and procedures. These can be both quantitative and qualitative in nature. The Board reviews, approves, and oversees the respective risk management functions and ensures compliance with policies and procedures, either as a body group or by delegation.

Generally, our systems and policies are designed to ensure effective processing, reliable systems, appropriate risk taking, daily or intra-day measurement of positions, independent reporting, and responsible behavior. Policies and procedures on enforcement also seek to ensure respect for and adherence to internal, regulatory, legal, and prudential guidelines which are designed to protect the interests of clients and shareholders, while preserving and protecting the reputation of the Bank.

As part of the above-mentioned procedures to measure the main risks inherent to the banking activity, the Board of Directors relies on several risk measures, such as Value at Risk (VaR), in several stress test scenarios, exposure limits, together with other comprehensive methodologies. These are subject to continuous review and have been well tested against the paradigm-changing events associated with domestic and global political and economic events, which have defined the recent years.

These events had a significant impact on market practices, the regulatory environment, the nature of audits and ratings, as well as on competition, strategic planning, assumptions, market prices and expectations. Taken together, the major risk categories figure prominently in our view and measurement of market, liquidity, and credit risks.

The *risk management framework*, in broad terms, includes (i) *the governance* structure, (ii) the Bank's policies and procedures, and (iii) the staff involved directly in the firm-wide or individual risk control units. This latter group forms the 3 lines of defense associated to risk management process, starting with *business units*, which own the responsibility for identifying and controlling risks, going through control and *support functions*, which control and report the process from approval to execution, and, lastly, the *Internal Audit function*, which assesses and advises on proper implementation of the process. For additional information please refer to Note 45 of the notes to the consolidated financial statements.

8.2. GOVERNANCE STRUCTURE

Primary responsibility for monitoring risks throughout the Bank rests with Board of Directors, the Executive Committee, the *All Risks Committee*, business units, and various sub-groups, which monitor specific risk areas. *All Risks Committee* combines the various individual control functions and functional groups overseeing Risk Management (discussed in detail below) and also the Compliance area of the Bank.

On top of the governance structure is the Board of Directors, which delegates day-to-day matters to the Executive Committee. This group may redirect matters to the Board of Directors, to any of the committees established within it, or even act in articulation with the Bank's Supervisory Board. It is the responsibility of the Board as a group, and its members, individually – with both supervisory and executive functions – to provide guidance on strategy and risk appetite, approve policies and maintain an integrated view of risk exposures.

Oversight by the Board, as a group and through its committees, includes matters such as:

- Strategy Definition
- Risk Appetite Definition
- Implementation of a Risk Management and Internal Control system
- Financial Performance and Reporting
- Remuneration of key executives / relation to Performance over a cycle
- Preparation of the Nominations and Succession Planning
- Strengthening the Bank's Culture and the Tone from the Top

Figure 9 presents an overview of the Bank's structure of governance for managing risks.

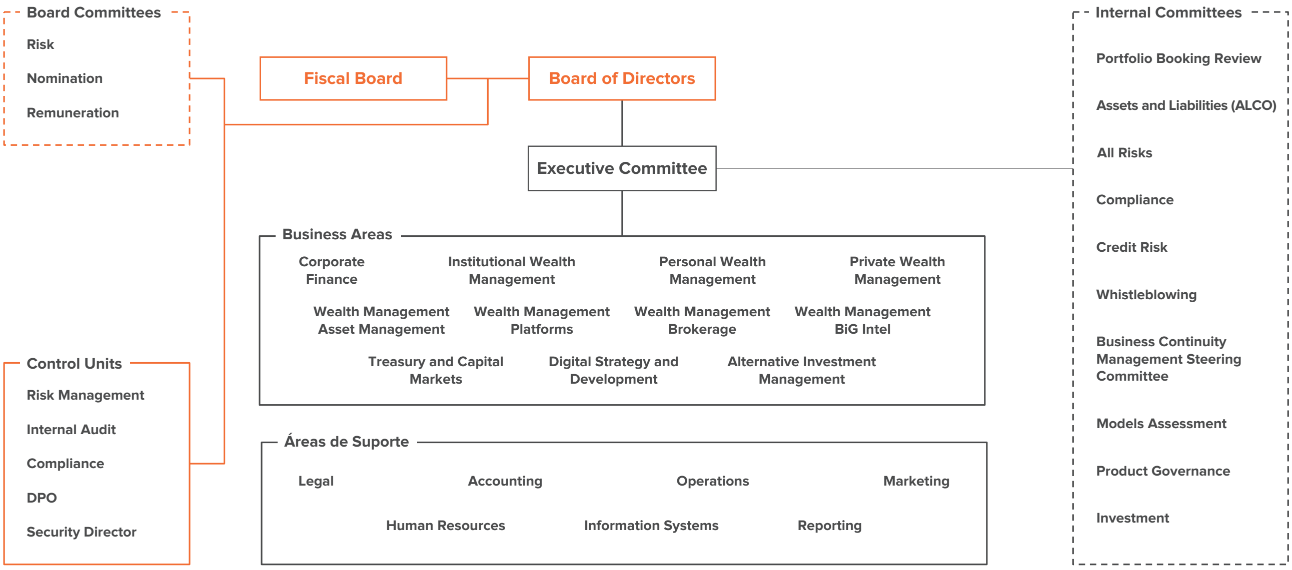
8.3. GENERAL POLICIES AND PROCEDURES

The Board of Directors reviews policies, procedures, and any underlying regulatory changes in a regularly basis, and seeks to ensure clear communication throughout the organization as a basis for building a sound operating environment. The nature of the governance structure for managing risk and the existence of clear policies aim to ensure that processes associated with four key steps in the risk management process – identifying, measuring, controlling, and reporting risk exposures to potential losses – are in accordance with sound banking practices and regulatory standards.

In managing its exposures to various risks, the Bank is guided by the following basic principles:

- Regular review of policies, procedures, and regulations by The Board of Directors;
- Formal definition of responsibilities for risk management in the Bank;
- Policies and procedures to ensure independent oversight;

F.9



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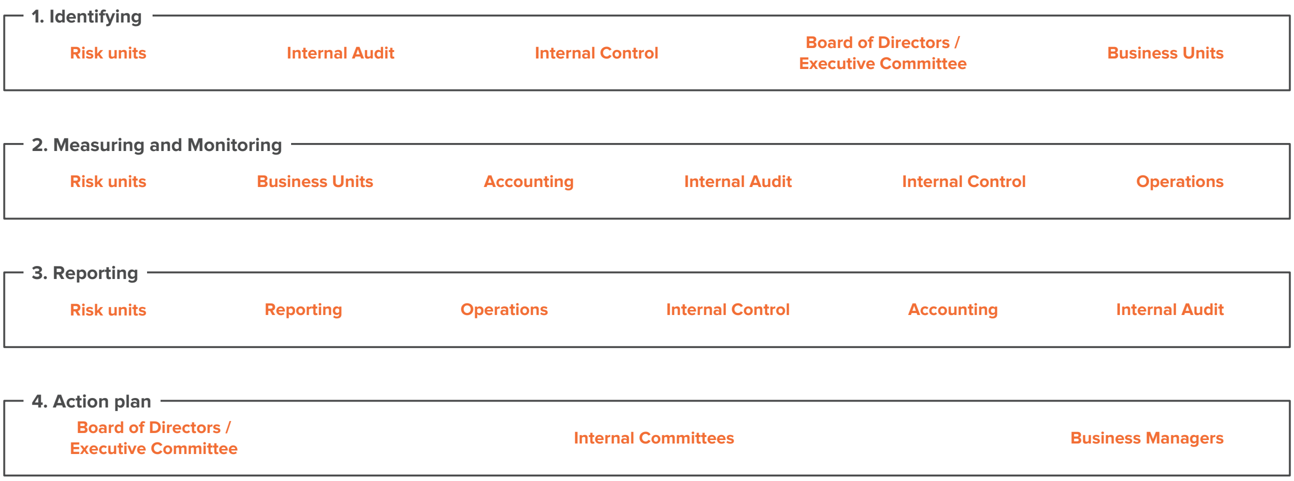

- Appropriate diversification of risks and formal definition and review of concentrations;

- Adequate systems for independent measurement and reporting;

- Overlapping systems to measure and control risk;

- Training to assist staff in identifying risk across business areas.

Critical policies and processes include: (i) the active review and management of our positions, (ii) marking to market substantially all our earning assets on a daily basis, (iii) daily or intra-day review of our financial exposures and net revenues, (iv) continuous and independent review of credit exposures, controls over limits and accounting processes, (v) independent reporting and regular dialogue between business teams and independent risk control and support functions, (vi) stress testing procedures, including the application of extreme scenarios, and (vii) the direct involvement of Management in the process of controlling and assessing the Bank's appetite for risk. In addition, Management encourages and expects fast communication and escalation of important trends and potentially significant risks.

8.3.1. MEASURING RISK

In decision-taking and in managing risk, Management applies its professional experience and business judgment in combination with a variety of quantitative tools, supported by various systems used to monitor and measure exposures. These are discussed in the following sections and include:

- Scenario stress testing;

- Market Risk Limits based on VaR;

- Sensitivity analyses, particularly with interest rate risk;

- Measurement of exposures based on Basis Point Values (bpvs);

- Control of limits by counterparty, family, asset class and portfolio;

- Concentration Limits;

- Qualitative analysis and procedures.

The process involves regular self-assessment exercises, updates in techniques and periodic changes of assumptions, as well as adherence to constant demanding regulatory and accounting issues. As a result, this is a daily focus of Management, line functions and support areas. We assume, as part of the management risk process, that no single methodology is enough to measure risks, by itself, to provide a complete picture of our exposures. Management and risk oversight teams, therefore, often review risks, particularly market-related risks, with a combination of different approaches. The Bank seeks to quantify the potential for losses associated with every aspect of our business, to have a reasonable and prior estimate of potential damage in the event of unexpected risks materialize. These can range, not only from those that are possible, based on recent historical data, but also to those that we deem to be unlikely, but which nevertheless can be estimated based on the assumption of certain extreme scenarios.

Generally,

- ***Market risk*** involves at least a daily review of all the above key points;

- ***Liquidity risk and Interest rate risk*** focus on several methodologies, among which basis point values and scenario analyses;

- ***Credit risk*** focuses on nominal, market and fractional exposures, concentrations by borrower/issuer by group, sector or geography, and on stress testing;

- ***Derivatives exposures*** are measured with sensitivity analyses of exposures measured in basis points;

- ***Operational risk*** monitors potential risks and losses associated with people, systems, external events, legal matters and compliance risks.

- ***Reputation risk and Correlation risk*** involve some of the more subjective risks to which the Bank may be exposed, and usually depend on scenario analyses in order arrive at quantitative estimates.

8.3.2. LIMITS AND CONTROLS

On all risk activities, controlling limits involves a series of frequently reviewed controls organized by class of product, by tenor, and by team or individual decision-maker. They may be measured via a combination of non-statistical measures, including BPV's, and statistical measures, such as VaR.

Management and the Risk Management functions work closely to ensure continuous update, daily reporting, dialogue and review of assumptions and models. A variety of criteria are used for determining appropriate limits associated with trading and investment risk-taking activities, including current and historical analyses of markets, statistics on volatility and liquidity, fundamental and technical analysis, the level of experience and performance of traders and managers, and importantly, the Bank's appetite for risk in accordance with market conditions.

Approved limits specifying authorized exposures by counterparty and concentrations by asset class are reviewed on a periodic basis and are communicated formally and periodically to managers, traders, and sales staff. All personnel are responsible for adhering to approved limits, which are monitored by separate and independent middle and back-office functions to ensure that positions are valued and recorded accurately.

8.3.3. REPORTING

On a daily basis, risk management and back-office functions compile and report positions to Management body based on established statistical and non-statistical measures. Exceeded limits, in the case they exist, are reported to Senior Management immediately and action is taken to guarantee compliance with the limit. Formal controls are enhanced by informal systems of monitoring position taking and limits, including meetings by senior managers with markets areas to review positions and evaluate trends. Reports on daily stress tests serve as a basis for discussion on the appropriateness of exposures, or as a trigger to review concentrations of risk, via the sale or repositioning of our positions or hedging of risks.

8.3.4. RISK CONTROL UNITS

Some of the internal risk committees – Asset and Liability Committee, Credit Risk Committee, and All Risk Committee – include individuals responsible for the day-to-day controls. Each Committee also involves, normally, at least two other members of the Board. Within limits established by the Board of Directors, these risk groups have decision-making authority in their respective areas.

In addition, the All-Risks Committee meets regularly to ensure proper communication, understanding of the interrelationship of risks across the various areas of the Bank.

Daily events of an exceptional nature require the approval of at least two Executive Directors. Major exposures or significant policy decisions falling outside of these limits require review and approval of the general Board of Directors or the Risk Committee.

8.4. CAPITAL RISK

Capital risk management ensures that the Bank has robust capital funds and operating ratios to support the institution's strategy, business activities, and underlying risks during both normal and stressed operating conditions.

As capital risk and strategy are closely linked in our business, Management's views on leverage, minimum capital targets, and sustained capital growth, mainly through retained earnings, within the context of competitive, market and regulatory conditions, determine the Bank's strategy and risk appetite. These issues are a focus of the Board's Risk Committee. They are discussed extensively in the sections on Funding and Capital Planning, are formally addressed as part of the Bank's ICAAP (Internal Capital Adequacy and Assessment Process) review sent to regulators annually and are the target of daily position reporting and stress testing. The management of capital risk is directly connected to Management's long-established views on what constitutes acceptable capital ratios and buffer, asset quality and statement of financial position management, dividend policy, ROE targets, the nature of shareholder funds versus regulatory capital, and general risk management.

The analysis and daily controls for each risk reported and discussed provides Management with a clear picture on capital risk management. The Bank's objective is to maintain levels of capital to:

- Invest and grow the business through cycles and moments of stress;
- Meet regulatory requirements by a comfortable margin;
- Distribute dividends, while ensuring a "well-capitalized" business;
- Retain flexibility when opportunities present themselves; and
- Protect the integrity of the Bank's business model and its reputation.

8.5. STRATEGIC RISK

Strategic Risk is the risk of disruption to the core assumptions of the Bank's strategy. It is a risk that is transversal to the Bank, as it includes risks relating to current or projected results, the integrity of capital and liquidity positions, the Bank's intrinsic value and/or reputation, arising from business decisions or execution failures, requiring external factors to be considered. As a result, this is one of the most important risks to be considered by the Board of Directors, given the current context characterized by a serious military conflict and geopolitical tensions on a global scale, with the uncertainties and opportunities that may arise from this.

Oversight of strategic risk ranges from daily review of results, balance sheet strategy and risk appetite, to Annual Plan, review of new business investments, and the periodic Strategic Plan approved by the Board of Directors.

The process involves:

- The planning process by business unit
- Review of risk strategies
- Trends in revenues, asset composition and quality, their mix, and concentrations
- Scenario planning
- Digital transformation and investment
- Review of client needs and expectations
- Competition, regulatory and market environment
- Building a culture able to respond to unexpected changes in market conditions

The Bank's global view of the risks mentioned above derives from the strategic decisions of Management, and how the results are executed and measured. They involve processes to assess the risks – as well as opportunities and advantages – to the business model from competitive factors, technology, regulation, and changes in the external environment, and may involve decisions to invest in new business opportunities and/or to modify or divest form current businesses. The process considers regular and frequent interaction with clients, suppliers, analysts, counterparties, the Bank's advisory council, and shareholders.

8.6. REGULATORY RISK

Regulatory Risk, deemed by Management to be a *sub-risk* of Strategic Risk, is the risk of a change in regulations and laws that might affect an industry or a business, in a material manner. Changes in regulations can reduce the attractiveness of an industry and the capacity of that industry to attract investment, talent, and capital. In the banking sector, expected changes and increasing regulatory requirements can lead to increased costs and may affect the competitive landscape of a highly regulated sector, as compared to other sectors or geographies.

In Portugal, special taxes classified as *"solidarity contributions"* applied only to the banking industry, and the need to make contributions to two "resolution funds" – one domestic to deal with large shortfalls involving banks resolved recently, and one Europe-wide, featuring a still un-unified deposit guarantee system – add fixed costs that affect the ability to run business. They reduce profitability, affect the competitiveness of the domestic banking sector in relation to foreign peers, and require adjustments to strategy.

Regulatory risks can be difficult to predict, often requiring Management to be re-active, rather than pro-active. These factors may contribute to the challenges of planning, implementing strategy, controlling costs, and managing the expectations of stakeholders.

8.7. MARKET RISK

Market Risk represents the possible decline in the value of financial instruments because of changes in market conditions. Key risks that we manage in our market activities, which have a direct impact on the Bank's daily profit and loss account, and/or on the Fair Value Reserve of the capital account, include:

- Fixed Income Risks, resulting from movements in risk-free rates in assets held for trading or for longer periods.

- Equity Price Risk, resulting from exposures to changes in underlying prices and volatility;

- Currency Rate Risk, resulting from exposure to changes in spot prices, forward prices and volatility;

- Derivatives Risk, resulting from the management of our exposure to changes in the prices of underlying assets used to hedge client product and positions.

In managing the risks identified above, the Board of Directors exercises its supervision through the Risk Committee. Daily management is delegated to the Executive Committee, ALCO, and the Risk Department. The ALCO includes members of the Executive Committee, managers of revenue-generating activities and members of the Risk Department.

Underlying the committees are the primary risk control units – Market and Credit Risk – which are responsible for reviewing methodologies for measuring risk and limits for all investment and trading activities. They also control broad investment management issues discussed at the level of ALCO, review of models and analytics associated with calculating limits within both Bank and client portfolios and are responsible for conducting daily portfolio stress tests. They also oversee the independent control and enforcement of limits on risk taking by front office personnel. As a result, the Bank group seeks to ensure an efficient balance between risks and return, as well an appropriate level of volatility in operating results of the Bank.

In its Treasury and Market activities, BiG seeks to generate or to protect revenues while managing its exposure to changes in the value of financial instruments across various markets, products, and portfolios. To manage and report risks, Management establishes and reviews, on a periodic basis, comprehensive procedures and systems that are designed to ensure levels of control adequate with the Bank's capital and business objectives.

The Market Risk function, along with Management, Compliance, and other operating areas, also reviews policies and procedures to ensure that levels of risk assumed by clients, and as marketed by BiG, are appropriate in all circumstances. The Bank's Investment Committee monitors trends, allocations, and policies with respect to the management of client assets, including responsibilities associated with discretionary management mandates.

These control groups meet regularly and, as they normally include two or more Board members, have the authority to decide on day-to-day issues.

Methodologies

To manage market risk, the Bank uses a variety of methodologies to measure and control market-related exposures, which are analyzed with information covering country and counterparty risks. Risks are often managed through a process of diversifying exposures, controlling position sizes, and establishing hedges in related securities or derivatives. Key quantitative tools used to measure, and control exposures efficiently include statistical measures and non-statistical measures, among which:

- Value at Risk

- Stress testing

- Calculations of Basis Point Values

- Sensitivity analysis

The Bank employs these control measures simultaneously with other indicators, such as loss advisories and daily controls of concentrations to ensure the integrity of the risk control process, in case of one or more methodologies fail, in result of some extraordinary event occurring in the markets.

Value at Risk

VaR, which measures risk assuming normal market conditions, is combined with non-statistical measures, including stress testing, back testing and stop loss advisories, to ensure proper controls of expected returns by risk type under all market conditions. The Bank computes VaR using a 99% confidence level. This means that the Bank would expect to incur losses greater than the predicted VaR estimates only once in every 100 trading days or approximately 2.5 times per year. Since VaR is a theoretical approach based on historical returns, the model has limitations and may not always produce accurate predictions of future market risk. Changes in VaR between reporting periods, for example, are generally due to changes in levels of exposure, volatility and correlation among securities.

Utilization level of trading limits, as indicated below and in line with prior years, on average, was lower than investment limits defined, with most value at risk concentrated in the Bank's *Held to Collect and Sell portfolio* (*HTCS*).

Components and concentrations of the portfolio are typically dynamic as the Bank seeks to maximize stable flows of revenue, while maximizing flexibility to recognize gains and to maintain high levels of available liquidity. The highest levels of VaR were associated with the bonds portfolio, reflecting concentrations in that class of instrument.

Further detail on exposures may be found in the Concentration Risk section of this report (Section 7.10.5)

Stress Testing Trading and Investment Portfolios

The Bank runs stress testing of its positions daily, and considers this approach, in combination with VaR measurements, to be an essential tool for managing market risks. With stress testing,

T.26

(Euro)

2023 Trading VaR (vs 2022)	2023				2022			
	December	Average	Maximum	Minimum	December	Average	Maximum	Minimum
Exchange Rate Risk	86,058	32,538	304,164	5,938	21,164	23,132	84,164	3,478
Bonds	127,018	249,969	782,176	91,201	151,260	267,060	1,387,364	65,087
Stocks	0	29,367	144,568	0	85,530	64,675	163,962	0
Diversification Effect	46%	30%			42%	40%		
	115,897	**219,743**	**768,596**	**81,883**	**149,339**	**212,414**	**1,345,250**	**69,492**

Source: BiG

T.27

(Euro)

2023 Banking VaR (vs 2022)	2023				2022			
	December	Average	Maximum	Minimum	December	Average	Maximum	Minimum
Bonds	10,711,562	10,131,924	11,591,319	9,137,413	9,057,747	8,616,605	15,176,257	5,856,096
Stocks	59,993	43,810	60,386	29,016	42,269	62,225	127,576	36,437
	10,771,555	**10,175,734**	**11,648,224**	**9,172,007**	**9,100,016**	**8,678,830**	**15,263,628**	**5,893,671**

Source: BiG

VaR: *Expected Loss within the confidence level indicated; larger losses may be possible but have a lower probability of occurrence.*
Back-testing: *Process of validating a model by comparing its predictions with actual results.*
Confidence level: *Probability that actual losses will not exceed the estimated value at risk, the greater the confidence level, the higher the value at risk.*
Diversification Effect: *Represents the gain, in risk terms, of having a diversified portfolio.*

the Bank tries to estimate the potential losses associated with an instrument or portfolio under different scenarios. Each day we apply 16 different scenarios to test various positions across the Bank's portfolios assuming certain worst-case historical market events. These scenarios are revised frequently as market conditions change. When historical data is not available, underlying assets from identical classes and with a higher level of correlation may be used.

Historical scenarios observed are used given the adverse periods in the market and used as a basis for running daily tests identified below as "C1, C2…C5." The historical scenarios described in Table 32 are applied to current exposures to estimate potential gains or losses in the major portfolios at 31/12/2023. Results are then compiled and reported daily to Management by the Bank's Market Risk area.

T.28 (Euro 000)

Trading Book

	Worst Scenarios - Equity					Worst Scenarios - Bonds					Worst Scenarios - FX					Commodity
	C1	C2	C3	C4	C5	C1	C2	C3	C4	C5	C1	C2	C3	C4	C5	C1
Equity	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FX	42	(251)	(238)	(28)	(34)	34	137	73	(163)	125	(58)	56	(79)	38	424	(107)
Bonds	(58)	14	2	172	(84)	(557)	(130)	(45)	79	209	(95)	66	(54)	(73)	(59)	(69)
Total	(16)	(237)	(236)	144	(118)	(523)	7	28	(84)	334	(153)	122	(133)	(35)	365	(176)

T.29 (Euro 000)

Banking Book

	Worst Scenarios - Equity					Worst Scenarios - Bonds					Worst Scenarios - FX					Commodity
	C1	C2	C3	C4	C5	C1	C2	C3	C4	C5	C1	C2	C3	C4	C5	C1
Bonds	(14,155)	(6,499)	(10,657)	(17,608)	(3,445)	(11,426)	(17,247)	(24,323)	(15,629)	(5,801)	(7,496)	(11,850)	(9,723)	(7,630)	(13,972)	(8,196)
Equity	(51)	(57)	(152)	(230)	(114)	(19)	(59)	(16)	(31)	(10)	(71)	(59)	(13)	(54)	(134)	(110)
Total	(14,206)	(6,556)	(10,809)	(17,838)	(3,559)	(11,445)	(17,306)	(24,339)	(15,660)	(5,811)	(7,567)	(11,909)	(9,736)	(7,684)	(14,106)	(8,306)

T.30 (Euro 000)

Entities

	Worst Scenarios - Equity					Worst Scenarios - Bonds					Worst Scenarios - FX					Commodity
	C1	C2	C3	C4	C5	C1	C2	C3	C4	C5	C1	C2	C3	C4	C5	C1
MZB	0	0	0	0	0	0	0	0	0	(41)	0	0	0	0	(167)	0
DIF	(1)	(1)	(1)	(1)	0	(19)	(5)	(3)	(1)	(1)	(1)	(1)	(1)	(3)	(1)	(1)
BDMF	(1,216)	(744)	(1,664)	(1,175)	(916)	325	(618)	(482)	(806)	(792)	(183)	(131)	(233)	(548)	(1,268)	(1,637)
Total	(1,217)	(745)	(1,665)	(1,176)	(916)	306	(623)	(485)	(807)	(834)	(184)	(132)	(234)	(551)	(1,436)	(1,638)

T.31 (Euro 000)

Consolidated

	Worst Scenarios - Equity					Worst Scenarios - Bonds					Worst Scenarios - FX					Commodity
	C1	C2	C3	C4	C5	C1	C2	C3	C4	C5	C1	C2	C3	C4	C5	C1
	(15,440)	(7,538)	(12,709)	(18,870)	(4,593)	(11,663)	(17,922)	(24,796)	(16,551)	(6,311)	(7,905)	(11,918)	(10,104)	(8,270)	(15,177)	(10,120)

Historical scenarios:

T.32

Equity Worst Scenarios		
C1	Greek crisis and, consequently in the Eurozone	26/06/2015
C2	First fears from the spread of COVID-19	26/02/2020
C3	Black Monday of 2020	06/03/2020
C4	COVID-19 declared as global pandemic	11/03/2020
C5	Growing concerns steeming from the possibility of a second wave in rising Covid-19 cases	11/06/2020

FX Worst Scenarios		
C1	Renewed worries that Europe's debt crisis could spread	17-08-2011
C2	Libor Manipulation	02-04-2012
C3	Low expectation on US economy	05-06-2013
C4	Global events affect markets around the world	10-02-2016
C5	Brexit referendum	23-06-2016

Bonds Worst Scenarios		
C1	Portugal downgraded by Moody's	05-07-2011
C2	Greek political crisis	11-05-2012
C3	Germany rejects Eurobonds	22-06-2012
C4	New uncertainties in the Euro zone – Italy	28-05-2018
C5	The ECB confirms an increase in interest rates by 25 basis points	08-06-2022

Commodity Worst Scenario		
C1	The increase in Covid-19 outbreaks reduces demands for crude oil	13/03/2020

Source: BiG

8.8. LIQUIDITY RISK

Liquidity risk results from the probability of the occurrence of negative impacts on results or capital, arising from the inability of the institution to have liquid funds to meet its financial obligations as they fall due.

BiG's policy on liquidity and funding is based on the following principles: (i) raise funding of assets prior to their acquisition; (ii) the ability to convert a significant part of our investments to liquidity within a very short timeframe; (iii) maintain a stable client deposit base, and (iv) maintain a reasonable level of independence from wholesale funding markets. These principles define the Bank's business model, which is non-credit-intensive, highly commission and service-based, and implies an asset base composed largely of highly liquid securities as opposed to illiquid loans.

In practice, the Bank's liquidity management process is both a daily and strategic issue for Management. This process encompasses detailed controls of inflows and outflows, pricing and reputational issues, controls over collateral, considerations on liquid versus less liquid assets, eligibility requirements, the Asset and Liability management process and the aspects of our business recovery plan that touch on the fundamental nature of our business model: liquid, flexible, quality assets funded conservatively by mainly stable deposits and capital.

8.9. INTEREST RATE RISK

Interest Rate Risk results from the exposure to changes in the level, slope and curvature of the yield curve, volatility of interest rates, duration, and credit spreads.

Interest Rate Risk measures the probability of impacts on the Bank's earnings or capital due to changes in the absolute level of interest rates, in spreads between two rates or in the shape of the yield curve, among other factors. BiG controls its exposure to adverse events through diversification and via hedging techniques.

The Bank measures interest rate risk in bpvs (basis point values), meaning that for each change of 0.01% in the rates, we can calculate the economic impact of such movements on the value of assets, usually fixed rate securities that are interest rate sensitive.

The impacts associated with movements of interest rates are measured by assuming a variety of scenarios on a regular basis, namely a rise or decline of 100 basis points or a similar rise or decline of 50 basis points for maturities over 1 year.

Table 33 below measures the impact of the before-mentioned movements on revenues on 31 December 2023.

Table 34 below shows the impact of a movement of 100 basis points in the interest rate curve on the value of the own funds for the last 3 semesters.

8.10. CREDIT RISK

Credit Risk is defined as the loss the Bank would incur if a borrower, counterparty or issuer of securities or other instruments we hold as investments failed to perform under its contractual obligations to the Bank.

The Bank is exposed to credit risks associated with most of its activities. These include, mainly, direct exposure to credit risks associated with securities issued by third parties and held as investment or trading assets of the Bank. Credit risks arising from dealings with professional counterparties as well as issuers of listed securities represent most of our exposures and, given their nature, are assessed in combination with procedures for managing market risks discussed above in Section 8.7 – Market Risk. To a lesser extent, credit risks also include direct exposure to clients who have contracted loans and credit lines, usually on a support basis as part of their normal trading activities, and also market or settlement risk associated with trading activities by clients.

Credit risk exposures at BiG include mostly sovereign, corporate and other institutions bonds acquired in the market, asset-backed securities (ABS), direct loans to customers, full value and replacement value inter-bank risks, securities-related settlement risk, receivables under derivative and foreign exchange contracts,

T.33 (Euro)

December 2023			
Parallel increase of 100 bp	Parallel decrease of 100 bp	Increase of 50 bp after 1 year	Decrease of 50 bp after 1 year
1,124,914	-1,124,914	-323,377	323,377

Source: BiG

T.34

Interest Rate Risk - Semi-annual Evolution		
Date	Parallel increase of 100 b.p. in the interest rate curve	% Impact on own funds
dec/22	-2,186,011	-0.7%
jun/23	-6,057,999	-1.7%
dec/23	1,124,914	0.3%

Source: BiG

and to a lesser extent, lending-related commitments under guarantees and similar facilities. Credit exposures may involuntarily also result from failures in operational controls and are implicit in our relationships with key third-party suppliers.

In its process of analysis and approvement, Bank assesses these credit risk exposures at several levels: at the level of individual transaction, at the level of maximum exposure to the client and related "family" (connected clients), and, separately, at the level of respective portfolios to measure concentration of risks of a given class of assets, sector, industry, or geographic location.

As a matter of policy, all exposures are assessed and processed for approval, whether they have on or off- statement of financial position in nature.

8.10.1. PROCESSES

As inherent to banking activities, credit risk is a normal component of BiG business model and its management is fundamental to generate revenue and value for our shareholders. Given the importance of developing profitable business while taking risk and using capital prudently, the credit risk management process aims to preserve the independence of the approval process, while allowing an effective integration with the management of business objectives. This process begins with the Board of Directors, which approves the risk appetite, general policies and guidelines for credit risk management and ends with oversight through its committees and members of the Executive Committee, by delegation. The Board also delegates appropriate authorities to credit officers and support areas. The Executive Committee performs day-to-day implementation of respective policies and responsibilities, which include:

- Quantitative and qualitative guidelines for credit reviews;
- Quantitative and qualitative guidelines and procedures for control of credit quality issues;
- Control of client, family and "connected clients" risks;
- Documentation, control and filing systems;
- Management and control of risk monitoring systems and procedures;
- Maintenance of a credit scoring and approval matrix;
- Attention to the integrity and independence of the approval process;
- Adherence to regulatory guidelines;
- Pricing policy.

8.10.2. NATURE OF CREDIT EXPOSURES

The nature of credit risks we manage has not varied substantially over the past years and reflects the Bank's business objectives and its underlying model.

In broad terms, the Bank's business strategy reduces credit risk to two broad categories:

- **Secured facilities**: Arising mainly from our relationships with retail clients. These credit operations are secured generally by cash and eligible marketable securities. This category of protection may also include investing in issues by banks of residential mortgage-backed securities (RMBS) and covered bonds.
- **Unsecured facilities**: Arising from managing our main credit risks, namely, portfolio investments in corporate or government issuers of debt, and market trading activities with professional counterparties. Exposures classified as unsecured may involve sovereign debt issues, or debt issues of any number of entities guaranteed by sovereign guarantors, as well as Corporate and other Financial Entities. Given the size of the Bank's investment portfolio of corporate and sovereign senior bonds, this type of facility represents the largest portion of credit exposure for the Bank.

8.10.3. CREDIT PROCEDURES

In accordance with the Bank's Credit Management Risk Policy, approving credit exposures, whether secured or unsecured, starts with the determination of a risk score for the credit exposure, calculated based on primarily objective criteria. The results of the process of financial analysis and risk scoring serve as the basis for deciding the returns associated with the risk assumed, including considerations on minimum pricing, acceptable structure, tenor, and appropriate documentation.

In the process, the Bank follows pre-established approval grids, which combines the results of credit scoring, tenors, maximum levels of overall exposure including any transaction under consideration, and the pre-approved levels of lending authorities granted to credit officers by the Board of Directors. Other criteria used for determining the levels of signature include the existence and/or type of collateral underlying the full-value exposure.

8.10.4. UNSECURED EXPOSURES

Extensions of credit or related exposures that are not fully collateralized, or where the collateral offered is not considered to be liquid, are subject to an objective and periodic review of historical financials and conservative projections as a basis for approving any type of facility. This process may be accompanied by information provided by an international rating service, particularly in the case of non-domestic issuers and financial institutions. Other criteria used as part of the approval process include qualitative considerations, such as the quality and reputation of management, the borrower's positioning and performance within its peer group and other relevant information.

Principal, full-value unsecured exposures are those to financial institutions via the interbank market, where the Bank may act as a lender to other banks, to the financial, corporate and sovereign sector represented usually by quoted debt securities of varying maturities.

8.10.5. RISK CONCENTRATION

In managing the risk of credit concentration, the Bank analyses daily reports summarizing the greatest concentrations of risk. These reports are also broken down by exposures to financial and non-financial entities, exposures by sector and by rating.

Tables 35 and 36 show exposures by sector and rating as at 31 December 2023.

Credit exposure during 2023 continued to involve mostly assets with investment grade risk, while asset quality, as measured by average rating and current and historical levels of overdue credit and credit at risk, improved and remained at fairly robust levels. In parallel with a generalized movement to compress credit spreads in the financial markets, the external rating agencies' analyses of the credit quality of the long-term debt of the main Portuguese issuers, namely the Portuguese state and the largest banks, also improved. Internal and external ratings are used by the Bank to measure expected loss levels and to assess positions and their respective evolution. In the case of Portuguese sovereign debt, the rating agencies Fitch and Moody's raised their assessment of Portugal during the year to A- and A3, respectively, and DBRS to A. With regard to S&P, this agency upgraded its outlook to Positive, which is also expected to have a favorable impact on the rating in the short term (current rating of BBB+). Credit-related losses continued to be immaterial in the 2023 financial year, in line with previous years, concentrated in small retail customer overdraft situations.

T.35 (Euro)

Exposure by Sector	Amount
Government	893,015,279
Asset backed securities	442,942,167
Financial	333,467,435
Utilities	129,820,771
Energy	80,701,312
Basic Materials	52,977,146
Communications	23,573,211
Industrial	23,436,051
Consumer, Non-Cyclical	13,745,681
Consumer, Cyclical	29,232,405
Technology	8,558,406
Real Estate	2,022,899
Healthcare	484,792
Total	**2,033,977,556**

T.36 (Euro)

Exposure by Rating	Amount
Aaa	161,963,288
AA	480,688,596
A	328,473,209
Baa	847,695,482
Ba	51,280,623
B	44,162,590
Caa	25,744,882
NA	93,968,885
Total	**2,033,977,555**

8.10.6. STRESS TESTING

The Bank analyses its most relevant exposures in several manners, among which are the stress tests carried out. The Bank's investment portfolio, consisting of mainly fixed income securities of varying tenors, is subject to different stress tests to provide Management with an assessment of potential losses, assuming various hypothetical scenarios.

The simulations below in Table 37 and Table 38 are based on the impact on the movement of credit spreads and yields in evaluating debt securities, along with their maturity and duration. Another variable is the size of the hedge covering the fixed income portfolio. The objective of the tests is to determine the extent to which earnings may be affected and capital may be depleted in theoretical circumstances. The results of these tests are used to maintain discipline and control position-taking or excessive concentrations.

Table 37 below shows the results of the stress test, which assumes a shock to spreads and yields of 120% and 130% respectively. The results obtained indicate that the theoretical losses would be relevant but would not affect the Bank's overall solvency, which would remain comfortably above the levels needed to continue operations.

Table 38 shows some statistics of testing results for 2023:

T.37 (Euro)

Country (Top 10)	Amount of Loss
Spain	-10,945,727
Italy	-10,574,825
Portugal	-3,778,305
United States of America	-2,153,840
Germany	-1,331,724
France	-836,315
Indonesia	-487,418
Chile	-426,581
Peru	-415,379
Colombia	-355,587
Total	**-31,305,702**

T.38 (Euro 000)

Maximum and minimum losses			
Maximum (*)	Minimum (*)	Average	Standard Deviation
-64,439	-30,713	-50,451	8,213

(*) Maximum value and minimum value of losses

Source: BiG

8.10.7. RESULTS OF THE EXPECTED CREDIT LOSSES (ECL) MODEL

The expected credit losses (ECL) of the securities portfolio, according to the internal models used, decreased in 2023 compared to the previous year, mainly as a result of the narrowing of credit spreads and the improvement in the rating of some issuers in the portfolio, particularly the Portuguese ones, as a result of the upgrade of Portugal's credit rating.

8.10.8. CREDIT EXPOSURE TO DERIVATIVES

Derivatives contracts are financial instruments, such as futures, forwards, swaps, and options, which derive their value from underlying assets, indices, interest rates or currency exchange rates, among others. BiG uses derivative financial instruments and foreign exchange instruments to manage the Bank's exposures to the markets and to generate revenues through its trading activities. In assessing risks, the Bank follows the same credit assessment procedures for derivatives and foreign exchange-related exposures, as it does for traditional lending products described above. Credit limits for these products are calculated and controlled based on potential exposure, which takes into consideration current market values and estimates of future movements in market rates based on statistical criteria.

As part of the process, BiG calculates the cost of replacing a derivative or foreign exchange contract as the primary measure of exposure to credit risk. This refers to the cost of replacing a contract in extreme market conditions should a counterparty default prior to the date of settlement. The Bank uses mark to market procedures to assess the cost of replacing a derivative or foreign exchange contract in the open market.

A summary of notional derivatives exposure and related receivables under contracts with counterparties on 31 December 2023 may be found in Note 27.

8.11. MODEL RISK

Model risk results from the use of mathematical models where there is a level of uncertainty regarding: (i) lack of data (both availability and quality), (ii) estimation uncertainty or methodological errors in the model design (volatility of estimators, simplifications, approximations, incorrect assumptions, incorrect design, etc.), and (iii) model misuse (application of the model outside its intended use, lack of updating and recalibration, etc.).

This risk may occur from the use, by the Bank, of estimations and financial analyses underlying some of our daily assessments and the potential that incorrect formulas or assumptions might lead to inappropriate decisions. The use of any methodologies for making estimates about the Bank's activity or for evaluating positions, measuring risks, calculating regulatory requirements, stress testing and estimating potential credit losses may be subject to this type of risk.

The methods range from simple to varying levels of complexity and require frequent review by the users/owners to ensure their integrity.

The Model Validation Committee reviews and challenges the appropriateness of models used by the Bank on a regular basis and may recommend the changes deemed necessary. The conclusions of the work performed are reported to the Board.

8.12. OPERATIONAL RISK

Operational risk may arise from inadequate procedures or systems, human risk, or external events.

The Bank, given the nature of its business, is exposed to potential losses and/or emergent risks to our reputation from human or systems-related operational errors, unexpected interruptions in business processing or insufficient execution of certain activities on the part of hired third-party suppliers of significant components of our complete business model.

Considering the above, the Bank maintains a proactive operational risk

T.39

		Expected Credit Loss in euros				
Country / Geography	Type of exposure	dec/19	dec/20	dec/21	dec/22	dec/23
Spain	Sovereign	-	-	-	95,703	18,752
	Corporates	7,073	38,116	20,407	98,264	46,602
	Financials	8,724	-	4,647	28,917	48,361
Italy	Sovereign	86,447	-	20,353	796,882	708,983
	Corporates	2,200	31,457	40,272	401,956	197,473
	Financials	13,011	68,125	16,498	86,521	49,833
Portugal	Sovereign	-	-	-	1,558	185
	Corporates	141,186	443,533	184,458	867,223	277,689
	Financials	28,397	40,987	82,615	476,041	149,472
Emergent Markets	Sovereign	80,643	203,850	103,697	585,680	482,249
	Corporates	28,765	325,372	1,365,287	360,518	424,100
	Financials	-	-	-	6,857	8,075
Europe&USA	Sovereign	-	-	4,772	20,632	55,050
	Corporates	12,923	130,651	63,357	326,240	245,363
	Financials	18,293	76,676	30,014	158,715	258,630
Mozambique	Sovereign	88,575	20,050	74,501	136,081	283,153
	Corporates	11,452	-	-	3,849	-
	Financials	66	2	2,468	505	41,950
ABS	Corporates	2,623	15,935	1,296	36,567	9,763
	Financials	35,103	135,486	20,391	256,813	91,940
		565,482	**1,530,240**	**2,035,033**	**4,745,520**	**3,397,623**

management process in order to keep its exposure to this type of risk to a minimum, regularly reviewing its internal control systems to ensure the continued operation of the business under normal but also abnormal circumstances.

The systems and procedures the bank has in place are designed to reduce the risks of fraud from internal or external sources, or of errors or breakdowns, which can be the result of unexpected events associated with the technology and systems infrastructure, procedures, and telecommunications (see Note 45).

Limiting operating risk by complying to internal procedures is essential to provide a competent service to our clients and to reduce the risk of loss or regulatory sanctions. Responsibility for To monitor the various risks to which the Bank is exposed, there is an autonomous governance structure made up of various internal supervision groups that meet separately and form part of the Bank's All Risks Committee:

- Operational Risk: reviews the appropriateness of internal procedures, adequacy of human and systems support to conduct business functions and day to day risks to which the Bank is exposed, based on self-assessment processes, controls over operational errors by area, and planned internal and external audits;

- Technology Risk, which oversees the adequacy and security of the complex technical infrastructure supporting the Bank's internal processing, reporting and links with suppliers of information and execution of third-party services.

The Bank also conducts self-assessment exercises periodically to identify risks associated with operations, technology, and regulatory compliance. The control processes include, as examples, frequent review of relevant operating procedures, checking adherence to regulatory guidelines, internal and external audits of operating departments, systems, commercial and trading areas, back-up procedures and maintenance of outsourcing arrangements and an appropriate business recovery plan to reduce the effects of any unforeseen interruption of the Bank's business activities.

It is an objective of the governance structure identified above, and of all internal departments, to ensure compliance with prudential and regulatory guidelines so that the costs of any errors or failures are kept at levels in line with the Bank's capital and business strategy.

To assist in this control, the Bank has internal procedures for reporting data associated with operational errors to Senior Management on a regular basis. Such analyses and reporting allow for problems to be identified at their source and amended accordingly. The data

T.40

Operational Risk Events by Type of Event (Basel)	% Number of Events	% Total Amount
Internal Fraud	0.53%	70.20%
External Fraud	0.26%	-
HR Policies and Workplace Safety	0.26%	26.78%
Customers, Products and Business Practices	1.85%	0.03%
Damage to Tangible Assets	-	-
Activity Disorders	0.26%	-
Information and communication technologies	60.32%	0.03%
Execution, delivery, and process management	36.51%	2.96%

T.41

Operational Risk Events by Business Line (Basel)	% Number of Events	% Total Amount
Corporate Finance	-	-
Trading and Sales	0.26%	-
Payment and Settlement	17.20%	0.03%
Commercial Banking	-	-
Agency Services	0.53%	-
Retail Banking	29.89%	21.83%
Retail Brokerage	32.01%	1.15%
Asset Management	11.64%	0.64%
Others	8.47%	76.36%

T.42

Operational Risk Events by Geography	% Number of Events	% Total Amount
Portugal	87.30%	51.02%
Mozambique	3.17%	48.98%
Spain	9.52%	0.00%

T.43

	% Operating Income
2019	0.05%
2020	0.49%
2021	0.01%
2022	1.84%
2023	0.24%

compiled is extensive and allows a detailed analysis of actual operational losses incurred by type of event, by business line, by impact, and by specific or average amounts.

The impact of the events on the Bank's operating revenues has been small, as can be seen in Table 43.

The key to the Bank's success in controlling operational risks and keeping operating losses to acceptable levels is based on a culture of timely identification of errors and rapid implementation of mitigation measures. Management encourages the rapid escalation of actual or potential operational issues to senior managers and their pro-active resolution.

The Bank uses Logic Manager to manage operational risk, technological risk and internal audit, policies and procedures.

8.12.1. BUSINESS CONTINUITY AND INFORMATION SECURITY

The continuity of the Bank's business in a disaster scenario, is subject of extensive planning, being one of the main concerns of Management and a topic of daily attention of that body.

For this end, we work to ensure that our business can operate under the most extenuating circumstances and that our procedures, risk management and internal controls, information and systems are secure and reliable. These issues imply continuous review and upgrades as the Bank grows and as market conditions and the regulatory environment change. As reviewed above, our daily controls on risks already address our ability to ensure the financial sustainability of the Bank.

The repercussion of events related with cyber-security continued to escalate and, as expected, culminated in unprecedented events in Portugal, both in sophistication and service disruption. We expect this tendency to persist, promoted by geo-political tensions and by a significant increase in the number of players in the digital market. Although none of the incidents has affected domestic financial institutions seriously, to date, it is expected the sector to be an obvious target. Warnings by regulators of eventual attacks on the European banking community have grown, as have regulatory concerns via an increase in assessments, reports, and mandatory requirements on cybersecurity.

The Bank's partners with specialized providers and the CSIRT (Computer Security Incident Response Team) community to ensure a continuous feed of information on cybersecurity trends, which helps to focus our investment on the relevant systems and services. A major concern relates to human behavioral patterns, which tend to play a central role in cyber-attacks. Key measures to minimize the Bank's exposure to behavioral risks include user awareness initiatives, centralized management of corporate devices and security endpoints, clear policies on systems updates and investment in identity protection.

Security by design has become transversal and is a common best practice in major areas, including staff onboarding, information access, project management, software development, customer relationship and KYC. The The Bank is subject to independent audits and evaluations carried out by specialized internal and external entities, and to the implementation of actions to resolve any shortcomings.

The growing market digitalization and a global demand for remote working present reasonable challenges on resource retention, security procedures on remote access to the Bank's systems and *Cloud* resources. On the other hand, these challenges also increased the Bank's overall resilience and provided Management with reasonable confidence regarding business continuity. Consolidation of security projects, of operational resilience and business protection procedures, and continuous investment in research and monitoring are the main goals for 2024.

BiG continues to operate with non-core information assets in the cloud. This provides unparalleled security for our corporate documents and emails, as well as a full compliance with General Data Protection Regulations (GPDR).

BiG expects to continue to directly manage the core and most critical components of its infrastructure, while using technology and services from Kyndryl, to guarantee higher uptime and security to its systems. The agreement with Kyndryl includes Business Continuity support, that is integrated with the Bank's global Business Continuity Plan, leveraging this supplier's best practices and datacenters in Europe to assist in recovery of BiG's infrastructure in case of disaster.

8.13. COMPLIANCE RISK

The Bank's internal control system is based on a culture of compliance with the law and the different norms applicable to the banking activity, as well as compliance with the policies and procedures related with contractual obligations, personal conduct, and relationship with Clients. Together, these systems and procedures aim to mitigate the risk that the Bank may incur in losses associated with potential sanctions, litigation, limitations to its activity, and/or loss of reputation as a result of a contractual breach or a negative perception of the Bank's public image.

Compliance is both a key function within the bank and an fundamental component of the internal culture. Each business line, therefore, is seen to be accountable for managing compliance risk. In this context, we select staff as much for their values as for their capacities and experience and seek to make transparency, respect for regulations and responsible behavior competitive selling points for the Bank in dealing with clients.

The Compliance function, as a unit, is independent and reports to the Board of Directors. Compliance has the necessary autonomy to act independently from all other areas of the Bank, to ensure an adequate monitoring and maintenance of the Bank's internal control systems.

It should be noted, however, that compliance risk management is not exclusively the responsibility of the Compliance Function, but there are also responsibilities allocated to the departments that constitute the first and second lines of defense.

The Bank's Compliance function is responsible for:

- Ensuring respect for applicable legal and regulatory requirements, including approved terms and standards of internal codes of conduct;

- Promoting an environment of control and transparency in the organizational structure that is commensurate with the complexity of services offered and the size of the institution;

- Monitoring the adequacy and efficiency of controls associated with banking risks;

- Protecting the Bank's reputation;

- Ensuring and maintaining relationships and interactions with supervisory bodies.

With respect to anti-money laundering and risks associated with financing of terrorism, the Bank's compliance function is responsible for controlling and detecting suspicious transactions and for monitoring the execution of duties in accordance with current legislation regarding the opening of bank accounts and "know your client" rules. Moreover, it is responsible for market abuse prevention and combat mechanisms, namely through transaction and event monitoring, assuring the existence of robust controls in terms of market safety. In both subjects, the Compliance function is responsible for centralizing the reporting of and interacting with law enforcement and supervisory entities, with respect to investigation and analysis of suspicious processes and transactions.

The Compliance function also coordinates the execution, control and review of BiG's Plan for the Prevention of Risks of Corruption and Related Offences. This plan establishes the methodological approach for managing and mitigating risks of this nature, the appropriate and transversal understanding of the nature and magnitude of the risks of corruption and related offences underlying the activity carried out and, while at the same time ensuring alignment in the treatment of existing and emerging risks, based on the specific nature of BiG's business model.

Compliance is also responsible for analyzing and reviewing new products and services in the light of current regulation, promoting pro-active management and prior validation of the risks of such services, and identifying and preventing conflicts of interest.

8.14. CONDUCT RISK

Conduct Risk is increasing its importance to the financial services industry, given the reputational risk and potential loss of confidence by clients and stakeholders. It is intrinsically related to compliance-related issues and is of paramount importance to Management and the Bank's stakeholders.

As discussed above, the Bank encourages a culture of transparency and control, with clear lines of communication, training, and a policy of appropriate behavior toward clients. Management and respective internal control functions are responsible for transmitting guidelines and standards on relations with clients and stakeholders, on professional ethics and on socially responsible behavior. The Bank's Code of Conduct establishes principles, values and rules on proper behavior and is fundamental to orienting and disciplining staff. Management is particularly attentive to conflicts of interest, potential mis-selling of financial products and compliance with current legislation and regulation.

The Bank's internal governance and internal control procedures are clear on the responsibility of the Board and business units, as well as the capacity of internal control functions to act and to evaluate process and events in an independent manner. This includes (i) identifying and assessing conduct risk vulnerabilities throughout the organization, (ii) monitoring key conduct risk metrics and (iii) educating and training staff about their conduct risk avoidance responsibilities.

8.15. ESG RISK

The Bank recognizes that ESG factors have impacts that can be relevant, both financially and non-financially, and that there are transmission mechanisms for traditional risks.

According to this perspective, ESG factors tend to be treated as an integral part of "traditional" risks, which is the approach that has been adopted by most systemically important financial institutions.

BiG does not consider ESG risks in isolation, but rather as factors that can affect other risk categories, in particular credit risk through financial performance and the solvency of the issuers that make up its securities portfolio, as well as other relevant counterparties.

Accordingly, the materialization of the impacts of ESG factors on the Bank can occur mainly through credit risk, but also in other risk categories, specifically: market, operational and liquidity. ESG risk factors are therefore considered to be transversal to the various types of risk in the Bank.

Considering that the supervisory expectations defined at this stage focus mainly on the management of CER – Climate and Environmental Riskss, the Bank has developed a materiality analysis focused on these risk factors, which is mainly qualitative and covers two fundamental aspects that have an impact on various types of risk, across the board:

- **Physical risk**: direct financial impact of climate change resulting from extreme meteorological phenomena, scarcity of resources, among others;

- **Transition risk**: the process of adjusting policies, regulations and technology towards a more sustainable economy.

The Bank analyses these risks mainly from a medium to long-term perspective, in line with the conclusions set out in the ECB's Guide on climate-related and environmental risks (November 2020). This analysis states that most of these risks are realized in the medium to long term, especially for European issuers, as a result of greater regulatory action by European entities on ESG issues. However, the Bank is aware that the impacts of these risks have received increasing attention from other institutions and supervisors, and that transition factors are already being considered globally, although at different speeds in the various economic blocs, and that physical risks, if they materialize, will in many cases have irreversible consequences. In other words, even though these are issues that will materialize over a long period of time, given their prolonged and irreversible nature, in some cases, the sooner concerns are addressed, the better the risk will be anticipated and managed.

From the analysis carried out, the Bank considers that the materiality of the CCR may be more relevant to credit risk, specifically in terms of transition risks, as can be seen in the table below.

From the analysis carried out on this subject, the following aspects stand out:

- The materiality of the exposure to physical risks in credit risk is mitigated by the considerable geographical dispersion of the Bank's securities portfolio, as well as by the fact that it is essentially made up of large companies and institutions that typically operate in various geographical markets;

- Also on the credit risk side, with regard to transition risks, it is considered that exposure is mitigated by the fact that the Bank's securities portfolio is essentially made up of large listed companies, which should be the best prepared and have the best access to financing to define and implement appropriate transition plans;

- For market risk purposes, the materiality of the two risk factors is considered low, due to the small size of the trading portfolio compared to the Bank's total assets, as well as the type of assets that make it up (interest rate hedging positions, foreign exchange positions, bonds, shares, etc);

- Given the size, nature and complexity of the Bank's business model, as well as the controls already in place, there are no material impacts on the management of operational risk and liquidity risk due to exposure to this type of risk, as both physical and transition risk factors are already taken into account in the context of managing these two types of risk. Specifically, the Bank considers that the most relevant physical risks are already taken into account via the business continuity plan. As far as liquidity risk is concerned, we believe that the various scenarios that are analyzed already capture the impacts that can result from exposure to these two risk factors.

In order to support the above conclusions, the Bank used an essentially qualitative analysis of its exposure to credit risk, which includes information on the average ESG score and E score of the portfolio, exposure to sectors classified as carbon-intensive, as well as analyses of the carbon intensity of issuers in the Bank's portfolio, types of bonds classified as "sustainable" and the eligibility and alignment of issuers in the portfolio with the metrics typified in the European Taxonomy (turnover, capex and opex).

F.11

Risk Category	Transition Risk	Physical Risk
Credit Risk		
Market Risk		
Operacional Risk		
Liquidity Risk		

Reduced Risk Moderate Risk Material Risk High Risk

9. APPLICATION OF RESULTS

In 2023 Banco de Investimento Global S.A. recorded a consolidated net income of € 24,195,067.31 (twenty-four million, one hundred and ninety-five thousand, sixty-seven euros and thirty-one euro cents) and an individual net income of € 24,449,134.84 (twenty-four million, four hundred and forty-nine thousand, one hundred and thirty-four euros and eighty-four euro cents). In its individual accounts, Banco de Investimento Global, S.A. shall, in accordance with article 97, paragraph 1, of the General Regime of Credit Institutions and Financial Companies, allocate 10% of net income to the reinforcement of legal reserve.

In November 2023, the Bank distributed € 6,543,067.67 (six million, five hundred and forty-three thousand, sixty-seven euros and sixty-seven cents), corresponding to € 0.035 (three and a half cents) per share. The Board of Directors proposes that, also with respect to the 2023 financial year, an additional dividend of € 0.065 (six and a half cents) per share be distributed to each of the 186,947,388 ordinary shares existing on 31 December 2023. The total dividend on ordinary shares corresponds to a distribution of 76.46 per cent of the individual net income for the year.

Thus, pursuant to Article 30, paragraph 1 of the By-Laws, the Board of Directors proposes the following application of the individual results of the year:

Legal Reserve .... € 2,444,913.48

Dividends .... € 18,694,479.00

Free Reserve .... € 3,309,742.36

Additionally, it also proposes to deliberate the allocation to BiG employees of a maximum amount of € 1,850,000 (one million eight hundred and fifty thousand euros) as participation in BiG's profits (balance sheet allowances already reflected in the individual net income, in accordance with the accounting rules), under terms to be defined by the Board of Directors.

Lisbon, 28th of March 2024

The Board of Directors

Carlos Adolfo Coelho Figueiredo Rodrigues
Chairman

José Galamba de Oliveira
Director

Maria Teresa Corrêa de Barros Cardoso de Menezes
Director

Mário João Abreu Galhardo Bolota
Executive Director / CEO

Ana Rita Gil Simões
Executive Director

João Miguel Barrier Henrique
Executive Director

Vitor Manuel Carvalho Luis
Executive Director

Statutory Audit Report

[Free translation from a report originally issued in Portuguese language. In case of doubt the Portuguese version will always prevail]

Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements of Banco de Investimento Global, S.A. (the Group), which comprise the consolidated statement of financial position as at 31 December 2023 (which shows total assets of Euros 2,663,349,214 and total shareholders' equity of Euros 390,666,894, including a net profit attributable to shareholders of the parent company of Euros 24,195,067), the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flows statements for the year then ended, and the notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly in all material respects, the consolidated financial position of Banco de Investimento Global, S.A. as at 31 December 2023, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") and other technical and ethical standards and recommendations issued by the Institute of Statutory Auditors. Our responsibilities under those standards are described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section below. In accordance with the law we are independent of the entities that are included in the Group and we have fulfilled our other ethical responsibilities in accordance with the ethics code of the Institute of Statutory Auditors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda. pertence à rede de entidades que são membros da PricewaterhouseCoopers International Limited, cada uma das quais é uma entidade legal autónoma e independente.

Key Audit Matter	Summary of the Audit Approach
Measurement of financial instruments not listed in an active market at fair value *Measurement and disclosures regarding the fair value of financial instruments not listed in an active market and presented in notes 2.4, 2.5, 2.10, 3.2, 19, 20, 21, 22, 23, 27 and 45 of the Bank's consolidated financial statements.*	
Due to its relevance in the context of the Bank's consolidated financial statements and the associated judgment, the fair value measurement of financial instruments not quoted in an active market was a relevant matter for the purposes of our audit. As at 31 December 2023, financial instruments on level 2 and 3 of the fair value hierarchy or which are subjected to hedge accounting value adjustments amount to Euros 796,597,658 and Euros 20,332,914, respectively. As at 31 December 2023 the financial instruments not listed in an active market are composed by (i) debt financial instruments whose business model is "hold to collect and sell", classified in the financial statements as financial assets measured at fair value through other comprehensive income or trading assets; (ii) derivatives classified as trading or hedging; (iii) equity instruments; (iv) assets and liabilities subject to hedge accounting adjustments, mainly securities whose business model is hold to collect. For financial instruments classified on level 2 and 3 of the fair value hierarchy, the Bank determines fair value using estimates, mainly through (i) prices obtained from independent counterparties and which depend on the assumptions used (ii) prices obtained in similar and recent market transactions; (iii) discounted cash flow models and (iv) other methodologies based on the fulfilment of the main milestones defined on initial investment, as provided for on the International Private Equity and Venture Capital Valuation Guidelines, and which usually involve a high level of judgement by management in defining the main assumptions and inputs to be used. In this context, changes in the assumptions used in the valuation techniques used may cause an impact in the fair value determination of the instruments not listed in an active market recognized in the Bank's consolidated financial statements.	The audit procedures we have developed included the identification, assessment and evaluation of key controls implemented by the Bank, to identify, quantify and monitoring the market risk, as well as key controls underlying fair value measurement methodologies. In the specific scope of our audit work, we developed, among others, the following procedures: • Understanding of the Bank's governance process, mainly in what concerns the implemented controls over the review and approval of the main assumptions and judgements used in the definition and monitoring the results of the valuation models used; • Analysis of the methodological documents for the valuation of these financial instruments, prepared by the Bank and review of their adherence to the principles stated in the IFRS 9 and IFRS 13; • Review, on a sampling basis, of the combined application of the tests to the characteristics of the financial assets' contractual cash flows and the Bank's business models, based on the analysis of the available supporting documentation; • For a sample of financial instruments for which measurement was determined based mostly on unobservable data, our procedures also included the assessment of whether (i) the valuation models developed by the Bank (ii) the data and (iii) the assumptions used are adequate, comparing, for this purpose, the observable data with market information retrieved from external and independent sources, when available; and • For a sample of financial instruments whose measurement was determined based mostly on

Key Audit Matter	*Summary of the Audit Approach*
	unobservable data in the market, our procedures included the recalculation of the fair value of those financial instruments, taking into consideration the models and inputs previously analysed. Our audit procedures also included the review of the disclosures regarding financial instruments not listed in an active market, included on the notes to the Bank's consolidated financial statements, considering the applicable accounting policies.
Impairment losses on debt securities *Measurement and disclosures regarding the credit losses recognized for the securities portfolio and presented in notes 2.5, 3.1, 22, 23 and 46 of the Bank's consolidated financial statements.* The significant expression of the debt securities financial statement lines, as well as the associated credit impairment losses, whose measurement requires the application of a set of assumptions and complex judgments by the Bank's management in what concerns the identification of securities with a significant increase in credit risk, as well as the corresponding expected credit loss amount, justify the establishment of a key matter for our audit. As at 31 December 2023 the total securities (amortized cost) amounts to Euros 2,210,827,946 (of which Euros 1,284,652,823 are classified as financial assets measured at fair value through other comprehensive income, as described in note 22 of the financial statements, and Euros 926,175,123 classified as financial assets at amortized cost under the title debt securities, as described in note 23 of the consolidated financial statements). The respective expected credit losses recognized at that date amount to Euros 3,397,624. The measurement of expected credit losses for debt securities, as well as the respective significant increase in credit risk are calculated by the Bank, mainly using information provided by external providers such as rating agencies and/or market information from data providers. For these exposures, the Bank developed models for measurement of expected credit losses in accordance	The audit procedures developed included the identification, understanding and assessment of key controls implemented by the Bank regarding the approval, recording and monitoring of credit risk on debt securities, as well as the Bank's key controls underlying the timely identification, recording and appropriate measurement of expected credit losses. In the scope of our audit work, we developed, among others, the following procedures: • Understanding of the Bank's governance process, mainly in what concerns to the implemented controls over the review and approval of the main assumptions, judgments and future economic scenarios used in the models defined for measuring impairment losses; and • Analysis of the methodology documentation prepared by the Bank and revision of its adherence to the principles of the mentioned accounting standard. In what concerns the models used by the Bank, we have developed a set of procedures in order to assess whether the assumptions made by management fulfil the IFRS 9 requirements, namely: (i) review of the methodological documentation underlying the expected credit loss model; (ii) review and testing the portfolio segmentation; (iii) analysis of

Key Audit Matter	Summary of the Audit Approach
with IFRS 9 requirements, namely the classification of the exposures by different stages according to the risk evaluation since the inception (stages 1, 2 or 3). These models are based on (i) historical default and recovery information made available by external providers and (ii) other information from the market, such as issuers credit spreads on credit default swaps traded, or the respective issuers yield curves. In this context, changes in assumptions or methodologies, or available information by external providers used by the Bank in the analysis and quantification of expected credit losses on debt securities may have a relevant impact on the estimate of cash flow recovery and the timing of its receipt, and consequently on the determination of expected credit losses recognized as impairment on the Banks' consolidated financial statements as at 31 December 2023.	the Bank's default definition and the criteria applied in the staging classification, on a sampling basis; (iv) review and testing of the main risk parameters; (v) critical analysis of the main assumptions and data sources used in the future recoveries incorporated in the LGD (Loss Given Default) measurement; and (vi) recalculation of Expected Credit Loss. Our audit procedures also included the review of disclosures regarding financial instruments not listed in an active market as well as the respective impairments, included in the notes to the Bank's consolidated financial statements, considering the applicable accounting policies.

Responsibilities of management and supervisory board for the consolidated financial statements

Management is responsible for:

a) the preparation of the consolidated financial statements, which present fairly the consolidated financial position, the consolidated financial performance and cash flows of the Group in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union;

b) the preparation of the consolidated Directors' report in accordance with the applicable law and regulations;

c) the creation and maintenance of an appropriate system of internal control to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error;

d) the adoption of appropriate accounting policies and criteria; and

e) the assessment of the Group's ability to continue as a going concern, disclosing, as applicable, events or conditions that may cast significant doubt on the Group's ability to continue its activities.

The supervisory board is responsible for overseeing the process of preparation and disclosure of the Group's financial information.

__Auditor’s responsibilities for the audit of the consolidated financial statements__

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

a) identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

b) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control;

c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

d) conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern;

e) evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

f) obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion;

g) communicate with those charged with governance, including the supervisory board, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;

h) of the matters we have communicated to those charged with governance, including the supervisory board, we determine which one's were the most important in the audit of the consolidated financial statements of the current year, these being the key audit matters. We describe these matters in our report, except when the law or regulation prohibits their public disclosure; and

i) confirm to the supervisory board that we comply with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Our responsibility also includes verifying that the information included in the consolidated Directors' report is consistent with the consolidated financial statements and the verification set forth in paragraphs 4 and 5 of article No. 451 of the Portuguese Company Law on corporate governance matters.

Report on other legal and regulatory requirements

Consolidated Directors' report

In compliance with paragraph 3 e) of article No. 451 of the Portuguese Company Law, it is our opinion that the consolidated Directors' report has been prepared in accordance with applicable requirements of the law and regulation, that the information included in the consolidated Directors' report is consistent with the audited consolidated financial statements and, taking into account the knowledge and assessment about the Group, no material misstatements were identified.

Additional information required in article No. 10 of the Regulation (EU) 537/2014

In accordance with article No. 10 of Regulation (EU) 537/2014 of the European Parliament and of the Council, of April 16,2014, and in addition to the key audit matters referred to above, we also provide the following information:

a) We were first appointed as Bank's auditors in the Shareholders' General Meeting of May 8, 2014 for the period from 2014 to 2017, having remained in functions until the current period. Our last appointment was in the Shareholders' General Meeting of 24 May 2022 for the first two years of the mandate between 2022 and 2025.

b) The management has confirmed to us it has no knowledge of any allegation of fraud or suspicions of fraud with material effect in the financial statements. We have maintained professional scepticism throughout the audit and determined overall responses to address the risk of material misstatement due to fraud in the consolidated financial statements. Based on the work performed, we have not identified any material misstatement in the consolidated financial statements due to fraud.

c) We confirm that our audit opinion is consistent with the additional report that was prepared by us and issued to the Group's supervisory board as of this date.

d) We declare that we did not provide any prohibited non-audit services referred to in paragraph 1 of article No. 5 of Regulation (EU) 537/2014 of the European Parliament and of the Council, of 16 April 2014 and that we remain independent of the Group in conducting our audit.

28 March 2024

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

[Original in Portuguese signed by]

João Ricardo Amorim Gravito, ROC no. 1917
Registered with the Portuguese Securities Market Commission under no. 20210027

[This is a translation, not to be signed]

Report and Opinion of the Supervisory Board of Banco de Investimento Global, S.A. on the Group's consolidated financial statements for the fiscal year ended December 31, 2023

To the Shareholders,

As per the articles no. 508-D and no. 420, 1 g), of the Portuguese Commercial Companies Code, approved by Decree-Law no. 262/86 of 2 September, and the no. 2 of the Twenty-Fourth Article, 1 and 2, of the Articles of Association of Banco de Investimento Global, S.A. (hereinafter referred to as "BiG" or "Bank"), each in their respective current versions, it is the Supervisory Board's competence to examine the consolidated financial statements of BiG's corporate group, which includes its subsidiaries ("Group"), as presented to it by the BiG's Board of Directors with respect to the year ended December 31, 2023.

Therefore, in the course of 2023, we have actively accompanied the activity, management and results of the Group with the frequency and extent we deemed appropriate. The Supervisory Board received all the necessary information for the proper performance of its duties at BiG, pursuant to Article no. 6, 1 and 2, of Notice no. 3/2020 of the Banco de Portugal, dated July 15, 2020, in its current version. We have verified the adequacy of the accounting records and the correctness of the corresponding consolidated accounts documentation, and the valuation criteria adopted by BiG for the correct appraisal of its assets and results.

We have also verified the effectiveness of the systems of internal control, risk management and internal audit, both in general for the Group and specifically regarding the anti-money laundering and terrorist financing prevention system, namely the relevant internal controls for the Group's activity. The Supervisory Board issued a report on the adequacy and effectiveness of the Group's internal control system.
Additionally, we have analyzed and accompanied the Auditing Plan, also in a Group perspective.

We have also monitored the work performed by PriceWaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda., as the external statutory auditors of the Group ("PwC"). PwC audited throughout the year and at the end of the 2023 year the consolidated accounts that the Board of Directors produced as per the Law and Articles of Association, and we reviewed their Statutory Audit Report, in attachment, with which we concur. In its review of the consolidated Financial Statements of the year, we also took into special consideration the report on the Supervisory Body produced by PwC.

The Statutory Audit Report on the Group presents an unqualified opinion, and we concur with its content.

Within the scope of our mandate, we have verified that:

i) the Consolidated Balance Sheet, the Consolidated Income Statement by Nature, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the corresponding Notes of the Group to the accounts allow for an adequate understanding of the financial position, results, comprehensive income, changes in equity and the cash flows of the Group;

ii) the accounting policies and valuation criteria adopted by the Group are adequate;

iii) the Group's consolidated management report is sufficiently clear as to the evolution of the businesses and the position of the Group and the subsidiaries included in the consolidation, and highlights the most significant aspects;

On this basis, and considering the information obtained from the BiG's Board of Directors and the conclusions in the statutory audit report, by unanimous decision, we issue a positive opinion on the following topics, concerning the fiscal year ended on December 31, 2023:

i) Approval of the Group's consolidated management report; and

ii) Approval of the Group's consolidated financial statements.

Finally, we would like to express our gratitude to the BiG's Board of Directors and to all the Group's employees who we contacted, for their valuable cooperation.

Lisbon, April 10, 2024

The President of the Supervisory Board
Maria Aline Bastos Moreira Veloso de Almeida

Member
Pedro Rogério Lopes Barata do Ouro Lameira

Member
Jorge Manuel Jacob Miguel Tainha

CONSOLIDATED FINANCIAL STATEMENTS

for the years ended on 31 December 2023

CONSOLIDATED INCOME STATEMENT

For the year ended 31 december 2023
(Amounts in Euros)

	Notes	2023	2022
Interest income	4	81,238,986	53,656,560
Interest expenses	4	(44,303,226)	(25,268,229)
Net interest income		**36,935,760**	**28,388,331**
Dividend income	5	99,908	128,865
Fee and commission income	6	19,353,059	21,837,270
Fee and commission expenses	6	(4,158,398)	(4,328,434)
Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss	7	4,464,860	499,554
Gains or losses with financial assets and liabilities held for trading and hedge accounting	8	24,373,420	2,223,229
Exchange differences	9	(1,907,224)	7,494,846
Gains or losses on derecognition of non-financial assets	10	343	1,130
Other operating results	11	1,037,830	194,870
Total Operating income		**80,199,558**	**56,439,661**
Administrative expenses			
Staff expenses	12	(24,382,649)	(21,233,057)
Other administrative expenses	14	(14,922,015)	(13,591,009)
Cash contributions for resolution funds and deposit guarantee schemes	15	(1,072,243)	(1,164,782)
Depreciation and amortization		(3,270,577)	(3,473,142)
Provisions or reversal of provisions	37	(61,171)	319,059
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss			
Financial assets at fair value through other comprehensive income	22	1,310,135	(1,452,456)
Financial assets at amortised cost	23,24,25 e 26	14,668	(1,241,681)
Impairment or reversal of impairment of non-financial assets		-	
Other		(35,123)	(1,479)
Operating expenses		**(42,418,975)**	**(41,838,547)**
Profit or loss before tax from continuing operations		**37,780,583**	**14,601,114**
Tax expense or income related to profit or loss from continuing operations			
Current	40	(8,714,130)	(3,605,892)
Deferred	40	(1,373,529)	(274,776)
Profit or loss after tax from continuing operations		**27,692,924**	**10,720,446**
Minority interests		(3,497,857)	(478,959)
Profit or loss of the year		**24,195,067**	**10,241,487**
Earnings per basic share	16	0.13	0.05
Earnings per diluted share	16	0.13	0.05

The explanatory Notes attached form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 december 2023
(Amounts in Euros)

		2023			2022		
	Note	Total	Attributable to shareholders of the bank	Minority interests	Total	Attributable to shareholders of the bank	Interesses Minority interests
Net Profit / Loss of the year		27,692,924	24,195,067	3,497,857	10,720,446	10,241,487	478,959
Items which could be reclassified for results							
Debt instruments at fair value through other comprehensive income							
Gains and losses of the year	42	85,810,254	85,747,121	63,133	(317,528,498)	(317,500,378)	(28,120)
Reclassification of Gains and Losses	42	(42,043,348)	(42,043,348)	-	178,106,070	178,106,070	-
Deferred tax	42	(13,558,946)	(13,575,847)	16,901	43,929,628	43,918,493	11,135
Exchange differences	42	(864,586)	(664,388)	(200,197)	1,763,453	1,371,905	391,548
Changes in the business model							
Gross results	42	-	-	-	43,892,471	43,892,471	-
Deferred tax	42	-	-	-	(13,826,128)	(13,826,128)	-
Items which could not be reclassified for results							
Equity instruments at fair value through other comprehensive income							
Gains and losses of the year	42	(24,288)	(24,288)	-	(291,720)	(292,729)	1,009
Current tax	42	-	-	-	(67,783)	(67,783)	-
Deferred tax	42	(7,651)	(7,651)	-	169,505	169,828	(323)
Variation of Other Comprehensive Income of the year		**29,311,435**	**29,431,599**	**(120,163)**	**(63,853,002)**	**(64,228,251)**	**375,249**
Total comprehensive income for the year		**57,004,359**	**53,626,666**	**3,377,694**	**(53,132,556)**	**(53,986,764)**	**854,208**

The explanatory Notes attached form part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

For the year ended 31 december 2023
(Amounts in Euros)

	Notes	2023	2022
Assets			
Cash, cash balances at central banks and other demand deposits			
Cash and cash reserves at Central Banks	17	284,570,445	126,582,804
Other demand deposits	18	102,271,531	119,833,641
Financial assets at fair value through profit and loss			
Financial assets held for trading	19	73,311,687	54,721,721
Non-trading financial assets mandatorily at fair value through profit or loss	20	8,689,340	7,787,300
Financial assets designated at fair value through profit or loss	21	8,550,863	2,375,091
Financial assets at fair value through other comprehensive income	22	1,069,926,247	1,013,518,043
Financial assets at amortised cost			
Debt securities	23	886,192,944	847,122,893
Loans and advances - Clients	24	19,952,928	34,869,145
Loans and advances - Central Banks	25	17,741,773	8,815,094
Loans and advances - Banks	26	70,318,652	25,800,970
Derivatives - Hedge accounting	27	9,086,629	55,571,232
Tangible assets	28	18,760,241	19,560,572
Intangible assets	29	11,456,621	11,373,083
Tax assets			
Current tax assets	30	-	5,416,787
Deferred tax assets	40	24,715,669	39,693,589
Other assets	31	57,803,644	63,941,034
Total Assets		**2,663,349,214**	**2,436,982,999**
Liabilities			
Financial liabilities held for trading	19	2,837	-
Financial liabilities designated at fair value through profit or loss	32	19,039,869	20,831,235
Financial liabilities measured at amortised cost			
Funding from clients	35	2,024,574,177	1,611,444,893
Funding from central banks	34	-	25,017,361
Funding from other banks	33	131,718,791	323,944,223
Other liabilities represented by securities	36	13,149,177	-
Derivatives - Hedge accounting	27	20,330,077	-
Provisions	37	487,829	466,657
Tax liabilities			
Tax liabilities correntes	30	1,300,191	-
Deferred tax liabilities	40	642,143	671,124
Share capital repayable on demand	38	-	12,231,975
Other liabilities	41	61,437,229	92,332,411
Total liabilities		**2,272,682,320**	**2,086,939,879**
Capital			
Capital	42	186,947,388	186,947,388
Share premium	42	1,362,307	1,362,308
Accumulated other comprehensive income	42	(56,989,043)	(86,397,717)
Other reserves	42	236,067,905	232,346,564
Treasury shares	42	(2,326)	(2,326)
Profit or loss attributable to owners of the parent	42	24,195,067	10,241,487
Advanced dividends	42	(6,543,068)	-
Minority interests	42	5,628,664	5,545,416
Total equity		**390,666,894**	**350,043,120**
Total equity and Total liabilities		**2,663,349,214**	**2,436,982,999**

The explanatory Notes attached form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 december 2023
(Amounts in Euros)

	Notes	Capital	Share premium	Accumulated other comprehensive income	Legal reserve	Other reserves	Treasury shares	Profit or loss attributable to owners of the parent	Advanced dividends	Minority interests	Total Equity
Balances on 31 December 2021		**186 947 388**	**1 362 306**	**(21 787 972)**	**51 197 366**	**168 913 739**	**(2 326)**	**21 201 207**	**-**	**4 849 205**	**412 680 913**
Comprehensive income											
Other comprehensive income		-	-	(95,912,982)	-	246,483	-	-	-	(16,299)	(95,682,798)
Changes in the business model		-	-	30,066,343	-	-	-	-		-	30,066,343
Exchange differences		-	2	1,236,894	156,465	45,354	-	(66,810)	-	391,548	1,763,453
Net result of the year		-	-	-	-	-	-	10,241,487	-	478,959	10,720,446
Total comprehensive income recognised in the year		**-**	**2**	**(64,609,745)**	**156,465**	**291,837**	**-**	**10,174,677**	**-**	**854,208**	**(53,132,556)**
Distribution of the results of the year 2021											
Transfer to reserves		-	-	-	2,907,661	8,879,496	-	(11,787,157)	-	-	-
Distribution of dividends		-	-	-	-	-	-	(9,347,240)	-	(332,643)	(9,679,883)
Minority interests in Liabilities										234,432	234,432
Interim dividends		-	-	-	-	-	-	-	-	(59,786)	(59,786)
Advanced dividends		-	-	-	-	-	-	-	-	-	-
Balances on 31 December 2022	**42**	**186,947,388**	**1,362,308**	**(86,397,717)**	**54,261,492**	**178,085,072**	**(2,326)**	**10,241,487**	**-**	**5,545,416**	**350,043,120**
Comprehensive income											
Other comprehensive income		-	-	30,095,987	-	-	-	-	-	80,034	30,176,021
Exchange differences		-	(1)	(687,313)	(85,060)	(62,773)	-	170,758	-	(200,197)	(864,586)
Net result of the year		-	-	-	-	-	-	24,195,067	-	3,497,857	27,692,924
Total comprehensive income recognised in the year		**-**	**(1)**	**29,408,674**	**(85,060)**	**(62,773)**	**-**	**24,365,825**	**-**	**3,377,694**	**57,004,359**
Distribution of the result of the year 2022											
Transfer to reserves		-	-	-	1,859,338	2,009,839	-	(3,869,177)	-	-	-
Distribution of dividends		-	-	-	-	-	-	(6,543,068)	-	(484,885)	(7,027,953)
Minority interests in Liabilities										(2,809,561)	(2,809,561)
Other movements		-	-	-	-	(3)	-	-	-	-	(3)
Advanced dividends		-	-	-	-	-	-	-	(6,543,068)	-	(6,543,068)
Balances on 31 December 2023	**42**	**186,947,388**	**1,362,307**	**(56,989,043)**	**56,035,770**	**180,032,135**	**(2,326)**	**24,195,067**	**(6,543,068)**	**5,628,664**	**390,666,894**

The explanatory Notes attached form part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 december 2023
(Amounts in Euros)

	Notes	2023	2022
Cash flows from operating activities			
Interest and income received	4	76,690,092	54,370,580
Interest and costs paid	4	(36,799,741)	(25,676,167)
Services and commission	6	15,249,580	17,233,045
Contributions to the pension fund		(427,309)	(388,930)
Cash payments to employees and suppliers		(38,009,415)	(38,025,291)
Other costs and income paid/received		1,543,787	(297,024)
		18,246,994	7,216,213
Variation in operating assets and liabilities:			
Financial assets and liabilities held for trading	19	(2,923,722)	167,283
Non-trading financial assets mandatorily at fair value through profit or loss	20	(1,610,092)	(851,957)
Financial liabilities designated at fair value through profit or loss	21	(8,046,376)	(136,121,724)
Financial assets at amortised cost	24	(21,063,360)	(59,582,315)
Applications in central banks	25	-	7,192,505
Applications in banks	26	(73,352,431)	112,840,403
Funding from clients	35	445,112,805	114,253,755
Funding from central banks	34	(25,000,000)	(25,000,000)
Funding from banks	33	(192,423,717)	(174,830,603)
Derivatives for risk management	27	76,869,565	173,369,355
Other operating assets and liabilities		(37,501,914)	71,198,182
Cash flow net of the operating activities, before taxation		**178,307,752**	**89,851,097**
Taxation on profits paid / received		(2,209,564)	(1,125,540)
		176,098,188	**88,725,557**
Cash flow from investment activities			
Acquisition/reduction of investments in subsidiaries		(1,319,399)	(1,242,842)
Dividends received		99,908	128,865
Financial assets at fair value through other comprehensive income		(9,666,974)	(64,385,175)
Purchase of financial investments		(2,628,619)	(2,547,733)
		(13,515,084)	**(68,046,885)**
Cash flow from financing activities			
Subscription / redemption of participation units		11,031,222	13,789,451
Dividends paid from ordinary shares	42	(13,635,962)	(9,739,669)
Instruments representing capital	42	(11,649,500)	(168,000)
Increase/ (Decrease) other liabilities in accounts	41	(600,313)	(674,967)
Issuance of Commercial Paper	41	12,511,196	-
Cash flow net of financing activities		**(2,343,357)**	**3,206,815**
Cash and cash equivalents at the start of the period		246,416,445	219,056,534
Net variation in cash and cash equivalents		160,239,747	23,885,487
Effect of the change in the exchange rate on cash and cash equivalents		(2,069,443)	3,474,424
Cash and cash equivalents at the end of the period		404,586,749	246,416,445
Cash and cash equivalents at the beginning of the period includes:			
Cash	17	126,582,804	47,968,473
Deposits in other Banks	18	119,833,641	171,088,061
Total		**246,416,445**	**219,056,534**
Cash and cash equivalents at the end of the period includes:			
Cash	17	284,570,445	126,582,804
Deposits in other Banks	18	102,271,531	119,833,641
Deposits in Central banks with maturities of less than 3 months	25	17,744,773	-
Total		**404,586,749**	**246,416,445**

The explanatory Notes attached form part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the years ended on 31 December 2023

INTRODUCTION

Banco de Investimento Global, S.A. (Bank or BiG) was created by public deed on 10 December 1998, and began its banking activity on 1 March 1999. The Bank is licensed to perform all transactions and provide all services allowed in the banking sector, with no legal restriction.

At the end of 2020, Onetier Partners, SGPS, S.A., whose capital was held 100% by the Bank, was dissolved with immediate sharing. At the date of liquidation, this company only held a 100% stake in Onetier Partners, Sociedade de Capital de Risco, S.A., which is now held directly by the Bank.

Onetier Partners, Sociedade de Capital de Risco, S.A.,100% owned by Banco de Investimento Global, S.A, was constituted on 20 April 2004 and the main goal is the realisation of investments temporary in companies with a high growth potential and valuation. Since 2016, the company's investment policy has favoured the acquisition of equity stakes or concession of debt convertible to early-stage start-up companies that operate preferably in the Fintech, Insurtech and Cybersecurity segments.

BiG Serviços Financeiros, S.A., fully owned by the Bank, was founded on the 11th of September 2008, based in Lisbon and has the main object of providing financial consultancy services, and also owns or manages buildings.

BiG Moçambique was founded on 8 October 2014, based in Maputo, its main social purpose being the realization of any operations and provision of any services that banks are allowed in Mozambique, with no legal restriction.Banco de Investimento Global, SA owns 82.64% of BiG Mozambique.

On 7 September 2021 the Bank acquired 100% of the capital of DIF Broker – Empresa de Investimento, S.A., an investment company incorporated in 1999 with the purpose of carrying out the activities permitted by law for financial brokerage companies, including all ancillary, connected or similar operations compatible with this activity and permitted at law, with no legal restriction.

BiG Diversified Macro Fund, an open-ended collective investment undertaking, set up on 25 April 2018, based in Dublin, Ireland, and regulated under the Alternative Investment Fund Managers Directive (AIFMD), is held by the Bank in 59.3% of its investment units and it is consolidated using the full consolidation method.

The entity Onetier – Fundo Capital de Risco is a venture capital fund managed by Onetier Partners, Sociedade de Capital de Risco, S.A. constituted in December 2021.

NOTE 1
BASIS OF PRESENTATION AND COMPARABILITY OF INFORMATION

Pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council, of 19 July 2002, transposed into Portuguese legislation, the consolidated financial statements of Banco de Investimento Global, S.A. (BiG or Group) are prepared in accordance with the International Financial Reporting Standards (IAS/IFRS), as adopted by the European Union.

IFRS include the accounting standards issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC), and by the respective preceding bodies.

The consolidated financial statements and accompanying notes were approved by the Board of Directors of Banco de Investimento Global, S.A. on February 29, 2024. The consolidated financial statements now presented refer to December 31, 2023, and will be submitted for the approval of the General Meeting, which has the power to make changes them. It is, however, the conviction of BiG's Board of Directors that they will be approved without significant alterations.

BiG's consolidated financial statements now presented, relate to the year ended on 31 December 2023 and were prepared in accordance with the IFRS, as adopted in the European Union by 31 December 2023. The accounting policies used by the Group in the preparation of the financial statements reported on 31 December 2023 are consistent with those used with reference to 31 December 2022.

The consolidated financial statements are stated in Euros. These were prepared in accordance with the historical cost principle, with the exception of assets and liabilities recorded at fair value, namely derivative financial instruments, financial assets and liabilities held for trading, financial assets at fair value through other comprehensive income, and bonds for which the interest rate risk is hedged by derivatives in their component that is being hedged.

The preparation of consolidated financial statements in accordance with IFRS requires the Group to make judgements and estimates and uses assumptions which affect the application of accounting policies and amounts of revenues, expenses, assets and liabilities. Alterations in these assumptions or differences between these and the actual situation can have an impact on the actual estimates and judgements. The areas which involve a greater degree of judgement or complexity, or where significant assumptions and estimates are used in the preparation of the Consolidated Financial Statements are analysed in Note 3.

The accounting policies were applied consistently to all the entities of the Group and are consistent with those used in the preparation of the financial statements of the previous period.

NOTE 2
MAIN ACCOUNTING POLICIES

The most important accounting policies that were used in the preparation of the consolidated financial statements are described below.

2.1. Basis of consolidation

Consolidation principles and recording of subsidiaries

The Group applies IFRS 3 (revised) for the accounting recognition of concentration of businesses. The consolidated financial statements now presented reflect the assets, liabilities, revenues and expenses of the Bank and its subsidiaries (Group).

Investments in subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it has the power to direct the relevant activities of the entity, and when it is exposed, or has rights, to the variability in returns resulting from its involvement with that entity and it is able to appropriate the results through the power it holds over the relevant activities of that entity (de facto control).

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which the Group acquires control until the date on which control ceases.

Goodwill

Business combinations are recorded using the purchase method of accounting. The acquisition cost corresponds to the fair value, determined on the date of purchase of the assets given and liabilities incurred or assumed. The Group, on a transaction-by-transaction basis (for each business combination) chooses to measure any minority interest in the acquired company either at fair value or at the non-controlling interests' proportionate share of the acquiree's identifiable net assets. The costs directly related to the acquisition of a subsidiary are charged directly to profit or loss.

The Group performs a set of procedures to assess whether it is facing an asset purchase or a business combination. Or rather, it determines that it has acquired a business when the acquired set of activities and assets includes a substantive input and process that, together, contribute significantly to the ability to create outputs. The acquired process is considered substantive if it is considered critical for the ability to continue to produce outputs, and the acquired inputs include an organised workforce, with the knowledge or experience necessary to carry out this process or if it contributes significantly to the ability to continue to produce outputs and is considered unique or scarce or cannot be replaced without significant cost, effort or delay in the ability to continue to produce outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for the due classification and designation according to the contractual terms, economic circumstances and relevant conditions at the date of acquisition. This includes the separation of embedded derivatives in host contracts by the acquiree.

The value of contingent future payments is recognised as a liability at the time of the business combination according to its fair value, and any change to the amount initially recognised is recorded against goodwill, but only if it occurs within the period of measurement (12 months after the acquisition date) and if it is related with facts and circumstances that existed at the date of acquisition, otherwise it should be recorded against the income statement, unless this contingent payment is classified as equity, and in this case it should not be remeasured and, only when it is settled, will the impact on equity be recognised.

Positive goodwill resulting from acquisitions is recognised as an asset and carried at acquisition cost, and is not subject to amortisation. Goodwill resulting from the acquisition of participations in subsidiary companies is defined as the difference between the value of the acquisition cost and the total or proportional fair value of the assets and liabilities and contingent liabilities of the acquiree, according to the option taken. If the goodwill arrived at is negative, this is recorded directly in profit and loss for the period when the business combination occurs.

Goodwill is not corrected according to the final determination of the value of the contingent price paid, this impact being recognised against the income statement or equity, if applicable.

In accordance with IFRS 3 – Business Combinations, if the initial accounting of a business combination is not completed by the end of the first financial reporting period in which the combination occurs, this is recorded at its provisional values. These provisional values may be adjusted during the period of measurement, which may not exceed one year from the acquisition date.

During this period, the Group should adjust retrospectively the amounts recognised provisionally at the date of acquisition, in order to reflect new information obtained on facts and circumstances that existed on the date of the acquisition and that, if known, would have affected the measurement of the amounts recognised on that date. During this period, the Group should also recognise additional assets and liabilities, if new information is obtained on facts and circumstances that existed at the date of acquisition and that, if known, would have resulted in the recognition of these assets and liabilities on that date.

At least once a year, the Group performs impairment tests on goodwill carried in the balance sheet, according to the requirements of IAS 36 – "Impairment of Assets". For this purpose, goodwill is allocated to units that give rise to cash flows, and the respective recoverable amount is determined based on estimates of the future cash flow, updated based on discount rates considered appropriate by the Group. Impairment losses associated with goodwill are recorded in the income statement of the year and cannot be reversed.

Acquisition and dilution of non-controlling interests

The acquisition of non-controlling interests which does not result in a change in control over a subsidiary is accounted as a transaction with shareholders and, as such, no additional goodwill is recognised as a result of this transaction. The difference between the acquisition cost and the fair value of the non-controlling interests acquired is recognised directly in reserves. Likewise, gains or losses arising from disposals of controlling interests that do not result in a loss of control over a subsidiary are always recognised against reserves.

Loss of control

Gains or losses arising from the dilution or sale of a portion of an interest in a subsidiary, with loss of control, are recognised by the Group in the income statement.

Investments in foreign subsidiaries

The financial statements of the Group's foreign subsidiaries and associates are prepared in their functional currency, defined as the currency of the economy in which they operate or the currency in which the subsidiaries obtain their revenues or finance their activity. On consolidation, the value of assets and liabilities, including goodwill, of foreign subsidiaries are recorded in Euros at the official exchange rate ruling at balance sheet date. Regarding the investments in foreign operations that are consolidated under the full consolidation or equity methods, the exchange differences between the conversion to Euros of the opening net assets at the beginning of the year and their value in Euros at the exchange rate ruling at the balance sheet date are accounted for against "Reserves – exchange differences".

Changes in the fair value of instruments that are designated and qualified as hedging instruments in respect of investments in foreign operations are recorded in equity under “Reserves and retained earnings”. Whenever the hedge is not fully effective, the difference is recorded in the net profit of the period.

Exchange differences from the conversion to Euros of the net profit of the period, arising from the difference between the exchange rate used in the income statement and the exchange rate prevailing at the balance sheet date are recognised in the caption “Reserves and retained earnings – exchange difference arising on consolidation of Group companies”. On disposal of investments in foreign subsidiaries for which there is loss of control, exchange differences related to the investment and the respective hedging operation previously recognised in reserves, are transferred to profit and loss as part of the gain or loss arising on the disposal.

Transactions eliminated on consolidation

Balances and transactions between Group companies, as well as unrealised gains and losses arising from transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains and losses arising on transactions with associates and jointly controlled entities are eliminated in the portion of the Group’s share in those entities.

2.2. Accrual accounting

The Group adopts the accounting principle of accrual accounting in relation to most of the captions of the financial statements. So, costs and revenue are recorded as they are generated, regardless of when they are paid or received.

2.3. Transactions in foreign currency

The Group’s accounts are presented in Euros.

Transactions in foreign currency are converted at the rate of exchange in force on the date of the transaction. Monetary assets and liabilities expressed in foreign currency are converted into Euros at the rate of exchange in force on the date of the balance sheet. The exchange differences resulting from this conversion are recognised in profit and loss. Non-monetary assets and liabilities recorded at historical cost expressed in foreign currency are converted at the rate of exchange on the date of the transaction. Non-monetary assets and liabilities expressed in foreign currency recorded at fair value are converted at the rate of exchange in force on the date on which the fair value was determined. The resulting exchange differences are recognised in profit and loss, except in respect of differences classified as financial assets at fair value through other comprehensive income, which are recorded as a counter-entry in profit and loss.

2.4. Derivative financial instruments and hedge accounting

Classification and measurement

The Group classifies the following as derivatives for risk management (i) hedging derivatives and (ii) derivatives taken out with the aim of hedging certain assets and liabilities designated at fair value through the income statement but which were not classified as hedges.

All other derivatives are classified as trading derivatives.

Financial derivative instruments are recognised on their trade date at their fair value. Subsequently, the fair value of these instruments is revaluated on a daily basis, and the gains or losses resulting from this revaluation are entered directly in the income statement of the year under Gains and losses on financial assets and liabilities at fair value through profit or loss and Hedge accounting, except for gains or losses from the revaluation of foreign exchange derivatives, which are recorded under Foreign exchange differences.

There may be two types of hedging with accounting varying according to their nature:

- *Fair value hedging* consists in the hedging of exposure to changes in the fair value of a recognised asset and liability. Any gain or loss in the hedging instrument and with the opposite sign in the hedged instrument will be included in the results of the year.

- *Cash flow hedge* consists in the hedging of exposure to the variability in cash flows that is attributable i) to a particular risk of a recognised asset and liability ii) or to a transaction considered highly probable and that might affect profits and losses. The variation in gains and losses in the hedging instrument will be recorded in equity.

If a hedging instrument matures or is terminated beforehand, it is discontinued, and the gains or losses recognised in the valuation of the hedged risk as value adjustments of the hedged items are amortised over its remaining life.

If the hedged asset or liability is sold or paid, all amounts recognised in the valuation of the hedged risk are recognised in the income statement of the year and the derivative financial instrument becomes part of the trading portfolio.

If the hedge ceases to be effective, the gains or losses recognised as value adjustments of the hedged items are amortised through profit and loss over the remaining period of validity.

In the case of exchange rate risk hedges on monetary items, hedge accounting is not applied, and the gain or loss associated with the derivative is recognised in the income statement, and also the exchange variations of the monetary items.

Classification criteria

As of 1 January 2018, the Group applies the provisions of IFRS 9 in relation to hedge accounting on the understanding that this option is more aligned with its risk management, specifically as regards interest rate risk.

Financial derivative instruments used for hedging may be classified in the accounts as hedges, provided that they cumulatively meet the following conditions:

- There should be an economic relationship between the hedged item and the hedging instrument;
- The credit risk of the counterparty of the hedged item or of the hedging instrument should not have a dominant effect on changes in value resulting from this economic relationship; and
- The hedging ratio of the hedge accounting relationship, understood as the part of the item hedged by the hedging instrument, should be the same as the hedging ratio that is used for management purposes.

At the time when a hedge relationship is established, the Group prepares a dossier where all the information relating to the different hedge relationships is formalised and identifying the hedging instruments and the hedged item, the nature of the risk to be covered and how the Group assesses if the hedge relationship meets the requisites of efficacy of the hedge.

These assumptions are monitored in order to guarantee the effectiveness of the hedge.

Fair value hedge

In a fair value hedging operation of an asset or liability, the balance sheet value of this asset or liability, determined based on the respective accounting policy, is adjusted in order to reflect the variation in its fair value attributable to the hedged risk.

Variations in the fair value of hedge derivatives are recognised in the income statement, together with the variations in fair value of the hedged assets or liabilities, attributable to the hedged risk, under Gains or losses on financial assets and liabilities designated at fair value through profit or loss

If the hedge no longer meets the criteria of enforceability of the hedge accounting the derivative financial instrument is transferred to the trading portfolio and hedge accounting is discontinued prospectively. Regarding the hedging asset or liability, the adjustment to the book value of the hedged instrument is amortised in results for the remaining period of useful life of the hedged item.

2.5. Other financial assets

Classification and measurement

At the time of the initial recognition of a financial instrument its classification depends:

- on the type of financial instrument, debt or capital;
- on the Group's business model;
- on the characteristics of the contractual cash flows of the financial asset.

Depending on the aforementioned elements, the respective financial instrument shall be classified in one of the following categories, specifically:

- financial assets at amortised cost;
- financial assets at fair value through other comprehensive income; or
- financial assets at fair value through results.

Assessment of the business model

The Group analysed the business model in order to determine how its assets are managed and how information is made available and analysed by Management, in order to determine the classification and measurement of its financial instruments. Annually, the Group guarantees that its business model continues to be aligned with the way in which the financial instruments of the Group are managed.

The business model is analysed taking into account management's objective with regard to the portfolio, having considered the following elements, among others:

- The policies and objectives established for the portfolio and practical operability of these policies, including the way in which the management strategy focusses on the receipt of interest contracted, maintaining a determined interest rate profile, adapting the duration of the financial assets to the duration of the liabilities that finance these assets or on the realization of cash flows through the sale of the assets;
- The way in which the portfolio's performance is assessed and reported to the management bodies of the Group;
- The assessment of the risks that affect the performance of the business model (and of the financial assets held using this business model) and the way in which these risks are managed;
- Based on the business model and the analysis performed, for accounting purposes the Group will classify its debt instruments into one of the three categories below presented:
    - financial assets at amortised cost in the situations in which the Group wishes to receive its contractual cash flows;
    - financial assets at fair value through other comprehensive income in the situations in which the Group (i) aims to take the contractual cash flows and (ii) if a good opportunity comes up to realize the cash flows through their sale;
    - financial assets at fair value through profit or loss, when they do not meet the criteria to be recognised at amortised cost or at fair value through other comprehensive income, or when they are held for trading and short-term gains.

Financial assets measured at amortised cost

Classification

A debt security is classified in the category of Financial assets at amortised cost if the following conditions are cumulatively met:

- The financial asset is managed in a business model whose main objective involves collecting their contractual cash flows; and
- Their contractual cash flows occur on specific dates and only correspond to payments of capital and interest on the outstanding amount (SPPI – Solely Payments of Principal and Interest). For the purpose of this assessment, the Group uses the following definitions (i) Capital was defined as the fair value of the financial asset on their initial recognition, (ii) Interest was defined as the compensation for the time value of the money, for the credit risk associated to the outstanding amount and for other risks and costs associated to the business (e.g. liquidity risk and administrative costs), and also a profit margin. In the assessment of the financial instruments in which the contractual cash flows refer exclusively to capital and interest, the Group considered the contractual terms at the time of the acquisition / recognition of the respective financial instruments.

To ensure that the financial debt instruments meet the SPPI requisites, the Group thoroughly analysed them, taking the following aspects into consideration, among others:

- Contingent events that could modify the periodicity and amount of the cash flows;
- Characteristics that result in leverage;
- Early payment clauses and maturity extension clauses;
- Clauses that could limit the Group's right to claim the cash flows in relation to specific assets (e.g. contracts with clauses that prevent access to assets in the event of default – non-recourse asset); and
- Characteristics that could modify the compensation by the time value of the money.

Initial recognition and subsequent measurement

The financial assets measured in this caption, specifically applications in credit institutions and central banks, loans to clients and debt securities are recognised on their trade date, or rather, on the date on which the Group undertakes to pay the respective amounts or acquire the respective securities.

Financial assets at amortised cost are recognised initially at their fair value, plus transaction expenses, and subsequently are measured at amortised cost. After their initial recognition, impairment losses are also calculated, specifically expected credit losses (see note 23 and 24), which are recorded as a counter-entry to the caption Impairment of financial assets at amortised cost (income statement).

Interest from financial assets at amortised cost is recognised in the caption of Income with interest, based on the effective interest rate method. The gains or losses generated at the time of their non-recognition are recorded in the caption Gains / (Losses) with the non-recognition of financial assets and liabilities at amortised cost.

Financial assets at fair value through other comprehensive income

Classification

A debt security is classified in the category of Financial assets at fair value through other comprehensive income if the following conditions are cumulatively met:

- The financial asset is held in a business model in which the objective is the collection of their contractual cash flows and possible realisation of the asset through the sale of this financial asset;

- Their contractual cash flows occur on specific dates and only correspond to payments of capital and interest of the outstanding amount (SPPI).

With regard to equity instruments classified in this caption (other than equity instruments which are only classified as an equity instrument from the point of view of the issuer pursuant to the exceptions contemplated in paragraphs 16A to 16D of IAS 32), on their initial recognition, the Group can irrevocably opt to classify them in this category.

This option is exercised on a case-by-case basis, investment by investment.

Initial recognition and subsequent measurement

Debt instruments at fair value through other comprehensive income are initially recognised at fair value, plus transaction expenses, and are subsequently measured at fair value. Variations in the fair value of these financial assets are recorded as a counter-entry against other comprehensive income and, at the time of their disposal, the respective accumulated gains or losses in other comprehensive income are reclassified to a specific caption of results called Gains or losses as non-recognition of financial assets at fair value through other comprehensive income.

After their initial recognition, debt instruments at fair value through other comprehensive income are also subject to the calculation of impairment losses, more specifically expected credit losses. Estimated impairment losses are recognised in the income statement, in the caption Impairment of financial assets at fair value through other comprehensive income, as a counter-entry against other comprehensive income, without reducing the book value of the financial asset in the balance sheet.

Interest, premiums or discounts of the financial assets at fair value through other comprehensive income are recognised in the caption of Interest Income based on the effective interest rate method.

Capital instruments at fair value through other comprehensive income are recognised initially at fair value, plus transaction costs and are subsequently measured at fair value. Variations in the fair value of these financial assets are recorded as a counter-entry against other comprehensive income. Only dividends, if they remunerate the invested capital are recognised in the income statement once the right to receive them is granted.

Losses and reversals of impairment losses of capital instruments at fair value through other comprehensive income are not recognised separately from other changes in fair value, with the respective accumulated gains or losses being recorded in variations of fair value transferred to retained earnings at the time of their non-recognition.

Financial assets at fair value through results

A financial asset is classified in the category of Financial assets at fair value through results (FVTPL) if the business model defined by the Group for its management or the characteristics of its contractual cash flows do not meet the conditions described above for being measured at amortised cost, nor at fair value through other comprehensive income (FVTOCI), or if they are held for trading purposes.

Furthermore, the Group can classify irrevocably a financial asset, which meets the criteria to be measured at amortised cost or at FVTOCI, at fair value through results, at the time of its initial recognition, if this eliminates or significantly reduces an accounting mismatch in its measurement or recognition (*accounting mismatch*), which otherwise would result from the measurement of assets or liabilities or from the recognition of gains and losses on them on different bases.

Initial recognition and subsequent measurement

Considering that the transactions made by the Group in the normal course of its activity are at market conditions, financial assets at fair value through results are recognised initially at fair value, with the costs or revenue associated to the transactions initially recognised in the income statement. Subsequent variations of fair value of these financial assets are recognised in the income statement.

Accrued interest is recognised in the caption of Interest and similar revenue based on the effective interest rate of each transaction. Dividends are recognised in the income statement when the right to receive them is attributed.

Trading derivatives with positive fair value are included in the caption Financial assets held for trading, with trading derivatives with negative fair value being included in the caption Financial liabilities held for trading.

Reclassification between categories of financial assets

Financial assets are reclassified to other categories only if the business model used in their management is altered. In this case, all the financial assets affected are reclassified.

Reclassification is applied prospectively from the date of the respective reclassification, with any gains, losses (including those related with impairment) or interest previously recognised not being restated. The reclassification of investments in capital instruments is not permitted, nor of financial instruments designated at fair value through results (fair value option).

Impairment

On each reporting date the Group assesses if there is (i) objective evidence of impairment; or (ii) a significant increase in the credit risk, for its financial debt instruments, in accordance with the rules of the IFRS9. Expected credit losses (ECL) calculated are recorded against the income statement in Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss – Financial assets at fair value through other comprehensive income, Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss – Financial assets at amortised cost and Impairment or reversal of impairment of non-financial assets, being subsequently reversed in results if, in a subsequent period, the amount of the estimated loss reduces.

To carry out the impairment calculation processes included in this procedure, the Group divides its credit portfolio by operations, specifically between loans represented by securities and loans not represented by securities.

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

- *Stage* 1: financial assets are classified into stage 1 whenever no significant increase in the credit risk is noted since the date of their initial recognition. For these assets, an expected credit impairment loss resulting from events of non-compliance that occur during the 12 months after the reporting date should be recognised in the income statement of the year;

- *Stage* 2: incorporates financial assets for which there has been a significant increase in the credit risk since the date of their initial recognition, even though this situation may not have led to concrete losses and are only indications. For these financial assets, expected credit impairment losses are recognised throughout the lifetime of the assets. However, interest will continue to be calculated on the gross amount of the asset; or

- *Stage 3:* the assets classified in this stage, present objective evidence of impairment on the reporting date as a result of one or more events that have already occurred, and which result in a loss. In this case, the expected credit impairment loss during the expected remaining lifetime of the financial assets will be recognised in the income statement of the year. Interest is calculated on the net book value of the assets.

Main drivers in the calculation of expected losses

The measurement of expected losses is the result of the product between the probability of default (PD) of the financial instrument, a loss given as default (LGD) and the exposure on the date of the default (EAD).

With respect to loans not represented by securities, the Group uses the default rates published quarterly by the EBA as a basis for the calculation of the probability of default. As for the Loss Given Default, this is applied based on the risk and typology of associated credit. The respective PDs are adjusted based on a set of information and macroeconomic scenarios in order to incorporate forward looking information.

For loans represented by securities, the PDs and LGDs are inferred using market information deriving from external providers, specifically Bloomberg and Moody's.

The main difference between impairment losses measured for financial assets classified in stages 1 and 2 is the respective time horizon in the calculation of the PD. The expected losses for the financial assets in stage 1 will be calculated using a PD at 12 months while the expected losses in stage 2 use a PD-lifetime.

The calculation of the expected loss for financial assets in stage 1, 2 and 3 always considers point-in-time and forward-looking information.

Significant increase in the credit risk and definition of default

Financial assets go from stage 1 to stage 2 when the credit risk increases significantly when compared with the credit risk on the date of their initial recognition. The significant increase in the credit risk should be determined through the analysis of internal quantitative and/or qualitative indicators used by the Group.

The Group regularly assesses its portfolios in order to estimate the expected losses in twelve months and assess if there is a significant increase in the credit risk and if this is confirmed, it estimates the expected loss for the lifetime of the financial instrument.

To determine if there was a significant increase in the credit risk, with regard to loans represented by securities, the Group has implemented a number of variables that should be analysed, specifically:

- Negative evolution of the rating since the acquisition date;
- Negative evolution of the price taking account of the amortised cost;
- Debt of the issuer restructured due to financial difficulties;
- Delays in the payment of capital and/or interest of between 30 and 90 days;
- Inability to measure the credit risk at the time of their origination and/or acquisition.

The assessment of the default and subsequent classification of the financial assets of the portfolio of loans represented by securities in stage 3, is also regularly assessed by BiG, with the following indicators being considered:

- Additional negative rating change;
- Continuous decline in the fair value of the financial asset over 12 months or significant decline in the fair value of the financial asset (exceeding 30%), not justified by any disruptive event (e.g., war, pandemic) and inconsistent with the overall market trend. In this case, the interest rate risk effect should be removed, and the occurrence of downgrade should be analysed for the purposes of review by the Credit Risk Committee;
- Delays in the payment of capital and/or interest of over 90 days;
- Securities with rating equal to or less than CCC+ (non-POCI);
- Loss of the attribution of a rating;
- Disappearance of an active market for the financial asset under analysis due to financial difficulties;
- Bankruptcy/insolvency of the issuer;
- Debt of the issuer restructured due to financial difficulties.

With respect to loans not represented by securities, the Group's credit portfolio is made up principally of loans granted to clients and employees. The Group regularly assesses its portfolio of loans not represented by securities in order to estimate the expected losses at twelve months and assess if there is a significant increase in the credit risk and if this is confirmed, it estimates the expected loss for the lifetime of the financial instrument.

To determine if there was a significant increase in the credit risk in the non-securitized portfolio, the Group implemented several variables to be analysed. These variables, in turn, will determine the classification in terms of the staging of the loan transactions.

The criteria used by the Group for the analysis and classification of non-securitized loan transactions in stage 2 are the following:

- Delays in payments of capital and/or interest between 31 and 90 days;

- Overdue or written-off credit in the CRC-Credit Liabilities Centre of the Banco de Portugal;
- Indications of risk registered in the Observations field of Customers' Accounts;
- Liens or account blocking registered in the Customers' Accounts;
- Inclusion of the customer in the LUR – Bank of Portugal's User Risk List (cheques);
- Inclusion of the customer in the internal watchlist;
- Significant restructuring of a loan transaction due to financial difficulties of the debtor.

The assessment of the default and subsequent classification of the financial assets of the portfolio of loans not represented by securities in stage 3 is also regularly assessed by the Group, with the following indicators being specifically considered:

- Delays in the payment of capital and/or interest between 31 and 90 days;
- Overdue or written-off credit in the CRC-Credit Liabilities Centre of the Banco de Portugal;
- Indications of risk registered in the Observations filed of Customers' Accounts;
- Liens or account blocking registered in the Customers' Accounts;
- Inclusion of the customer in the LUR – Bank of Portugal's User Risk List (cheques);
- Inclusion of the customer in the internal watchlist;
- Significant restructuring of a loan transaction due to financial difficulties of the debtor.

Credit Write-Off Policy

The write-off of financial instruments from assets occurs when a financial instrument is considered to be definitively uncollectable (e.g. by a court decision) or when the Group decides to forgive the debt or cede its rights on the loan to third parties, this is written off, as mentioned above. Loans are only proposed for write-off when all the steps of the procedure have been taken and there are no realistic expectations of recovering the full amount of the outstanding loan.

Financial instruments written off from assets are recorded in off-balance sheet captions when they are derecognised in the Balance Sheet. The entries in off-balance sheet captions remain until the liabilities of each credit operation are definitively eliminated, either by payment or by formal cessation of the right to receive within the legal and contractual terms applicable (for example: forgiving the debt, court sentence or definitive cession of past due loans), notwithstanding that all off-balance sheet records may be kept relating to clients with credit operations recorded in the Balance Sheet.

Financial instruments written off from assets and recorded in off-balance sheet captions are maintained at the amount to which the institution is entitled, within the legal and contractual terms applicable, regardless of expectations of collecting the payment.

The accounting records in off-balance sheet captions relating to financial instruments written off from assets are adequately supported to permit the systematic reconciliation of their components aggregated with outgoing movements due to the writing off of loans from assets.

Impairment reversal policy

On each reporting date BiG assesses if there is an indication that an expected impairment loss recognised in previous periods in relation to an asset, may have been altered, through the use of mechanisms (triggers and alerts) which confirm a possible reversal of the significant increase in the credit risk previously estimated.

The evolution of the Group's expectations is translated into the classification of the exposure into one of the 3 stages: Stage 1, Stage 2 or Stage 3.

Different calculation assumptions in relation to the estimate of the expected impairment loss calculated in each reporting period correspond to each stage.

An alteration of an expected impairment loss of an asset is recognised immediately in the results of the year.

2.6. Financial liabilities

An instrument is classified as a financial liability when there is a contractual obligation for it to be settled by the payment of money or other financial assets, irrespective of its legal type.

Financial liabilities at fair value through the income statement are measured at fair value. The fair value of listed liabilities is their listed value (ask price), and gains or losses resulting from their valuation are recorded in the caption "Gains or losses with financial assets and liabilities at fair value through profit or loss and hedge accounting" If there is no listing, BiG estimates the fair value using assessment methodologies considering assumptions based on market information.

In relation to financial liabilities designated at fair value through profit or loss "Fair Value Option", the Group can irrevocably designate a financial liability at fair value through profit or loss at the time of its initial recognition, if at least one of the following conditions is met: the financial liability is managed, assessed and reported internally at fair value; or, the designation eliminates or significantly reduces the accounting mismatch of the transactions.

As the transactions made by the Group in the normal course of its activity are in market conditions, financial liabilities at fair value through profit or loss are initially recognised at fair value, with the expenses or income associated with the transactions recognised in the income statement at the outset.

Other financial liabilities include funding from banks and clients, among other liabilities.

These liabilities are valued at amortised cost with interest being recognised in the income statement in the caption “Interest expense”.

Financial liabilities will be derecognised when the underlying commitment expires or is cancelled.

2.7. Capital instruments

Equity instruments with the nature of liabilities

Equity instruments with the nature of liabilities include redeemable non-voting preferred shares whose characteristics lend this instrument a hybrid nature as they share clear characteristics of debt instruments.

Under IAS 32, these type of instruments are classified as financial liabilities, in the caption Instruments representing capital with the nature of liabilities. In the case of the Group, these instruments are presented under the caption of redeemable share capital on demand.

Income from this instrument consists of (i) any dividends payable that are recorded in the income statement in the caption of interest expense and (ii) a redemption premium, if the difference between the book value per ordinary share in the last annual balance sheet before the redemption date and the last annual balance sheet before the issue date is positive (> 0), which will be accounted as a cost, in the caption of interest expense, as a counter-entry against the Balance Sheet caption. During the lifetime of the shares, the estimated value of the redemption premium is recognised and accounted incrementally depending on the calculation formula mentioned in note 38.

Other equity instruments

An instrument is classified as a capital instrument when there is no contractual obligation for its settlement to be made by payment of money or any other financial asset, irrespective of its legal form, showing a residual interest in the assets of an entity after deduction of all liabilities.

Costs directly attributable to the issue of capital instruments are charged against equity capital as a deduction against the amount of the issue. Amounts paid and received for the purchase and sale of capital instruments are entered in equity capital, net of transaction costs.

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

Treasury stock

Treasury Stock is entered in capital accounts at acquisition value and is not subject to revaluation. Capital gains and capital losses made on the sale of Treasury Stock are entered directly in equity capital without affecting the result for the year.

2.8. Compensation of financial instruments

Financial assets and liabilities are entered in the balance sheet for their net value when there is an exercisable legal right to compensate the amounts recognised at the same time. The exercisable right legal cannot be contingent on future events and should be exercisable in the normal course of the Group’s activity and also in the case of default, bankruptcy or insolvency of the Group or counterparty.

2.9. Sale (purchase) transactions with repurchase (resale) agreement

Securities sold with a repurchase agreement (repos) for a fixed price or for a price which is the same as the sale price plus interest inherent to the period of the operation are recognised in the balance sheet. The corresponding liability is recognized in Funding from other Credit Institutions or Deposits from clients, as appropriate. The difference between the sale value and the repurchase value is treated as interest and is deferred during the life of the agreement through the effective interest rate method and recorded under the interest expense caption.

Securities purchased with a resale agreement (reverse repos) for a fixed price or for a price which is the same as the sale price plus interest inherent to the period of the operation are not recognised in the balance sheet, with the purchase value being entered as loans or advances to other credit institutions or loans and advances to clients, as appropriate. The difference between the purchase value and the resale value is treated as interest and is deferred during the life of the agreement through the effective interest rate method and recorded under the interest income caption.

2.10. Fair value

In order to determine the fair value of its financial instruments, and based on accounting standard IFRS 13, the Group maximises the use of/prioritises information from markets considered liquid (level 1) or alternatively information from less liquid markets (level 2), and whenever this is not available, it will use information not observed in the market (level 3).

In situations where the price is not directly observable in the market, the Group determines its fair value through models/methodologies that are widely used by the participants in the market where the financial instrument is traded. As mentioned above, whenever available, the Group tries to maximise the use of information from liquid markets considered as level 1 to feed these models.

The fair value hierarchy attributed to the diverse financial instruments is not static and varies according to particular market situations, namely liquidity, volatility, and also any change in the sources used for their valuation, among others. Accordingly, the fair value hierarchy attributed to financial instruments is reviewed at each reporting date.

2.11. Tangible assets

The tangible assets of the Group are valued at acquisition cost, less the respective accumulated depreciation and impairment losses. The cost includes expenses which are directly attributable to the acquisition of the goods.

Subsequent costs with tangible assets are recognised only if it can be proven that future economic benefits will result from them for the Group. All normal/recurring maintenance and repair costs are recognised as a cost, in accordance with the accrual accounting principle.

Land is not depreciated. The depreciation of other tangible assets is calculated using the straight-line method, at the following rates of depreciation which reflect the expected useful life of the goods:

	Years
Works on rented buildings	5
Furniture and material	8 and 10
Machines and tools	5 and 7
Computer equipment	3 to 4
Interior installations	4 to 8
Transport material	4
Safety equipment	8
Buildings for own use	50

Whenever there is an indication that assets may be impaired, the Group estimates their recoverable value, and an impairment loss should be recognised whenever the book value net of an asset exceeds its recoverable value. Impairment losses are recognised in the income statement of the year and are reversed in later reporting periods when the reasons that led to their initial recognition cease, for the purpose, and the new amortised amount will not be higher than that that would have been accounted, if impairment losses had not been imputed to the assets, considering the depreciation that this would have suffered.

The recoverable value is determined as being the higher of the fair value deducted of the sale costs and its value in use, this being calculated based on the current value of the estimated future cash flows that are expected to be obtained from the continued use of the asset and from its sale at the end of its useful life.

Gains and losses obtained on the sale of these assets are recognised in the caption profits or losses with non-current assets being determined by the difference between the sale value and the book value of the asset.

The useful life and residual values are revised at each reporting date.

2.12. Intangible assets

BiG records in intangible assets the costs associated with software acquired from third parties and amortizes them on a straight-line basis over the estimated useful life of three years. BiG does not capitalize internally generated costs relating to the development of software. As part of the DIF Broker acquisition process, the Group identified an intangible asset that will be amortised on a straight-line basis over an estimated useful life of 10 years.

2.13. IFRS 16 Leasing

IFRS 16 defines a leasing as a contract, or part of a contract, which transfers the right of use of an asset (the underlying asset), during a certain period, in exchange of a fee.

At the start of the contract the Group assesses if a contract is or contains a lease, i.e., if the contract grants the right to control the use of an identified asset for a period in exchange for a consideration. This assessment implies an exercise of judgement by the management on whether (i) each contract identifies a specific asset, (ii) the entity obtains substantially all the economic benefits of the use of that asset, and if (iii) the entity has the right to control the use of the asset.

In the case of contracts which constitute, or contain, a lease, the standard states that the entities should account for each lease component in the contract as a lease, separately from the other components of the contract that are not leasing, except if the entity applies the practical measure contemplated in the standard. The Group did not adopt this practical measure, separating these components for each class of leased asset.

Group as lessee

The Group applies a unique approach of recognition and measurement for all leasing, except for short-term leases and low-value asset leases.

On the start date of the lease, the Group recognises an asset which corresponds to the right to use the underlying asset during the period of the lease and the liability related with the lease payments (or the lease liability). The term of the lease contract is the non-cancellable period of the lease and is determined taking into account (i) the lessor's and lessee's purchase and renewal options, and (ii) underlying economic incentives, when applicable. In the contracts concluded, the Group assesses the minimum cancellable terms associated with each contract.

IFRS 16 states that on the start date of the contract, the lessee should measure the lease liability by the present value of the leasing payments that are not paid on this date and discount these payments at the interest rate implicit in the lease, or, if this cannot be easily determined, use the lessee's incremental borrowing rate.

Right-of-use assets

The Group recognises a right-of-use asset on the start date of the lease, the date on which the underlying asset is available for use.

The right-of-use asset is carried at acquisition cost, less accumulated depreciations and impairment losses and adjusted by the measurements of the lease liabilities, if any. The cost of the right-of-use asset includes the recognised value of the lease liability, any direct costs initially incurred and payments already made before the initial date of the lease, less any incentives received from the lessor.

The right-of-use assets recognised by the Group are depreciated on a straight-line basis during the shorter period between their estimated useful life of the underlying asset and the period of the lease. Periodically, the Group performs impairment tests to its right-of-use assets, reducing their value in in case of an impairment loss.

Right-of-use assets are presented in Note 28 – Tangible assets and are subject to impairment according to the Group's policy, as described in this note.

Lease liability

On the start date of the lease, the Group recognises the liabilities measured by the present value of the future payments to be made until the end of the leasing contract. The lease payments include fixed payments (including in-substance fixed payments), less any lease incentives receivable, variable payments based on an index or rate and the amounts expected to be payable under residual value guarantees.

The lease payments also include the exercise price of a purchase option, if it is reasonably certain that the Group will exercise the option, and payments of penalties for terminating the lease, if it is reasonably certain that the Group will terminate the contract.

In the calculation of the present value of the lease payments, if the implicit interest rate is not easily determinable, the Group uses an incremental borrowing rate on the starting date of the lease.

The lease liability, after its initial recognition, is measured by the amortised cost by the effective interest rate method, being remeasured every time a change in the following variables occurs:

(i) Change in the value of variable payments linked to an index or rate (solely for the period concerned);

(ii) Change in the decision evaluation on whether to exercise, or not, the purchase, extension or termination option on the underlying asset;

(iii) Change in the asset's residual value;

(iv) Change in the term of the contract. In case a change in the term of the contract or a change of the decision evaluation of exercising the purchase, extension and termination option (points (iv) and (ii), respectively) are observed, a new discount rate shall be determined to measure the liability.

When the lease liability is revalued, the respective difference resulting from the revaluation is registered as a charge to the right-of-use asset, or it is registered in net income if the booking value of the right-of-use asset has been reduced to zero.

Variable payments that do not depend on an index or rate are recognised as an expense in the period in which the event that triggers the payment occurs.

The lease liability is presented in Note 41 – Other liabilities.

Practical measures

As contemplated in IFRS 16, the Group adopted the following practical measures:

- Non-recognition of the lease liability and respective right to use in operations in which the leasing contract has a maturity not exceeding 12 months – short-term leases;

- Non-recognition of the lease liability and respective right to use in operations in which the value of the asset underlying the leasing contract, when new, is less than 5,000 Euros – low-value leases.

Group as lessor

The Group classifies leasing operations as financial leasing if the contract transfers substantially all the risks and advantages inherent to the ownership of the underlying asset. All other leasing operations are classified as operating leases.

Operating lease payments are recognised as rental income on a straight-line basis throughout the period of the contract and are included in the income statement as revenue due to their operational nature.

From the lessor's point of view, financial leasing contracts are registered in the balance sheet as credits granted for the value equivalent to the net investment realised in the leased assets. Interest included in the instalments debited to customers is registered as income, while the amortisation of capital, also included in the instalments, is deducted from the value of the credit granted to clients. The recognition of the interest reflects a constant periodic rate of return on the remaining net investment of the lessor, together with any residual amount not guaranteed in favour of BiG.

2.14. Contingent assets and liabilities

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

2.15. Employee benefits

Employees under contract with Banco de Investimento Global are all registered with the Social Security. Thus, the Group's liabilities with pensions consist in the payment of a supplement which will complement any payment from the Social Security system.

The Group has been providing retirement benefits of its staff through two pension plans, a defined contribution plan and a defined benefit plan, the latter being implemented following the decisions taken in the General meetings of 8 April 2005 and 5 April 2006.

Since that date each member of the Board of Directors of the company or worker of the Bank could choose between the two existing plans, opting for the one that they would benefit from for the purpose of retirement.

The Group's Board of Directors made an analysis of the impact of there being two plans, which, despite being different in nature (defined benefit vs. defined contribution), were established equally for most employees. In this context, it saw that since the Defined Benefit Plan was set up in 2006, and after the staff initially joined it, no-one else signed up for this plan. The Board also noted that there was a trend in the market to convert defined benefit plans into defined contribution plans, namely due to the greater foreseeability, limitation and lower volatility of the inherent liabilities.

In this context, it was agreed in the General Meeting held on 21 May 2014 to stop the defined benefit plan, with the Bank providing only a defined contribution plan that would cover all the members of the Board of Directors of the company and the workers of the Bank.

The participants of the defined benefit pension plan were included in the defined contribution pension plan, with the Bank assuming the commitment to maintain a reserve account for any differences that might appear with respect to future liabilities.

As regards the defined benefit pension plan, there were no pensions being paid or rights acquired that would prevent it from being closed. These alterations were duly authorised by the Insurance and Pension Fund Authority.

Pension plan

Up to 2014 the Bank provided the retirement benefits of its employees through two pension plans, a defined contribution plan and a defined benefit plan.

In 2015 the defined benefit plan was terminated, leaving the Bank with only a defined contribution plan.

Liabilities with retirement pensions are calculated annually on the closing date of the accounts by independent actuaries based on the Projected Unit Credit Method. The discount rate used in this calculation is based on the market rates associated to obligations of highly rated companies, denominated in the currency in which the benefits will be paid and with a similar maturity on the date that the obligations of the plan end.

On each balance sheet date, the Bank evaluates the possibility of recovering any excess of the fund in relation to responsibilities with retirement pensions, based on an expectation of a reduction in future contributions necessary.

Variable remunerations to Employees and Corporate Offices

Variable remunerations attributed to employees and to the corporate offices are accounted in the income statement of the year to which they relate and are recorded whenever the Group has a contractual obligation to pay these benefits, or when there is a past practice that has generated a constructive obligation.

2.16. Provisions

Provisions are recognised when (i) the Group has a present, legal or constructive obligation, (ii) it can be proven that payment will be required and (iii) when a reliable estimate of the value of this obligation can be made. In the cases where the effect of the discount is material, the provision corresponds to the current value of the expected future payments, discounted at a rate that considers the risk associated to this obligation.

Provisions cease to be recognised through their use for the obligations for which they were initially set up or in cases in which the obligations are no longer observed.

2.17. Tax on profits

The Bank and its subsidiaries based in Portugal are subject to the regime established in the Corporation Tax Code (IRC). Furthermore, deferred tax resulting from the temporary differences between the accounting bases and the fiscal bases of the assets and liabilities is recorded, whenever the criteria established in IAS 12 – Income tax are met.

Taxation on profits includes current taxation and deferred taxation. Taxation on profits is recognised in the income statements, except when related with items which are moved in equity capital, a fact which implies their recognition in equity capital. Taxation on profits recognised in equity capital arising from the revaluation of financial assets at fair value through other comprehensive income is subsequently recognised in profit and loss at the time the gains and losses which gave rise to it were recognised in profit and loss.

Current taxation is that which is expected to be paid based on the taxable income calculated in accordance with the tax rules in force and using the tax rate approved or substantially approved, and using the tax rate approved or substantially approved in the Group's jurisdiction.

Deferred taxation is calculated in accordance with the fiscal rules in force or substantially approved and using the tax rates on the Balance Sheet date in each mandate, which are expected to be applied when the temporary differences are reversed.

Deferred tax assets are recognised to the extent it is probable that future taxable profits will be available, capable of absorbing deductible temporary differences.

Deferred tax liabilities are recognised for all taxable temporary differences, with the exception of goodwill not deductible for tax purposes, differences resulting from the initial recognition of assets and liabilities that affect neither accounting nor taxable profit.

2.18. Recognition of income from services and commissions

Income from services and commissions is recognised in accordance with the following criteria:

- when obtained as the services are provided, income is recognised in the income statement in the period to which it relates;
- when income is part of the effective interest rate of a financial instrument it is stated in the income statement by the effective interest rate method.

2.19. Recognition of interest

Results relating to interest from non-derivative financial instruments are recognised in the captions of Interest income and Interest expense, using the effective rate method. Interest from other financial assets and liabilities is also included in these items, respectively, except for trading derivatives.

The effective interest rate is the rate which exactly discounts estimated future payments or receipts during the expected life of the financial instrument, or when appropriate, a shorter period, for the current net balance sheet value of the financial asset or liability. In the case of a fixed interest rate, the effective interest rate is established on the initial recognition of the financial assets and liabilities and is not subsequently revised.

For the calculation of the effective interest rate, the future cash flow is estimated considering all the contractual terms of the financial instrument (for example early payment options), but without considering, however, possible future credit losses. The calculation includes commissions which are an integral part of the effective interest rate, transaction costs and all the premiums and discounts directly related with the transaction.

In the case of financial assets or groups of similar financial assets for which impairment losses were recognised, the interest recorded in the income statement is determined based on the interest rate used in the measurement of the impairment loss.

With regard to derivative financial instruments, with the exception of those classified as derivatives for risk management (note 2.4), the component of interest inherent to the variation in fair value is not separated and is classified in the caption of Gains or losses with financial assets and liabilities at fair value through profit or loss and hedge accounting. The component of interest inherent to the variation in fair value of the derivative financial instruments for risk management is recognised in the captions of Interest income and Interest expense.

2.20. Earnings per share

Earnings per basic share are calculated by dividing the net result attributable to the shareholders of the Group by the average weighted number of ordinary shares in circulation, excluding the average number of Treasury Stock held by the Group.

For the calculation of results per diluted share, the average weighted number of ordinary shares in circulation is adjusted so as to reflect the effect of all potentially dilutive ordinary shares, like those resulting from convertible debt and from treasury stock options granted to the workers. The effect of the dilution produces a reduction in the earnings per share, resulting from the assumption that convertible instruments are converted or that the options granted are exercised.

2.21. Cash and cash equivalents

For the purpose of the cash flow statement, cash and its equivalents include the amounts recorded in the balance sheet with a maturity of less than three months as from the date of acquisition/contracting, with an immaterial risk of fluctuation of the fair value, where cash and deposits in central banks and in other banks are included.

2.22. Guarantees provided

Responsibilities for guarantees provided and irrevocable commitments are recorded in off-balance sheet captions for the amount at risk. Interest, commissions, and other related income are recognized in the income statement throughout the duration of these guarantees and commitments. The operations associated to guarantees provided are also subject to impairment in accordance with the expected loss model defined by the Group – as described in note 3 – and considering the respective CCFs – Credit Conversion Factors applicable.

Performance Guarantees

Performance guarantees are contracts that result in compensation to one party if the other party fails to fulfil its contractual, commercial, or legal obligations.

When the performance guarantee grants the Bank contractual rights to indemnification to recover any payments made to the beneficiary of the guarantee by the applicant, and these rights are secured by collateral, they are treated as a loan commitment grant to the applicant if the Group concludes that there is no commercial substance event that could cause the Bank to incur in a loss resulting from the guarantee arrangement.

The Group has reviewed the issued guarantee contracts, and as of December 31, 2023, there are no performance guarantee contracts classified as insurance contracts under IFRS 17.

2.23. Subsequent events

The Group analyses events that occur after the balance sheet date, or rather, favourable and/or unfavourable events that occur between the balance sheet date and the date on which the consolidated financial statements were authorised for issue. In this regard, two types of events can be identified:

(i) those that provide evidence of conditions that existed in the balance sheet date (adjusting events after the balance sheet date); and

(ii) those that are indicative of conditions that appeared after the balance sheet date (non-adjusting events after the balance sheet date).

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

2.24. Recognition of dividends

Income from capital instruments (dividends) is recognised when the right to receive their payment is declared in the Income from capital instruments caption.

2.25. Reporting by segments

Considering that the Group does not have equity or debt securities that are traded publicly, in the light of paragraph 2 of IFRS 8, the Group does not present information relating to segments.

2.26. Issue premium

The issue premium is the difference between the subscription price of the share and its nominal value. The accounting record is measured in the equity caption.

2.27. Statement of cash flows

For the purpose of the cash flow statement, cash and cash equivalents include the amounts recorded in the balance sheet with less than three months' maturity from the inception date, and with insignificant risk of variations in fair value, including cash and deposits with Central Banks and other credit institutions.

The concepts used in the presentation of the cash flow statements are the following:

- Cash flows: Cash and cash equivalents include cash and deposits in other banks;
- Operating activities: the direct method is used for the presentation of the cash flows from operating activities, reflecting the flow from typical activities of credit institutions, as well as other activities that do not qualify as investment or financing. Cash flows from financial assets at fair value through profit or loss and those at amortised cost are allocated to operating activities;

- Investing activities: the acquisition, sale or other disposals of long-term assets, such as holdings in subsidiaries and associated companies, the acquisition of tangible and intangible assets and other strategic investments not included in operating activities. Cash flows from financial assets at fair value through other comprehensive income are allocated to investing activities;

- Financing activities: activities that produce alterations in the Group's medium and long term financing operations that are not part of the operating activities, such as capital increases, distribution of dividends or payments associated with lease contracts under IFRS 16.

NOTE 3
MAIN ESTIMATES AND JUDGEMENTS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS

Estimates and judgements that have an impact on the Group's individual financial statements are continually assessed, representing the Board of Directors' best estimate on the date of each report, taking into account historic performance, accumulated experience and expectations concerning future events which, in the circumstances in question, are believed to be reasonable.

The intrinsic nature of estimates means that the real reflection of the situations that were subject to an estimate may, for the purposes of financial reporting, differ from the estimated amounts.

The main accounting estimates and judgements used by the Group in the application of the accounting principles are presented in this note with the objective of improving the understanding of how its application affects the results reported by the Group and their notification.

3.1. Impairment of financial assets

IFRS 9 states that the concept of impairment based on expected losses is applied to all financial assets except financial assets measured at fair value through results and equity instruments measured at fair value through equity.

To record the expected impairment losses for financial instruments various judgements are used, specifically:

Significant increase in the credit risk and definition of default

The transition of financial assets from stage 1 to stage 2 occurs when their credit risk increases significantly when compared with the credit risk on the date of their initial recognition. A significant increase in the credit risk should be determined through the analysis of quantitative and/or qualitative internal indicators used by the Group in the management of credit risk, thus requiring greater articulation of the accounting requisites with the credit risk management policies established by the Group.

The existence of a significant increase in the credit risk is assessed for each financial asset, considering a set of quantitative and qualitative indicators. Regarding the transitions of financial assets from stage 2 to stage 3, these occur when such assets are in default, meaning there is objective evidence that the asset is in a situation of impairment.

Nature of the main judgements, estimates and hypotheses used in the determination of the ECL

Loans represented by securities

The Group uses a broad set of market data in estimating the ECL for this typology of assets.

I – *Staging*

To determine the staging, besides the regulatory indicators related with arrears (delays in payments < 30 days, 30-90 days, > 90 days), and other more qualitative alerts and triggers, the Group assesses if there is a significant increase in the credit risk based on two criteria/alerts:

- variation in rating
- variation in price

a) Variation in price

In the case of a variation in price, external data are used, specifically, the generic curves available on the market by rating. In this case, the Group constructed Price Matrices where the thresholds are defined from which the Group considers that a significant increase in credit risk may have occurred. The construction of these matrices is based on yield curves per rating, provided by Bloomberg.

b) Variation in rating

The attribution of a rating is based on the following rules, whether on the date of origination, or on the reference date:

(i) if there are ratings of 3 agencies, the Group selects the best of the 2 worst;
(ii) if there are ratings of 2 agencies, the Group selects the lower;
(iii) if there is just one, the Group uses that rating.

Given that the assets in portfolio are acquired at different times, the acquisition date considered to determine the rating on origination is calculated by the weighting of the amount acquired and the respective acquisition date.

The Ratings Matrix, built based on observable data from Moody's, allows us to see how many notches a security can vary without implying presumably a significant increase in the credit risk. This matrix depends on the rating and the number of years the Group has held the position.

Thus, to determine if a significant increase in credit risk has occurred, the Group uses, among other criteria, factors related to changes in bond prices and rating changes since origination. Depending on certain thresholds being reached, the staging calculation model adopted suggests that the possibility of a significant increase in credit risk, which is discussed and eventually confirmed during the monthly Credit Risk Committee meeting.

Triggers and alerts for significant increases in the credit risk

Staging Criterion – Transfer to stage 2	
TRIGGERS (automatic)	i. Delay in the payment of capital and/or interest of between 31 and 90 days; ii. Debt of the issuer restructured due to financial difficulties; iii. Inability to measure the credit risk at the time of its origination and/or acquisition.
OTHER ALERTS (subject to revision and analysis in the Credit Risk Committee)	i. Negative evolution of the rating compared to the acquisition date (as per ratings matrix, which defines the maximum number of notches expected to occur for each rating/term in the portfolio to trigger this alert); ii. Negative evolution of price compared to amortised cost and comparison with the threshold permitted in the price matrix (as defined in the price matrix, which sets the maximum expected price variation for each rating/residual maturity).

Staging Criterion – Transfer to stage 3	
TRIGGERS (automatic)	i. Delay in the payment of capital and/or interest equal to or longer than 91 days; ii. Securities with a rating equal or lower than CCC+ (non-POCI – Purchased or Originated Credit Impairment); iii. Loss of rating assignment, with BiG unable to infer the associated risk of the asset; iv. Disappearance of an active market for the instrument under review due to financial difficulties of the issuer; v. Bankruptcy/insolvency of the issuer; vi. Debt of the issuer restructured due to financial difficulties.
OTHER ALERTS (subject to revision and analysis in the Credit Risk Committee)	i. Negative evolution of the rating (2 additional notches beyond those already recorded during the migration to Stage 2); ii. Decline in the fair value of the financial asset on a continuous basis during 12 months or decline of the fair value of the financial asset significantly (over 30%, not justified by any disruptive event (e.g., war, pandemic) and not aligned with the overall market trend. In this case, the interest rate risk effect should be removed, and the occurrence of a downgrade should be analysed for Credit Risk Committee review; iii. Securities with rating equal to or less than CCC+ (not POCI); iv. Loss of attribution of rating, with the Group being unable to infer the risk associated to the asset; v. Disappearance of active market for the bond under analysis due to financial difficulties; vi. Bankruptcy/insolvency of the issuer.

II – Calculation of the ECL

To estimate the ECL, the parameters PD, LGD and EAD are used.

- The PD-Probability of Default is determined differently, according to the market information available:
  - Sovereign securities: the PD may be inferred based on the CDS/Yield curve of the issuer, also considering the characteristics of the security. (e.g. tenor, currency, subordination, among others);
  - Non-sovereign securities: the PD is estimated based on the generic curves available on the market, deriving from comparable issuers by rating.

- The LGD-Loss Given Default used for the calculation of the expected credit losses is based on studies carried out by Moody's, based on historical defaults by typology of financial asset and collateral (sovereign, collateralized bonds, non-collateralized, senior/subordinated bonds).

- EAD – Exposure at Default is arrived at daily based on the amortised cost of the financial instrument on the reporting date, this amortised cost being periodified until the maturity of the instrument based on future contractual cash flows discounted by the effective interest rate method.

Seeing that the parameters used are based on market information, the Group considers that the assumptions of IFRS 9 *point-in-time* and *forward-looking* are ensured. The *through-the-cycle* assumption is ensured by the use of historical information spanning at least one economic cycle.

In estimating these parameters, economic cycles of 7 years are assumed to converge to historical information, when applicable.

Loans not represented by securities

Considering the simplicity and dimension of the portfolio, and also the absence of a history of statistically relevant non-compliance, in addition to the internal data available, the Group uses some data of the EBA – CREDIT RISK PARAMETERS, relating to Portugal, in the calculation of its risk parameters.

I – *Staging*

Besides the mandatory criteria defined in IFRS 9, relating to the length of the arrears (delays in payments < 30 days, 30-90 days, > 90 days), the Group also uses a number of alerts and qualitative triggers to determine if a significant increase has occurred in the credit risk, specifically:

- Overdue or written-off credit in the CRC-Credit Liabilities Centre of the Banco de Portugal;
- Indications of risk registered in the Observations field of Customers' Accounts;
- Liens or account blocking registered in the Customers' Accounts;
- Inclusion of the customer in the LUR – Banco de Portugal's User Risk List (cheques);
- Inclusion of the customer in the internal watchlist;
- Significant restructuring of a loan transaction due to financial difficulties of the debtor;
- Bankruptcy/insolvency of the client;
- Delivery of assets in lieu of payment;
- Loan classified as non-performing (no interest due);
- Early termination of the contract due to default and subsequent filing of a lawsuit;
- Sale of a loan transaction with significant financial loss (higher than 5% of the nominal value in debt on the date of the sale for reasons exclusively connected to the quality of the credit risk of the debtor).

II – Calculation of the ECL

The parameters PD, LGD and EAD are used to estimate the ECL.

- Considering that the credit portfolio of this typology is constituted by Retail operations, for the estimate of the PD-Probability of Default, the Group uses the Default Rates published by the EBA, for the segments Retail – Secured on real estate property (Mortgage) and Retail – Other Retail (Other Non-mortgage loans). These PDs are internally adjusted to incorporate prospective information.

- To estimate the LGD-Loss Given Default, the Group uses internal data for the Motor, Mortgage and Margin account credit portfolio. For the other products, and for the segment Retail – Other Retail (Other Non-mortgage loans), the LGD published in the above-mentioned study of the EBA is used.

EAD – Exposure at Default is determined by the Bank using the instalment plan associated to each credit operation and it represents the expected exposition, in case of default by the client and / or the exposition. The Group gets the EAD values through the current exposition of the counterparty and the foreseen changes to the respective current value, depending on the contractual conditions, including amortizations and advance payments. For guarantees and sureties, the EAD value considers the total value guaranteed by the Group, under the assumption that the amount may be fully used (i.e. it is applied a 100% CCF – Credit Conversion Factor).

Triggers and alerts for significant increases in the credit risk

Staging Criterion – Transfer to stage 2	
TRIGGERS (automatic)	i. Delay in the payment of capital and/or interest of between 31 and 90 days.
OTHER ALERTS (subject to revision and analysis in the Credit Risk Committee)	i. Indications of risk in the CRC-Credit Liabilities Centre of the Bank of Portugal; ii. Indications of risk in the Clients' Accounts Notes; iii. Liens or bank blocks recorded in the Clients' accounts; iv. Inclusion of the customer in the List of Cheque Defaulters); v. Inclusion of the customer in the internal watchlist; vi. Significant restructuring of a credit operation due to financial difficulties of the debtor.

Staging Criterion – Transfer to stage 3	
TRIGGERS (automatic)	i. Delay in the payment of capital and/or interest equal to or longer than 91 days.
OTHER ALERTS (subject to revision and analysis in the Credit Risk Committee)	i. Client in insolvency proceedings, PER - Special Recovery Plan, or any other equivalent situation of protection; ii. Classification of the operation as "unproductive" (without interest); iii. Early termination of the contract due to non-compliance and consequent filing of legal case for recovery; iv. Sale, by the Group, of credit operation with significant financial loss (>5% of the outstanding nominal value on the date of the sale) due to reasons exclusively connected to the quality of the credit risk of the debtor; v. Contagion from other operations to the debtor (if the same are significant against the total value in debt). For "Non-Retail" exposures, this contagion is mandatory. For "Retail" exposures, the contagion is not mandatory, being employed an indicative threshold of 20%.

Curing Period

The "curing period" is defined as the period in which the Group, after finding some sign or evidence of risk, collects proofs of good behaviour of the debtor regarding its payment efforts.

After the term of the "curing period", the Group recognizes that the client / counterparty no longer shows or demonstrates the risk levels that made the Group increase that risk level.

The "curing period" has impact in the staging classification and in its "migration".

All staging changes are automatic, with no need of going through a minimum curing period, except in the change of Stage 3 to Stage 2, which should follow specific criteria:

Staging change	Curing period
1 -> 2	Automatic
1 -> 3	Automatic
2 -> 3	Automatic
2 -> 1	Automatic
3 -> 2	Non restructured credit: 3 months
3 -> 2	Reestructured credit: 12 months

As for the securitised loan portfolio, in its calculations the Group assumes a 7-year economic cycle, which covers 4 past years and 3 future years, these being extrapolated based on macroeconomic estimates that may influence them in the future.

3.2. Fair value of financial instruments

Fair value is based on market quotations, when available, and, in the absence of a quotation, is based on recent, similar transaction prices made in market conditions, or based on evaluation methodologies, based on discounted future cash flow techniques considering market conditions, the temporal value, the profitability curve and volatility factors. These methodologies can require the use of assumptions or judgments in the estimate of fair value.

Consequently, the use of different methodologies or of different assumptions or judgments in the application of a certain model may lead to financial results different from the reported.

3.3. Tax on profits

The determination of the global amount of taxation on profits requires certain interpretations and estimates. There are diverse transactions and calculations for which the determination of the final amount of tax payable is uncertain during the normal business cycle.

Other interpretations and estimates may result in a different level of current and deferred taxation on profits recognised in the period.

For the Bank and its subsidiaries located in Portugal, the Tax Authority can review the Group's fiscal situation for a period of 4 years, except in cases where reportable tax losses are used, in which case the period of expiry is the year of this right. In this way it is possible that there may be corrections to the annual taxable earnings resulting mainly from differences in the interpretation of tax law. However, the Board of Directors of the Bank is confident that there will be no material corrections to the taxation on profits recorded in the consolidated financial statements.

3.4. Leases

In accordance with IFRS 16, the lease liability is measured as the present value of the sum of the future due payments that result from the leasing contract. To discount the payments, the Group shall use the contract's implicit interest rate, considering that all information required to determine it is known. In case the implicit rate cannot be determined, it shall be used an incremental interest rate, requiring the entity to develop a methodology dully supported in internal and external information to determine it.

I. Implicit interest rate: it is the discount rate that matches the fair value of the expected instalments laid down in the contract (including the residual value) to the fair value of the asset with the addition of all the initial direct costs. The main difficulty regarding the estimation of this rate is, in most cases, in the lack of information made available to the lessee related to the residual value of the underlying asset and / or the amount of direct costs incurred by the lessor.

II. Incremental interest rate: it is the rate that a third-party would charge the Group in financing the acquisition of an asset comparable to the underlying asset of the lease, with similar conditions, namely the term and guarantees. To determine the incremental interest rate, the Group developed a risk-free yield curve, to which it was added its credit risk dully adjusted by the existence of collateral.

It should be nevertheless highlighted that at the transition date, incremental interest rates were applied to determine the lease liability for all the operations under the norm. Except for that period, the instalment payments are updated using the contract implicit discount rate, if it is possible to determine.

III. Maturity of the leasing contracts: As to establish the maturity of the lease contract to be considered in the calculus of the lease liability, it shall be considered the non-cancellable period of the lease contract, as well the period foreseen by potential term extension and/or anticipated termination options, if there is a reasonable certainty that these options will be exercised. In situations in which there are term extension and/or termination options, it is up to the Management to evaluate the possibility of their exercise – concept of "reasonably certain" – relative to the future decision.

To support its analysis, the Group made use of internal and market data which may lack professional judgment, such as:

- The importance of the asset to the Group's activity and the non-existence of suitable alternatives;
- Significant economic benefits to the Group in case an extension / termination option of the contract is exercised, or acquisition of the underlying asset;
- Potential associated costs to the anticipated termination of the contract, switching costs and/or return of the asset;
- Comparison of the terms and conditions of the contract with the current market conditions; among other data considered relevant.

3.5. Redemption premium

As described in the accounting policy 2.7, throughout the life of the redeemable preferred shares, it is estimated the value of the redemption premium to be paid on the redemption date, being recognized, and accounted in an incremental way following the calculation formula mentioned in note 38. For the calculation it is namely considered the change in the equity net value adjusted to the dividends value that the Group expects to come to distribute. Additionally, it is recognised the redemption premium component in the result for the year, which results from the difference between the initial shareholders' equity of reference (31 December 2018) and the value of shareholders' equity at the allocation date (31 December 2019).

3.6. Impairment of Goodwill

The recoverable value of the goodwill recorded in the Group's assets is analysed on an annual basis in the preparation of accounts with reference to the year-end or whenever there are indications of possible loss of value. For the purpose, the balance sheet value of the entity of the Group for which the respective goodwill is recognised in assets, is compared with its recoverable value. A goodwill impairment loss is recognised when the recoverable value of the entity being tested is lower than its balance sheet value. In the absence of an available market value, it is calculated based on discounted value techniques using a discount rate that considers the risk associated with the unit being tested. The determination of the future cash flows to be discounted and the discount rate to be used involves judgement.

3.7. Provisions

Provisions are recognised when:

- The Group has a present obligation (legal or arising from past practices or published policies that imply the recognition of certain liabilities);
- it is likely that its payment will be required;
- a reliable estimate can be made of the value of this obligation.

The measured value relating to provisions takes into account the principles defined in IAS 37 with regard to the best estimate of the expected cost, the most probable outcome of the actions in progress and considering the risks and uncertainties inherent to the process. Provisions cease to be recognised through their use when the facts for which they were constituted occur or reversed in cases where they are no longer observed.

NOTE 4
NET INTEREST INCOME

The amount of this caption is made up as follows:

	2023	2022
Interest income		
Interest on cash and deposits	5,081,299	101,262
Interest on financial assets at amortised cost		
Interest on applications in other banks	5,445,868	3,314,381
Interest on loans and advances to customers	960,110	566,886
Interest on debt securities	21,977,156	9,615,983
Interest on financial assets held for trading		
Derivatives	-	139,361
Debt securities	2,114,766	841,690
Interest on securities at fair value through other comprehensive income	33,617,223	38,251,570
Interest on hedging derivatives	10,872,556	1,678
Other interest income	1,170,008	823,749
	81,238,986	53,656,560
Interest expenses		
Interest on financial liabilities measured at amortised cost		
Interest on funding from central banks	899,479	83,681
Interest on funding from other banks	11,598,325	3,801,255
Interest on funding from customers	24,970,703	4,748,033
Interest on debt securities	5,270,807	3,685,961
Interest on other liabilities represented by securities	677,275	-
Interest on hedging derivatives	641,423	12,320,998
Other interest expenses	245,214	628,301
	44,303,226	25,268,229
	36,935,760	28,388,331

The captions Interest from securities include the depreciation of the premium/discount resulting from the difference between the nominal value of the bonds acquired and their purchase price. The value of the depreciation of the discount and of the premium is calculated using the effective rate method and is recorded in the net margin throughout the life of the bond.

NOTE 5
INCOME FROM DIVIDENDS

On 31 December 2023, this caption, amounting to 99,908 Euros comprises dividends from financial assets at fair value through other comprehensive income (31 December 2022: 128,865 Euros).

NOTE 6
RESULTS OF FEES AND COMMISSIONS

The amount of this caption is made up as follows:

	2023	2022
Fee and commission income		
For transactions on behalf of third parties	8,928,260	11,498,252
For services rendered	5,402,108	5,695,802
For commission sharing	3,062,587	3,048,051
For financial advisory services	1,200,548	676,033
For commitments before third parties	38,918	8,941
For guarantees provided	2,960	3,229
Other fee and commission income	717,678	906,962
	19,353,059	**21,837,270**
Fee and commission expenses		
For transactions performed by third parties	1,370,958	1,359,821
For banking services from third parties	2,075,296	2,242,621
Other fee and commission expenses	274,152	290,874
For transactions on financial instruments	437,992	435,118
	4,158,398	4,328,434
	15,194,661	**17,508,836**

The item Fee and commission income is composed, among others, of commissions charged and received relating to the different services provided by the Bank, namely brokerage and custody among others.

NOTE 7
GAINS OR LOSSES WITH THE NON-RECOGNITION OF FINANCIAL ASSETS AND LIABILITIES NOT MEASURED AT FAIR VALUE THROUGH RESULTS

The amount of this caption is made up as follows:

	2023			2022		
	Gains	Losses	Total	Gains	Losses	Total
Bonds and other fixed return securities						
From national public issuers	-	-	-	-	5,847	(5,847)
From foreign public issuers	11,748,879	8,481,909	3,266,970	10,619,674	9,908,956	710,718
From other national issuers	862,096	-	862,096	181,850	-	181,850
From other foreign issuers	3,701,459	3,365,665	335,794	3,062,554	3,450,080	(387,526)
Shares of foreign issuers	-	-	-	372	13	359
	16,312,434	**11,847,574**	**4,464,860**	**13,864,450**	**13,364,896**	**499,554**

NOTE 8
GAINS OR LOSSES WITH FINANCIAL ASSETS AND LIABILITIES HELD FOR TRADING AND HEDGE ACCOUNTING

The amount of this caption is made up as follows:

	2023			2022		
	Gains	Losses	Total	Gains	Losses	Total
Assets and liabilities held for trading						
Bonds and other fixed return securities						
From national public issuers	708,281	(207,327)	500,954	1,529,308	(1,347,880)	181,428
From foreign public issuers	1,759,824	(976,811)	783,013	2,901,463	(3,653,199)	(751,736)
From other national issuers	841,268	(477,801)	363,467	245,452	(824,523)	(579,071)
From other foreign issuers	2,807,125	(504,076)	2,303,049	167,279	(2,880,908)	(2,713,629)
Shares of foreign issuers	2,791	(2,791)	-	414	-	414
Funds of foreign issuers	-	-	-	111,329	(108,435)	2,894
Other elements	14,918,268	(1,649,348)	13,268,920	19,989,399	(17,285,402)	2,703,997
Derivative financial instruments						
Contracts on exchange rates	5,137,109	(2,914,218)	2,222,891	5,351,985	(14,038,986)	(8,687,001)
Contracts on interest rates	14,212,726	(9,802,931)	4,409,795	23,986,432	(17,362,007)	6,624,425
Contracts on shares / indices	780,443	(573,005)	207,438	3,785,585	(2,436,180)	1,349,405
Other	5,681,900	(5,378)	5,676,522	4,183,467	(202,532)	3,980,935
Results of hedging accounting						
Hedge derivatives	25,363,648	(68,700,294)	(43,336,646)	254,667,833	(14,679,650)	239,988,183
Hedge elements	52,847,430	(14,667,159)	38,180,271	1,206,737	(271,171,404)	(269,964,667)
Other hedging instruments*	297,746	-	297,746	70,692,864	(42,015,349)	28,677,515
Non-trading financial assets mandatorily at fair value through profit or loss						
Shares of national issuers	165,000	(1,071,453)	(906,453)	1,358,075	(256,425)	1,101,650
Shares of foreign issuers	34,532	(114,507)	(79,975)	552,206	(916,384)	(364,178)
Credits and other receivables	-	(11,624)	(11,624)	573,034	-	573,034
Financial assets accounted at fair value through other comprehensive income						
From foreign public issuers	515,780	(38,607)	477,173	343,230	(250,462)	92,768
From other foreign issuers	24,958	(8,079)	16,879	21,471	(14,576)	6,895
Shares of foreign issuers	45	(45)	-	-	(32)	(32)
	126,098,874	**(101,725,454)**	**24,373,420**	**391,667,563**	**(389,444,334)**	**2,223,229**

* The caption Other hedging instruments relates to the hedging of interest rate risk that is based on German sovereign bonds.

NOTE 9
EXCHANGE DIFFERENCES

This caption includes the results arising from the currency revaluation of monetary assets and liabilities expressed in foreign currency in accordance with the accounting policy described in Note 2.3.

On 31 December 2023, this caption comprises losses amounting to 1,907,224 Euros (31 December 2022: gains of 7,494,846 Euros) of which 120,710 Euros related to gains from term currency revaluation and 2,027,934 Euros related to losses from currency revaluation at sight (31 December 2022: 2,206,889 Euros related to gains from currency revaluation at sight and 5,287,957 Euros relating to gains from currency revaluation at sight).

Foreign exchange exposures, gains and losses by currency for the years ended in 2023 and 2022 can be consulted in Note 46 – Business risk management.

	2023			2022		
	Position	**Exchange**	**Reavaluation**	**Position**	**Exchange**	**Reavaluation**
Currency						
AUD	456,455	1.6263	(1,590)	(88,354)	1.5693	216
BRL	-	5.3618	1,727	-	5.6386	3,885
CAD	(175,329)	1.4642	10,615	706,543	1.4440	(2,588)
CHF	2,143,504	0.9260	174,699	462,301	0.9847	66,988
CNH	948,792	7.8664	-	243,082	7.3582	-
DKK	1,738,709	7.4529	716	951,747	7.4365	2,188
EUR*	(3,209)	70.6500	71,947	(998,075)	1.0000	(43,246)
GBP	5,051,332	0.8691	18,375	1,700,939	0.8869	213,122
HKD	337	8.6314	75	58	8.3163	(253)
INR	-	91.9045	(44,541)	-	0.0000	-
JPY	72,937,567	156.3300	(266)	(33,161,954)	140.6600	(939)
KRW	400	1,433.6600	-	223,318,501	1,344.0900	-
MXN	23,691	18.7231	(512)	23,409	20.8560	(1,641)
MZN	(83,777,393)	70.6217	(20,394)	(77,949,782)	68.2656	79,640
NOK	1,907,715	11.2405	1,879	634,024	10.5138	16,355
NZD	-	1.7504	(50)	52	1.6798	(1)
PLN	1,996	4.3395	(1,778)	1,498	4.6808	6,902
RUB	-	117.2010	-	-	117.2010	80
SEK	2,075,649	11.0960	15,817	1,675,311	11.1218	(57)
SGD	(229,443)	1.4569	-	561	1.4300	-
TRY	261	32.6531	191	437	19.9649	(53)
USD	64,499,360	1.1050	(2,254,846)	57,991,281	1.0666	4,947,271
ZAR	(28,019)	20.3477	2	(6,621)	18.0986	87
			(2,027,934)			**5,287,957**

* the position in euros refers to business in Mozambique

The values presented refer to results of currency operations at sight, incorporating gains and losses from matured forward operations during the current year.

The Bank adopts a strategy of full economic hedging of the foreign exchange exposure of its portfolio in dollars, which is solely composed of securities in US Dollars. For this purpose, it uses derivative instruments (currency futures and forwards) and repo operations in foreign currency. The variation in fair value of the foreign exchange forwards is recognized in the item gains or losses with financial assets and liabilities held for trading and hedge accounting (see note 8).

NOTE 10
PROFIT/LOSS ON THE SALE OF OTHER ASSETS

The amount of this caption is made up as follows:

	2023	2022
Non-financial operations	343	1,130
	343	**1,130**

On 31 December 2023, the value of this item was 343 Euros. On 31 December of 2022, was registered a gain of 1,117 Euros from the disposal of one vehicle that was fully depreciated.

NOTE 11
OTHER OPERATING RESULTS

The amount of this caption is made up as follows:

	2023	2022
Other operating income		
Provision of diverse services	163,224	128,595
Other	1,772,688	1,385,737
	1,935,912	**1,514,332**
Other operating expenses		
Dues and donations	195,744	175,828
Other	702,338	1,143,634
	898,082	**1,319,462**
Other operating results	**1,037,830**	**194,870**

The item Other operating income – Other includes an amount of 1,270,551 Euros associated with the derecognition of a liability corresponding to the variable component of the purchase price of DIF Broker. As of 31 December 2023, based on the performance of the year of the business acquired by BiG, and according to the share purchase agreement, no additional payment of variable price is expected beyond the payments already made in 2022 and 2023.

NOTE 12
ADMINISTRATIVE EXPENSES – STAFF COSTS

The amount of this caption is made up as follows:

	2023	2022
Remunerations	17,948,093	17,038,760
Costs with retirements pensions		
of defined Contributions	427,309	388,930
Obligatory social charges	3,671,877	3,492,065
Other staff expenses	2,335,370	313,302
	24,382,649	**21,233,057**

On 31 December 2023, expenses with remuneration and other benefits attributed to the Board of Directors and Supervisory Board were recorded at 4,659,697 Euros (31 December 2022: 5,797,856 Euros).

The caption Other staff expenses includes health insurance and life assurance, among others. This caption also includes the recognition of the differential of the interest rate of the loans granted to employees and the market interest rate.

Expenses with remunerations and other benefits attributed to key management staff with senior management functions may be analysed as follows:

	2023	2022
Short-term employee benefits	5,738,110	5,194,799
Post-employment benefits	157,099	212,331
Other long-term benefits	16,111	14,133
	5,911,320	**5,421,263**

By professional category, the number of employees on 31 December 2023 and 2022 is broken down as follows:

	2023	2022
Specific functions	284	256
Middle management functions	47	43
Senior management functions	70	68
Administrative functions	10	10
Auxiliary functions	5	5
	416	**382**

NOTE 13
EMPLOYEE BENEFITS

The Bank takes care of the retirement benefits of its employees through a defined contribution pension plan.

In 2019 the base contribution defined for the Pension Fund changed from 5% to 2% and an additional contribution (incentive) of an amount equal to that of the voluntary contribution of the employees, changed from 4.5% to 3% of the monthly base salary. In 2022, the BiG Branch in Spain joined a Joint Promotion Pension Plan, with retroactive effect for employees with at least 2 years of seniority at the date of joining. The Base contribution defined for the Pension Fund in Spain is 1% of gross annual salary (with a minimum value as defined in the Collective Agreement) during the first 3 years from the date of admission of the employee to the fund, or 2% of gross annual salary (with a minimum value as defined in the Collective Agreement) after this period. Additionally, the pension plan regulations of the Spanish branch provide for an additional contribution (incentive) equal to the voluntary contribution of the employees, up to a maximum of 3% of monthly base salary.

On 31 December 2023, the Bank recognised as an expense the total amount of 405,009 Euros relating to the Defined Contribution Plan (31 December 2022: 388,930 Euros), of which 177,480 Euros relates to the additional contribution (incentive) (31 December 2022: 178,390 Euros).

Since 2006 the Bank has been providing the retirement benefits of its staff through two pension plans, a defined contribution plan and a defined benefit plan, the latter being implemented following the decisions taken in the general meetings of 8 April 2005 and 5 April 2006.

Since that date each member of the Board of Directors of the company or worker of the Bank could choose between the two existing plans, opting for the one that they would benefit from for the purpose of retirement.

The Bank's Board of Directors made an analysis of the impact of there being two plans, which despite being different in nature (defined benefit *vs* defined contribution) they were established equally for most employees. In this context, it saw that since the Defined Benefit Plan was set up in 2006, and after the staff initially joined it, no-one else signed up for this plan. The Board also noticed that there was a trend in the market to convert defined benefit plans into defined contribution plans, namely due to the greater foreseeability, limitation and lower volatility of the inherent liabilities.

In this context, it was agreed in the General Meeting held on 8 May 2014 to stop the defined benefit plan, with the Bank providing only a defined contribution plan that would cover all the members of the Board of Directors of the company and the workers of the Bank.

With respect to the defined benefit pension plan, there were no pensions being paid or rights acquired that would prevent it from being closed. These alterations were duly authorised by the Insurance and Pension Fund Authority.

The participants of the defined benefit pension plan were included in the defined contribution pension plan, with the Bank assuming the commitment to maintain a reserve account for any differences that might appear compared with the defined benefits established for the participants of the previous defined benefit plan.

Only 6 employees in service are participants in the Defined Benefits Plan. Under the terms of the Plan, the benefits defined are acquired by right after 60 years of age with a minimum of 10 years' service.

On 31 December 2015, the Bank made its best estimate of its liability with pensions inherent to the defined benefit plan, taking into consideration the number of employees it expected to opt for this benefit. The value of the responsibilities corresponding to past services, up to 2012, was being deferred over a period of 11.5 years, when the plan was introduced, corresponding to the estimated period of service of these employees. The discount rate used to estimate the liability with retirement pensions corresponds to the market rates in force on the balance sheet date, stated in the currency in which the benefits will be paid.

The provision corresponding to the actuarial estimate of the commitment assumed by the Bank as a result of the defined benefit plan, recorded on 31 December 2023 and 2022, was 55,227 Euros.

BiG Stock Option Plan

On 31 December 2023 and 2022, BiG's stock option programs had the following main characteristics:

2023 Plan	Expected end date of the plan (1)	Number of options on the start date of the plan	Exercise price	Number of options	Number of shares per option
2013	jan/2027	5,000,000	1.00	3,753,146	1.58

(1) The expiry date refers to the lapse date of the last year for each Plan.

2022 Plan	Expected end date of the plan (1)	Number of options on the start date of the plan	Exercise price	Number of options	Number of shares per option
2013	jan/2027	5,000,000	1.00	3,753,146	1.58

(1) The expiry date refers to the lapse date of the last year for each Plan.

The options mature, individually, after ten years has passed from the respective due dates.

The regulations relating to the stock options plan have remained substantially the same since 2005, except with respect to the due dates and to the financing. Normally the due dates are distributed over 3 years, except in the case of the corporate officers, which fall due 3 years after their attribution. The maturity period, 10 years after the first due date, remained unchanged. Taking into consideration that the Bank is not listed, the exercise of the options occurs only when the Group makes a capital increase, which may not coincide with the communication of intention to exercise by the holders of the options.

Valuation methodology of the options

The valuation of BiG's stock options is based on the adoption of internationally accepted market methodologies and takes the specific characteristics of the BiG's stock option programs and market data into consideration.

For purposes of application of the option valuation model, the value of BiG's shares is estimated based on a combination of the Discounted Cash Flows to Equity, Market Multiples and Adjusted Book Value methodologies based on the Gordon model.

NOTE 14
ADMINISTRATIVE EXPENSES – OTHER ADMINISTRATIVE EXPENSES

The amount of this caption is made up as follows:

	2023	2022
Supplies	734,731	889,684
Leasing excluded from IFRS 16	563,106	533,329
Communications	857,130	906,586
Travel, hotel and representation costs	664,328	473,328
Advertising and publications	1,679,156	836,441
Specialised services		
Fees	461,634	554,694
Information Technology	4,206,850	4,268,083
Security and surveillance	180,342	166,553
Information	876,116	793,906
Databases	46,834	104,105
Manual labour	233,100	46,506
Other specialised services	1,591,242	1,923,507
Other	777,089	647,428
Direct and indirect taxes	2,050,357	1,446,859
	14,922,015	**13,591,009**

The amounts presented in the caption of other specialised services mostly refer to expenses with supervisory bodies within the scope of the legal review of the Group's accounts, and with other services providers, including those covered by its network, as follows:

(i) The fees contracted with the external auditors, excluding VAT and expenses:

	2023	2022
Statutory audit services	225,011	201,453
	225,011	**201,453**

(ii) Fees billed by external auditors, or by entities within their scope, in the fiscal years 2023 and 2022, for services other than audit, excluding VAT and expenses:

	2023	2022
Distinct audit services required from the Statutory Auditor*	112,717	75,782
Distinct audit services not required from the Statutory Auditor	41,940	119,228
	154,657	**195,010**

* This amount includes the fees billed by the Auditor of the Spain branch, belonging to the PwC network

Fees for services other than audit include services provided for the issuance of the impairment report, safeguarding of client assets, and the report for the ex-ante contribution for resolution fund.

NOTE 15
CASH CONTRIBUTIONS FOR RESOLUTION FUNDS AND DEPOSIT GUARANTEE SCHEMES

The value of this caption is comprised of:

	2023	2022
Cash contributions for resolution funds	1,060,008	1,153,217
Cash contributions for deposit guarantee schemes	12,235	11,565
	1,072,243	**1,164,782**

NOTE 16
EARNINGS PER SHARE

Earnings per basic share are calculated by dividing the net income by the weighted average number of ordinary shares in circulation during the year.

Earnings per diluted share are calculated by adjusting the effect of all potential dilutive ordinary shares to the average weighted number of ordinary shares in circulation and to the net result attributable to the shareholders of the Group.

	2023	2022
Net profit attributable to the bank's shareholders	24,195,067	10,241,487
Weighted average number of ordinary shares issued	186,947,388	186,947,388
Weighted average number of Treasury shares in portfolio	(2,598)	(2,598)
Average number of ordinary shares in circulation	**186,944,790**	**186,944,790**
Earnings per share attributable to the bank's shareholders	**0.13**	**0.05**

Earnings per diluted share are no different from Earnings per ordinary share as there were no dilutive shares on 31 December 2023 and 2022.

NOTE 17
CASH, CASH BALANCES IN CENTRAL BANKS AND OTHER DEMAND DEPOSITS – OTHER DEMAND DEPOSITS

On 31 December 2023 and 2022, this caption was broken down as follows:

	2023	2022
Cash	4,468,231	2,404,522
Demand deposits in central banks	280,102,214	124,178,282
	284,570,445	**126,582,804**

The caption Demand Deposits in Central Banks includes the deposits made to satisfy the requirements of the Minimum Reserve System of the European System of Central Banks. Pursuant to Regulation (EC) no. 1745/2003 of the European Central Bank of 12 September 2003, changed by the Regulation (EU) no. 2016/1705 of the European Central Bank of 9 September 2016, the minimum obligatory amount held in demand deposits in the Banco de Portugal is not remunerated and corresponds to 1% of the deposits and debt securities with a maturity period of less than 2 years, excluding deposits of institutions subject to the European System of Central Banks' regime of minimum reserves. This item also includes overnight deposits through the Eurosystem's standing deposit facility. The component of reserves to meet the minimum reserves requirement was 0% as of 31 December 2023, and the applications under the liquidity absorption mechanism with an overnight maturity were remunerated at 4% as of 31 December 2023.

Fulfilment of the minimum obligatory amounts, for a given period of observation, is achieved taking into consideration the value of the balances of the deposits in the Banco de Portugal during this period. The balance of the account next to the Bank of Portugal on 31 December of 2023 includes an average reserve requirement of 14,757,300 Euros which corresponds to the maintenance period from 20 December 2023 to 6 February 2024.

This caption also includes the demand deposits of BiG Moçambique in the Bank of Mozambique to meet the requirements of the regime for the constitution of obligatory minimum reserves, as established by Notice 11/GMB/2021 of 31 December 2021. Pursuant to this Notice, obligatory reserves correspond, as a percentage of the balance of clients' deposits, to 39.0% and 39.5% in national currency and foreign currency, respectively, from which the banks subject to the regime of obligatory reserves are excluded. The reserves are kept in Meticais for deposits in national currency and in U.S. Dollars for deposits in foreign currency, these deposits not being remunerated.

The fulfilment of the minimum obligatory amounts, for a given period, takes into consideration the value of the balances of deposits in the Bank of Mozambique during this period. The balance of accounts at the Bank of Mozambique on 31 December 2023 includes 382,585,552 meticais and 59,710 US dollars corresponding to the minimum reserve requirements to be observed during the constitution period from 5 December 2023 to 5 January 2024.

On 31 December 2023 and 2022 there is no impairment allocated to Cash, cash balances in central banks and other demand deposits – Cash on hand and cash balances in central banks, seeing that these financial instruments are redeemable at any time, and the Group, in accordance with its credit risk management policies, controls and assesses the credit quality of the respective counterparties (banks) daily).

NOTE 18
CASH, CASH BALANCES IN CENTRAL BANKS AND OTHER DEMAND DEPOSITS – OTHER DEMAND DEPOSITS

On 31 December 2023 and 2022, this caption was broken down as follows:

	2023	2022
Deposits in other banks in Portugal		
Demand deposits	4,904,814	4,164,140
Deposits in other banks abroad		
Demand deposits	97,366,717	115,669,501
	102,271,531	**119,833,641**

The banks where the Group has deposits have a high rating, and at the end of the year 99% of these are in institutions whose rating is investment grade (72% as of 31 December 2022). The other deposits are in banks without external rating grade at 1% (28% as of 31 December 2022).

On 31 December of 2023 and 2022 there is no impairment allocated to Cash, cash balances in central banks and other demand deposits – Other demand deposits, as these financial instruments are redeemable at any time, and the Group, in accordance with its credit risk management policies, controls and assesses the credit quality of the respective counterparties (banks) on a daily basis).

NOTE 19
FINANCIAL ASSETS AND LIABILITIES HELD FOR TRADING

On 31 December 2023 and 2022, this caption was broken down as follows:

	2023	2022
Financial assets held for trading		
Securities		
Bonds and other fixed return securities		
From national public issuers	2,978,449	3,382,446
From foreign public issuers	32,811,653	7,652,625
From other national issuers	7,933,476	13,127,364
From other foreign issuers	27,915,688	29,007,093
	71,639,266	**53,169,528**
Derivatives		
Derivative financial instruments with positive fair value	1,672,421	1,552,193
	73,311,687	**54,721,721**
Derivatives		
Derivative financial instruments with negative fair value	2,837	-
	2,837	**-**

As per the accounting policy described in Note 2.5. Financial assets held for trading are those acquired with the objective of being traded in the short term, regardless of their maturity, or managed considering fair value.

The impact generated by the variation in Financial assets and liabilities held for trading in the income statement may be consulted in Note 8.

The average interest rate of the assets held for trading during the year ended on 31 December 2023 was 1.4% (31 December 2022: 1.1%).

The caption Derivative financial instruments on 31 December 2023 and 2022 is broken down as follows:

	2023			2022		
	Notional	Fair value		Notional	Fair value	
		Assets	Liabilities		Assets	Liabilities
Derivatives held for trading						
Term transactions *	66,959,001	1,672,421	2,837	47,127,930	1,552,193	-
	66,959,001	**1,672,421**	**2,837**	**47,127,930**	**1,552,193**	**-**

* O nominal das Operações a prazo representa o contravalor da parte a receber dos forwards em carteira

The term transactions item relates to foreign exchange forwards.

The value recorded in the Balance Sheet, in the caption Derivative financial instruments is determined based on the policy defined in Note 2.4., representing the respective fair value, while the notional amount is recorded off-Balance Sheet.

On 31 December 2023 and 2022, the distribution of the Financial assets held for trading – Securities by residual maturity, is as follows:

	2023	2022
Securities		
Up to 3 months	35,173,040	7,427,004
From 3 months to 1 year	7,070,755	9,091,982
From 1 to 5 years	26,297,918	30,818,835
Over 5 years	3,097,553	5,831,707
	71,639,266	**53,169,528**

On 31 December 2023 and 2022, the distribution of the Financial assets and liabilities held for trading (Derivative financial instruments), by residual maturity is presented as follows:

	2023		2022	
	Notional	Fair value	Notional	Fair value
Derivative financial instruments				
From 3 months to 1 year	48,376,441	1,089,649	19,001,172	1,301,745
From 1 to 5 years	18,582,560	579,935	28,126,758	250,448
	66,959,001	**1,669,584**	**47,127,930**	**1,552,193**

The movements in the caption of Financial assets and liabilities held for trading, in the years 2023 and 2022, are presented below:

	2023	2022
Opening balance	53,169,528	72,849,106
Debt instruments		
Additions	1,147,412,974	1,474,937,368
Disposals	(1,131,994,802)	(1,489,853,517)
Variations in fair value	3,051,566	(4,763,429)
Closing balance	**71,639,266**	**53,169,528**

NOTE 20
FINANCIAL ASSETS THAT ARE MOT MANDATORILY TRADED AT FAIR VALUE THROUGH PROFIT OR LOSS

As of 31 December 2023 and 2022, this item has the following composition:

	2023	2022
Non-trading financial assets mandatorily at fair value through profit or loss		
Securities		
Shares of national issuers	3,128,686	3,774,486
Shares of foreign issuers	3,820,195	2,705,278
Funds of national issuers	174,138	45,000
	7,123,019	6,524,764
Credits and other receivables	1,566,321	1,262,536
	8,689,340	**7,787,300**

As of 31 December 31 2023 and 2022, the Financial Assets that are not mandatorily traded at fair value through profit or loss – Capital Instruments have an indefinite duration and relate to temporary investments in companies with a high potential for growth and appreciation, as well as the management of venture capital funds.

These companies can be national or international, and should operate preferably in the fintech, Insurtech and cybersecurity segments, not excluding investments in other areas, if the opportunity so justifies.

In the captions Shares of national and foreign issuers are included equity investments in early-stage start-ups located namely in Portugal and the United Kingdom in the global amount of 6,948,881 Euros (31 December 2022: 6,479,764 Euros). The amounts recorded under the heading Credits and other receivables refer to other debt instruments on the above-mentioned start-ups.

NOTE 21
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

As of 31 December 2023 and 2022, this item has the following composition:

	2023	2022
Financial assets accounted at fair value through profit and loss		
Securities		
Bonds and other fixed return securities		
From foreign public issuers	8,216,780	2,323,235
From other foreign issuers	334,083	51,856
	8,550,863	**2,375,091**

The average interest rate on financial assets at fair value through profit or loss during the year ended 31 December 2023 amounted to 9.3% (31 December 2022: 15.9%).

As of 31 December 2023 and 2022, the distribution of Financial assets accounted at fair value through profit and loss – Capital instruments by residual maturity dates, is as follows:

	2023	2022
Securities		
Up to 3 months	248,130	-
From 3 months to 1 year	3,557,542	18,601
From 1 to 5 years	4,745,191	2,356,490
	8,550,863	**2,375,091**

The movements under the heading of Financial assets accounted at fair value through profit and loss in 2023 and 2022 are shown below:

	2023	2022
Opening balance	**2,375,091**	**1,556,095**
Debt instruments		
Additions	121,640,844	112,078,512
Disposals	(116,038,088)	(111,503,948)
Gains and losses in the exercise	478,018	119,929
Interest	174,237	25,505
Currency Exchange	(79,239)	98,998
Closing balance	**8,550,863**	**2,375,091**

NOTE 22
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

On 31 December 2023 and 2022, this caption was broken down as follows:

	Cost (1)	Fair value reserve			Expected credit loss	Balance Sheet Value
		Positive	Negative	Fair value hedge		
Financial assets at fair value through other comprehensive income						
Bonds and other fixed return securities						
From national public issuers	9,051,583	1,558	(3,666,593)	2,137,856	1,558	7,524,404
From foreign public issuers	609,317,895	1,300,791	(230,443,868)	148,284,399	1,168,055	528,459,217
From other national issuers	151,098,632	1,345,157	(9,036,356)	741,892	1,225,380	144,149,325
From other foreign issuers	371,831,991	1,097,558	(61,223,443)	19,216,733	1,083,097	330,922,839
Capital instruments						
Shares of national issuers	13,978	-	-	-	-	13,978
Shares of foreign issuers	845,989	4,803	-	-	-	850,792
Other	1,877,451	-	(279,963)	-	-	1,597,488
Balance on 31 December 2022	**1,144,037,519**	**3,749,867**	**(304,650,223)**	**170,380,880**	**3,478,090**	**1,013,518,043**
Financial assets at fair value through other comprehensive income						
Bonds and other fixed return securities						
From national public issuers	9,630,623	185	(2,890,438)	1,559,809	185	8,300,179
From foreign public issuers	590,167,200	1,441,747	(176,022,576)	114,993,096	1,077,088	530,579,467
From other national issuers	145,887,940	1,078,567	(3,632,620)	(64,462)	412,129	143,269,425
From other foreign issuers	408,387,773	1,808,234	(36,598,306)	11,849,089	752,353	385,446,790
Capital instruments						
Shares of national issuers	13,978	-	-	-	-	13,978
Shares of foreign issuers	800,349	-	(57,140)	-	-	743,209
Other	1,877,449	-	(304,250)	-	-	1,573,199
Balance on 31 December 2023	**1,156,765,312**	**4,328,733**	**(219,505,330)**	**128,337,532**	**2,241,755**	**1,069,926,247**

(1) Amortized cost including accrued interest, impairments, and effects of interest rate risk hedging and fair value adjustments for debt securities, and acquisition cost for shares and other equity instruments.

On 31 December 2023, the caption Bonds and other fixed return securities – From other national and foreign issuers includes 118,441,034 Euros (31 December 2022: 105,195,760 Euros) relating to ABS (asset backed securities).

On 31 December 2023, around 84% (73% as of 31 December 2022) of portfolio of Financial assets at fair value through other comprehensive income, comprising bonds and other fixed income securities, was hedged by derivative financial instruments, specifically interest rate futures and interest rate swaps.

The average interest rate, before interest rate hedging, during the year ended on 31 December of 2023, was 2.9% (31 December 2022: 1.9%).

In 2023 and 2022 and in accordance with the accounting policy described in Note 2.5. Other financial assets, the Group regularly assesses the significant increase of the credit risk of the Financial assets at fair value through other comprehensive income.

The securities in the Group's portfolio which are given by it as a guarantee are analysed in Note 43. Off-balance sheet accounts.

On 31 December 2023 and 2022, the distribution of this caption by residual maturity periods is as follows:

	2023	2022
Up to 3 months	7,446,108	1,214,171
From 3 months to 1 year	21,758,442	4,864,730
From 1 to 5 years	329,143,219	264,612,215
Over 5 years	709,248,092	740,364,669
Unspecified duration	2,330,386	2,462,258
	1,069,926,247	**1,013,518,043**

The staging of the securities which make up the caption of Financial assets at fair value through other comprehensive income, for 31 December of 2023 and 2022, may be consulted in Note 46 – Business risk management.

The movements in expected credit loss in Financial assets at fair value through other comprehensive income are presented as follows:

	2023	2022
Opening balance	**3,478,090**	**2,024,479**
Additions	3,339,049	6,406,669
Reversals	(4,649,184)	(4,230,081)
Currency Exchange	73,800	(3,964)
Used	-	5,119
Changes in the business model	-	(724,132)
Closing balance	**2,241,755**	**3,478,090**

The movements in the caption of Financial assets at fair value through other comprehensive income – Capital instruments, in the years 2023 and 2022, are presented below:

	2023	2022
Opening balance	**1,011,055,785**	**1,740,115,708**
Debt instruments		
Additions	659,934,426	653,662,622
Disposals / Maturities	(632,397,349)	(521,267,335)
Amortisation of premium	(507,680)	8,153,703
Advance payment	(42,049,956)	(68,227,277)
Gain	(5,323,527)	(10,124,492)
FX Revaluation	(8,674,592)	21,838,435
Interest	548,811	(614,818)
Revaluation reserve	85,009,943	(324,329,278)
Reclassification	-	(488,151,483)
Closing balance	**1,067,595,861**	**1,011,055,785**

The amount shown as Reclassification corresponds to the change in business model that occurred in 2022, carried out in accordance with IFRS 9. Considering that there were identified a set of securities from the Financial Assets portfolio at fair value through other comprehensive income that:

(i) they have a profile corresponding to the one defined in the new business model;

(ii) the holding period is long, with no sales having taken place in the last 12 months; and

(iii) given the Bank's solid liquidity position, the need to sell these financial instruments is not expected

The portfolio was segregated and reclassified according to the new business model defined, which resulted in the accounting reclassification of these securities from Financial assets at fair value through other comprehensive income to Financial assets at amortized cost – Debt securities.

NOTE 23
FINANCIAL ASSETS AT AMORTISED COST – DEBT SECURITIES

On 31 December 2023 and 2022, this item has the following composition:

	Cost	Fair value hedge	Expected credit loss	Balance Sheet Value
Financial assets at amortised cost				
Bonds and other fixed return securities				
From foreign public issuers	338,018,804	(49,288,653)	469,315	288,260,836
From other national issuers	58,099,994	-	132,774	57,967,220
From other foreign issuers	513,304,795	(11,746,024)	663,934	500,894,837
Balance on 31 December 2022	**909,423,593**	**(61,034,677)**	**1,266,023**	**847,122,893**
Financial assets at amortised cost				
Bonds and other fixed return securities				
From foreign public issuers	344,003,331	(32,024,932)	471,777	311,506,622
From other national issuers	77,249,882	185,900	61,427	77,374,355
From other foreign issuers	504,921,910	(6,987,278)	622,665	497,311,967
Balance on 31 December 2023	**926,175,123**	**(38,826,310)**	**1,155,869**	**886,192,944**

* Financial assets at amortized cost that have their interest rate risk hedge, where a negative value in this term corresponds to a positive value in the hedging instruments (see note 8)

On 31 December 2023 and 2022, the distribution of this item by residual maturities is as follows:

	2023	2022
From 3 months to 1 year	14,190,866	-
From 1 to 5 years	140,654,580	108,113,785
Over 5 years	731,347,498	739,009,108
	886,192,944	**847,122,893**

The movements under the heading of Financial assets at amortized cost – Debt securities, in fiscal years 2023 and 2022, are shown below:

	2023	2022
Opening balance	**847,122,893**	**338,030,213**
Debt instruments		
Additions	60,456,448	74,630,157
Repayments	(46,368,937)	(11,589,843)
Amortisation of premium	1,006,170	1,891,160
Impairment	110,153	(1,263,966)
Interest	1,657,837	2,936,381
Fair value hedge	22,208,380	(89,555,163)
Reclassification	-	532,043,954
Opening balance	**886,192,944**	**847,122,893**

During 2022, the Bank established a new business model focused on the generation of medium-term net interest income, in line with its strategic plan. A number of securities were identified, previously recorded under the caption Financial assets at fair value through other comprehensive income, but which have a profile corresponding to the new business model, and it was decided to transfer them to this new business model, and the consequent reclassification to the caption Financial assets at amortised cost.

The Group regularly assesses the significant increase in credit risk of these debt financial instruments, according to note 2.5 Other financial assets. On 31 December 2023 the credit impairment, recognized for performing securities, (stage 1) amounted to 1,155,869 Euros (31 December 2022: 1,266,023 Euros). There are no securities in stage 2 as of 31 December 2023 and 2022.

The average interest rate, before interest rate hedging during the year ended on 31 December of 2023 was 2.4% (1.5% as of 31 December 2022).

The adjustment relating to hedging relationships on 31 December 2023, was -38,826,310 Euros (-61,034,677 Euros as of 31 December 2022). This adjustment results from the hedging of fixed rate debt instruments that with the respective expected credit loss had a balance sheet value of 886,192,944 Euros (847,122,893 Euros as of 31 December 2022).

NOTE 24
FINANCIAL ASSETS AT AMORTISED COST – LOANS AND ADVANCES – CLIENTS

On 31 December 2023 and 2022, this caption was broken down as follows:

	2023	2022
Domestic loans		
To companies		
Loans at sight	4,455,663	3,373,310
Overdrafts	27,854	1,363
Leasing	-	19,437
To private indiviuals		
Loans at sight	9,800,070	13,644,911
Mortgages	3,841,080	4,109,730
Leasing	116,322	281,747
Overdrafts	25,300	32,302
Other specialised loans	132,505	177,907
Other credit	161,038	11,760,439
	18,559,832	**33,401,146**
Foreign loans		
To companies		
Overdrafts	11,437	28
To private individuals		
Loans at sight	1,248,852	1,332,730
Mortgages	131,738	138,372
Overdrafts	4,823	322
	1,396,850	**1,471,452**
Past due loans and interest		
Over 90 days	19,614	96,637
	19,614	**96,637**
	19,976,296	**34,969,235**
Impairment of credit to clients	(23,368)	(100,090)
Loans to clients	**19,952,928**	**34,869,145**

On 31 December 2023 and 2022 the caption Loans at sight reflects loans granted under the margin account, which are collateralised with deposits and/or securities held in the Group.

In 2023, there was a reduction in the item Domestic Credit – Individuals – Other Credit, due to the amortization of loans granted to employees associated with the redeemable preferred shares program, the redemption of which occurred in July 2023, in accordance with the terms in the resolution for the issuance of these shares.

On 31 December 2023, the Group's loan portfolio includes loans granted to members of the Board of Directors in the amount of 63,419 Euros arising from the personnel policy, under the terms of no. 4 of art. 85 of the General Regime of Credit Institutions and Financial Companies (31 December 2022: 4,600,620 Euros). On 31 December 2023 the credit to the key personnel of the institution with management functions, amounted to 1,362,311 Euros (31 December 2022: 6,288,072 Euros).

The average interest rate during the year ended on 31 December of 2023 was 3% (31 December 2022: 1.4%).

The residual periods of Loans and advances – Clients, including past due loans and interest, were structured as follows:

	2023	2022
Up to 3 months	15,587,686	18,458,680
From 3 months to 1 year	42,357	11,774,151
From 1 to 5 years	395,658	491,167
Over 5 years	3,930,981	4,148,600
Unspecified duration	19,614	96,637
	19,976,296	**34,969,235**

The movements in impairment of Loans and advances – Clients are presented as follows:

	2023	2022
Opening balance	**100,090**	**122,745**
Additions	1,653	149
Reversals	(359)	(22,435)
Used	(78,016)	(369)
Closing balance	**23,368**	**100,090**

The distribution of Loans and advances – Clients by type of rate may be presented as follows:

	2023	2022
Variable rate	19,750,699	34,745,500
Fixed rate	225,597	223,735
	19,976,296	**34,969,235**

The residual periods of leased capital were structured as follows:

	2023	2022
Instalments and residual values due		
Up to 3 months	484	28,908
From 3 months to 1 year	43,870	45,278
From 1 to 5 years	82,655	239,544
	127,009	**313,730**
Interest due		
Up to 3 months	1	187
From 3 months to 1 year	1,513	539
From 1 to 5 years	9,173	11,820
	10,687	**12,546**
Capital due		
Up to 3 months	483	28,721
From 3 months to 1 year	42,357	44,739
From 1 to 5 years	73,482	227,724
	116,322	**301,184**

The detail of the portfolio of loans not represented by securities by year of production is as follows:

31-12-2023	Current Account Credit			Mortgages			Other		
Year of production	Number of transactions	Gross exposure	Impairment set up	Number of transactions	Gross exposure	Impairment up	Number of transactions	Gross exposure	Impairment set up
2010 and previous	50	2,684,359	-	24	921,226	198	-	-	-
2011	10	1,581,852	-	8	291,192	18	2	103	103
2012	4	85,490	-	-	-	-	8	5,625	5,625
2013	3	503,585	-	-	-	-	10	6,061	6,061
2014	7	199,413	66	1	15,674	1	79	2,718	991
2015	5	2,454,666	-	2	229,885	14	25	1,071	581
2016	4	502,831	-	4	169,403	10	25	2,305	2,061
2017	11	1,346,561	-	6	799,404	49	49	182,627	578
2018	9	460,116	-	4	316,830	19	45	51,969	786
2019	3	262,700	-	3	269,038	17	23	3,128	402
2020	23	2,080,202	-	2	386,128	24	29	35,460	452
2021	22	1,110,930	-	1	130,237	8	16	11,672	429
2022	16	734,065	-	-	-	-	26	49,610	11
2023	16	1,496,419	-	3	496,367	30	254	95,374	4,834
	183	**15,503,189**	**66**	**58**	**4,025,384**	**388**	**591**	**447,723**	**22,914**

31-12-2022	Current Account Credit			Mortgages			Other		
Year of production	Number of transactions	Gross exposure	Impairment set up	Number of transactions	Gross exposure	Impairment up	Number of transactions	Gross exposure	Impairment set up
2010 and previous	60	3,814,792	-	27	1,020,217	260	-	-	-
2011	10	1,168,946	-	8	367,354	26	-	-	-
2012	5	51,009	-	1	47,454	4	1	47	47
2013	5	553,639	-	-	-	-	4	174	174
2014	10	235,975	-	2	58,391	4	125	3,696	1,108
2015	6	2,124,971	-	3	328,460	26	38	17,513	9,168
2016	5	542,731	-	5	240,148	19	35	21,541	1,970
2017	14	784,740	-	6	896,853	71	75	415,099	801
2018	13	846,000	66	5	400,407	32	67	173,178	6,264
2019	7	505,070	-	3	276,670	22	50	22,529	3,311
2020	27	2,186,495	-	2	429,071	34	179	11,410,749	1,546
2021	35	2,347,679	61,613	2	238,129	19	54	99,040	5,807
2022	31	3,251,459	1,200	-	-	-	409	89,009	6,498
	228	**18,413,506**	**62,879**	**64**	**4,303,154**	**517**	**1,037**	**12,252,575**	**36,694**

On 31 December 2023 and 2022, impairment was broken down as follows:

2023

	Stage 1			Stage 2			Stage 3			TOTAL		
	Gross Exposure	Impairment	Net Exposure	Gross Exposure	Impairment	Net Exposure	Gross Exposure	Impairment	Net Exposure	Gross Exposure	Impairment	Net Exposure
Loans granted												
Companies	4,492,263	(452)	4,491,811	-	-	-	1,396	(1,396)	-	4,493,659	(1,848)	4,491,811
Private individuals	15,239,935	(1,303)	15,238,632	222,648	(163)	222,485	20,054	(20,054)	-	15,482,637	(21,520)	15,461,117
Guarantees and sureties provided												
Companies	4,350	-	4,350	-	-	-	-	-	-	4,350	-	4,350
Private individuals	137,100	-	137,100	-	-	-	-	-	-	137,100	-	137,100
Total	**19,873,648**	**(1,755)**	**19,871,893**	**222,648**	**(163)**	**222,485**	**21,450**	**(21,450)**	**-**	**20,117,746**	**(23,368)**	**20,094,378**

2022

	Stage 1			Stage 2			Stage 3			TOTAL		
	Gross Exposure	Impairment	Net Exposure	Gross Exposure	Impairment	Net Exposure	Gross Exposure	Impairment	Net Exposure	Gross Exposure	Impairment	Net Exposure
Loans granted												
Companies	2,697,247	(16)	2,697,231	697,388	(2)	697,386	794	(794)	-	3,395,429	(812)	3,394,617
Private individuals	29,301,105	(915)	29,300,190	2,174,142	(368)	2,173,774	98,559	(97,995)	564	31,573,806	(99,278)	31,474,528
Guarantees and sureties provided												
Companies	9,350	-	9,350	-	-	-	-	-	-	9,350	-	9,350
Private individuals	129,760	-	129,760	13,000	-	13,000	-	-	-	142,760	-	142,760
Total	**32,137,462**	**(931)**	**32,136,531**	**2,884,530**	**(370)**	**2,884,160**	**99,353**	**(98,789)**	**564**	**35,121,345**	**(100,090)**	**35,021,255**

The guarantees and sureties provided are fully collateralized by deposits and other liquid financial products and controlled on a daily basis. No impairments are calculated for them on 31 December 2023 and 2022.

Additional information on exposure by type of staging and restructured credit may be consulted in Note 46 – Business risk management.

NOTE 25
FINANCIAL ASSETS TO THE AMORTISED COST – LOANS AND ADVANCES – CENTRAL BANKS

On 31 December 2023 and 2022, this caption was broken down as follows:

	2023	2022
Loans and advances - Central Banks		
Very short-term applications	17,741,773	8,815,094
	17,741,773	**8,815,094**

The residual periods of Loans and advances – Central Banks were structured as follows:

	2023	2022
Up to 3 months	17,741,773	8,815,094
	17,741,773	**8,815,094**

This caption refers exclusively to deposits held by Banco BiG Moçambique with the Central Bank of Mozambique, which are remunerated at local interest rates. The average interest rate during the year ended on 31 December of 2023 was 5.9% (31 December 2022: 13.4%).

NOTE 26
FINANCIAL ASSETS AT AMORTISED COST – LOANS AND ADVANCES – BANKS

On 31 December 2023 and 2022, this caption was broken down as follows:

	2023	2022
Loans and advances - Banks		
Deposits	8,377,283	4,752,014
Loans	61,941,369	21,048,956
	70,318,652	**25,800,970**
Impairment	-	-
	70,318,652	**25,800,970**

The variation of the caption of Loans results from the contracting of a set of reverse repo operations, in which the Group grants funding by receiving debt securities as collateral.

The average interest rate during the year ended on 31 December 2023 was 5.0% (31 December 2022: 2.6%).

The residual periods of Loans and advances – Banks was structured as follows:

	2023	2022
Up to 3 months	62,856,358	24,751,717
From 3 months to 1 year	7,462,294	1,049,253
	70,318,652	**25,800,970**

NOTE 27
DERIVATIVES – HEDGE ACCOUNTING

On 31 December 2023 and 2022 this caption was broken down as follows:

2023

		Hedge instrument				Hedge instrument (*)			
Derivative product	Associated financial asset / liability	Notional	Fair value (1)	Variation in Balance Sheet value of the year	Variation in P&L of the year	Hedge component (interest rate risk in the Balance Sheet)	Variation in Balance Sheet value of the year	Variation in P&L of the year	Balance Sheet value of hedged instruments
Interest Rate Swap	Debt instruments	424,787,330	(11,243,448)	(66,814,680)	(24,761,181)	9,623,452	67,659,978	24,911,290	395,832,373
Futures (*)	Debt instruments	613,971,099	-	-	(18,575,465)	10,896,552	78,449,125	14,631,804	743,317,067
		1,038,758,429	**(11,243,448)**	**(66,814,680)**	**(43,336,646)**	**20,520,004**	**146,109,103**	**39,543,094**	**1,139,149,440**

2022

		Hedge instrument				Hedge instrument (*)			
Derivative product	Associated financial asset / liability	Notional	Fair value (1)	Variation in Balance Sheet value of the year	Variation in P&L of the year	Hedge component (interest rate risk in the Balance Sheet)	Variation in Balance Sheet value of the year	Variation in P&L of the year	Balance Sheet value of hedged instruments
Interest Rate Swap	Debt instruments	346,500,000	55,571,232	86,339,910	86,406,176	(58,036,526)	(85,295,070)	(86,919,940)	325,409,016
Futures (*)	Debt instruments	442,440,939	-	64,505,663	147,659,743	(67,552,573)	(68,944,764)	(150,154,818)	447,072,592
		788,940,939	**55,571,232**	**150,845,573**	**234,065,919**	**(125,589,099)**	**(154,239,834)**	**(237,074,758)**	**772,481,608**

(1) Includes accrued interest
(*) The maturity considered was the cheapest-to-delivery (CtD)

The Group also carries out a risk-free hedging strategy (short position in German sovereign bonds), within the interest rate hedge accounting of the banking book. The value associated with the hedged item is carried in the balance sheet in a separate item (see note 32), and changes in profit or loss are recorded in the gains or losses from financial assets and liabilities held for trading and hedge accounting (see note 8).

With regard to the fair value of futures, this is reflected in the caption of Deposits in other banks (Note 18).

The residual periods of the notional values of hedging instruments can be analysed in the table below:

2023

Derivative product	Associated financial asset / liability	Notional			Fair Value	
		Less than 1 year	From 1 to 5 years	Over 5 years	Assets	Liabilities
Interest Rate Swap	Debt instruments	-	-	424,787,330	9,086,629	(20,330,077)
Futures *	Debt instruments	-	113,309,985	500,661,114	-	-
		-	**113,309,985**	**925,448,444**	**9,086,629**	**(20,330,077)**

2022

Derivative product	Associated financial asset / liability	Notional			Fair Value	
		Less than 1 year	From 1 to 5 years	Over 5 years	Assets	Liabilities
Interest Rate Swap	Debt instruments	-	-	346,500,000	55,571,232	- -
Futures (*)	Debt instruments	-	45,693,564	396,747,375	-	- -
		-	**45,693,564**	**743,247,375**	**55,571,232**	**-**

(*) The maturity considered was the cheapest-to-delivery (CtD)

The movements in 2023 and 2022 can be consulted in the table below:

	2023	2022
Opening balance	**55,571,232**	**(30,768,679)**
Variations in fair value	(71,158,419)	89,522,790
Coupon payment	4,174,697	(5,002,307)
Payoff	169,042	1,819,428
Closing balance	**(11,243,448)**	**55,571,232**

NOTE 28
TANGIBLE ASSETS

On 31 December 2023 and 2022, this caption was broken down as follows:

	2023	2022
Buildings		
Improvements to buildings	4,128,821	4,236,595
For own use	19,295,027	19,396,809
	23,423,848	**23,633,404**
Equipment		
Computer equipment	6,796,383	6,457,376
Furniture and material	1,759,783	1,724,703
Installations and interiors	2,540,459	2,602,111
Security equipment	261,243	258,705
Machines and tools	385,371	384,322
Other equipment	477,880	235,646
Transportation material	183,444	189,441
	12,404,563	**11,852,304**
Rights of use		
Buildings	2,913,531	2,623,229
Vehicles	1,220,992	1,164,960
	4,134,523	**3,788,189**
Tangible assets in progress	-	223,227
Impairment	(177,549)	(177,549)
Accumulated depreciation	(21,025,144)	(19,759,003)
	18,760,241	**19,560,572**

The movement in this caption was the following:

	Buildings	Equipment	Tangible fixed assets in progress	Right of use Buildings	Right of use Vehicles	Total
Acquisition cost						
Balance on 31 December 2021	23,522,426	12,290,982	-	2,611,898	920,492	39,345,798
Additions	11,782	538,984	223,227	157,457	244,468	1,175,918
Write-downs	(29,047)	(948,120)	-	(146,126)	-	(1,123,293)
Disposals	-	(184,314)	-	-	-	(184,314)
Other	(94,429)	80,614	-	-	-	(13,815)
Currency exchange differences	222,672	74,158	-	-	-	296,830
Balance on 31 December 2022	23,633,404	11,852,304	223,227	2,623,229	1,164,960	39,497,124
Additions	22,418	461,295	-	479,500	161,485	1,124,698
Write-downs	(107,775)	(91,799)	-	(189,198)	(105,453)	(494,225)
Disposals	-	218,394	(218,394)	-	-	-
Other	-	-	-	-	-	-
Currency exchange differences	(124,199)	(35,631)	(4,833)	-	-	(164,663)
Balance on 31 December 2023	23,423,848	12,404,563	-	2,913,531	1,220,992	39,962,934
Depreciation						
Balance on 31 December 2021	6,858,564	10,276,160	-	1,470,521	697,184	19,302,429
Amortisation of the year	431,948	597,926	-	452,117	217,883	1,699,874
Write-downs of the year	(13,411)	(946,457)	-	(141,063)	-	(1,100,931)
Disposals	-	(184,314)	-	-	-	(184,314)
Currency exchange differences	10,407	31,538	-	-	-	41,945
Balance on 31 December 2022	7,287,508	9,774,853	-	1,781,575	915,067	19,759,003
Amortisation of the year	433,664	613,114	-	430,693	158,597	1,636,068
Write-downs of the year	(98,046)	(85,743)	-	(57,984)	(98,167)	(339,940)
Disposals	-	-	-	-	-	-
Currency exchange differences	(10,488)	(19,499)	-	-	-	(29,987)
Balance on 31 December 2023	7,612,638	10,282,725	-	2,154,284	975,497	21,025,144
Impairments						
Balance on 31 December 2021	177,549	-	-	-	-	177,549
Balance on 31 December 2022	177,549	-	-	-	-	177,549
Balance on 31 December 2023	177,549	-	-	-	-	177,549
Net balance on 31 December 2022	**16,168,347**	**2,077,451**	**223,227**	**841,654**	**249,893**	**19,560,572**
Net balance on 31 December 2023	**15,633,661**	**2,121,838**	**-**	**759,247**	**245,495**	**18,760,241**

NOTE 29
INTANGIBLE ASSETS

On 31 December 2023 and 2022, this caption was broken down as follows:

	2023	2022
Acquired from third parties		
Automatic data treatment system	17,140,261	16,774,571
Other	2,935,588	2,935,588
	20,075,849	19,710,159
Intangible assets in progress		
Automatic data treatment system	3,407,436	2,057,796
	3,407,436	2,057,796
Goodwill	5,505,674	5,505,674
	5,505,674	5,505,674
	28,988,959	27,273,629
Accumulated amortization	(17,532,338)	(15,900,546)
	11,456,621	**11,373,083**

The movement in this caption was the following:

	Automatic data treatment system	Other	Tangible fixed assets in progress	Goodwill	Total
Acquisition cost					
Balance on 31 December 2021	16,949,285	2,989,341	1,215,463	5,505,674	26,659,763
Additions	327,504	-	1,017,612	-	1,345,116
Transfers	181,621	-	(181,621)	-	-
Write-downs	(698,691)	(53,753)	-	-	(752,444)
Other	11,508	-	-	-	11,508
Currency exchange differences	3,344	-	6,342	-	9,686
Balance on 31 December 2022	16,774,571	2,935,588	2,057,796	5,505,674	27,273,629
Additions	227,776	-	1,495,776	-	1,723,552
Transfers	144,451	-	(144,451)	-	-
Write-downs	-	-	-	-	-
Other	-	-	-	-	-
Currency exchange differences	(6,537)	-	(1,685)	-	(8,222)
Balance on 31 December 2023	17,140,261	2,935,588	3,407,436	5,505,674	28,988,959
Amortizations					
Balance on 31 December 2021	14,180,564	689,221	-	-	14,869,785
Amortization of the year	1,538,384	234,884	-	-	1,773,268
Write-downs	(698,691)	(43,753)	-	-	(742,444)
Currency exchange differences	(63)	-	-	-	(63)
Balance on 31 December 2022	15,020,194	880,352	-	-	15,900,546
Amortization of the year	1,399,625	-	-	234,884	1,634,509
Write-downs	-	-	-	-	-
Currency exchange differences	(2,717)	-	-	-	(2,717)
Balance on 31 December 2023	16,417,102	880,352	-	234,884	17,532,338
Net balance on 31 December 2022	**1,754,377**	**2,055,236**	**2,057,796**	**5,505,674**	**11,373,083**
Net balance on 31 December 2023	**723,159**	**2,055,236**	**3,407,436**	**5,270,790**	**11,456,621**

On 7 September 2021 the Bank acquired 100% of the capital of DIF Broker – Empresa de Investimento, S.A., an investment company incorporated in 1999 with the purpose of carrying out the activities permitted by law for financial brokerage companies, including all ancillary, connected or similar operations compatible with this activity and permitted at law, with no legal restriction.

Under this transaction, the Bank attributes a separable value to intangible assets, amounting to 2,348,840 Euros, for which a useful life of 10 years is estimated. Taking into consideration the activity of DIF Broker, the value of the client portfolio was estimated based on estimated average commissions and the average number of customers, considering a rate of loss of customers over time.

According to the accounting policy described in Note 2.1, the recoverable value of goodwill is assessed annually. The evaluations will be based on duly supported assumptions that represent the best estimate of the Board of Directors on the economic conditions that will affect each subsidiary, the budgets and most recent projections approved for those subsidiaries and their extrapolation for future periods. The assumptions made for these evaluations may change with the modification of economic and market conditions.

The annual assessment of the recoverable value of goodwill with reference to 31 December 2022 and 31 December 2023 was conducted based on an update of the acquired business's financial performance indicators, as well as a review of future outlook considering recent history and the current market and business environment. The estimate of the discount rate reported as of 31 December 2022 and 31 December 2023 was also updated. Based on this analysis, it was concluded that there is no need for any impairment recognition.

NOTE 30
CURRENT TAX ASSETS AND LIABILITIES

On 31 December 2023 and 2022, this caption was broken down as follows:

	2023	2022
Estimated tax for the year	(8,907,424)	(4,045,826)
Payments on account	1,776,425	3,891,500
Withholding tax	1,126,148	846,054
Other	4,704,660	4,725,059
Current tax assets / (liabilities)	**(1,300,191)**	**5,416,787**

On 31 December 2023 the caption of Estimate of tax of the year includes 1,433,631 Euros relating to the contribution of the banking sector (31 December 2022: 1,350,000 Euros).

The amount relating to the caption “Others” corresponds mostly to the amount of the tax lawsuit that was filed by the Bank with the Tax Authority, by reference to the tax corrections made by the Tax Authority in the tax inspection of the years 2010 and 2011. The favourable expectation stems from the results that the Bank has been recording in the different judicial instances, culminating in the decision of the Supreme Administrative Court on 11 January 2024, which dismissed the appeal filed by the Tax Authority. This decision concluded the proceedings from 2010 and 2011 and solidified the Bank’s position.

NOTE 31
OTHER ASSETS

On 31 December 2023 and 2022, this caption was broken down as follows**:**

	2023	2022
Debtors and other applications		
Futures and options debtors	25,913,833	37,517,349
Diverse applications		
Margin applications	18,666,833	6,136,272
Other applications	7,590,367	14,469,333
Public sector	145,740	115,648
Other debtors	473,093	653,968
Credit and Interest Due - Debtors and other applications	260,923	249,697
Other assets	133,899	133,899
	53,184,688	**59,276,166**
Impairment losses on other assets	(253,226)	(220,578)
	52,931,462	**59,055,588**
Expenses with deferred costs	1,752,780	748,253
Income receivable	1,925,479	1,498,201
Other accruals and deferrals		
Other operations to be regularized	1,193,923	2,638,992
	1,193,923	**2,638,992**
	57,803,644	**63,941,034**

The item Futures and options debtors and options relates essentially to initial margins on market futures.

The caption Margin Applications refers to collateral maintained with counterparties for trading in derivative instruments.

The caption Other pending transactions essentially relates to transactions that were still to be settled on 31 December 2023 and 31 December 2022.

The item Expenses with deferred costs includes amounts relating to general administrative expenses which, according to their nature, are to be deferred.

The caption of Income receivable relates to amounts receivable from fund management entities.

The movements in impairment losses for other assets are presented as follows:

	2023	2022
Opening balance	**220,578**	**218,146**
Additions	128,383	26,085
Reversals	(93,260)	(24,606)
Used	-	953
Currency exchange	(2,475)	-
Closing balance	**253,226**	**220,578**

NOTE 32
FINANCIAL LIABILITIES ENTERED IN THE ACCOUNTS AT FAIR VALUE THROUGH PROFIT OR LOSS

On 31 December of 2023 and 2022, this caption is composed as follows:

	2023	2022
Financial liabilities designated at fair value through profit or loss	19,039,869	20,831,235
	19,039,869	**20,831,235**

On 31 December of 2023 the balance of this caption results from short sales of German sovereign debt, made in order to hedge the interest rate risk of the Group's portfolio.

The evolution of the caption of Financial liabilities entered in the accounts at fair value through profit or loss may be consulted in the table below:

	2023			2022		
	Book Price	***Fair Value***	***MtM***	***Book Price***	***Fair Value***	***MtM***
Financial liabilities designated at fair value through profit or loss	(19,319,951)	(19,039,869)	280,082	(26,718,586)	(20,831,235)	5,887,351
	(19,319,951)	**(19,039,869)**	**280,082**	**(26,718,586)**	**(20,831,235)**	**5,887,351**

NOTE 33
FINANCIAL LIABILITIES MEASURED AT AMORTISED COST – FUNDING FROM OTHER BANKS

On 31 December 2023 and 2022, this caption was broken down as follows:

	2023	2022
Domestic		
Deposits	10,752,801	15,640,038
	10,752,801	**15,640,038**
Abroad		
Deposits	29,247,917	28,384,758
REPO's	91,718,073	279,919,427
	120,965,990	**308,304,185**
	131,718,791	**323,944,223**

The captions of Deposits essentially comprise deposits made by banks in the Group. The amounts relating to Repurchase agreements relate to loans obtained, with collateral of securities, contracted with international institutions.

The average interest rate during the year ended on 31 December of 2023 was 3.7% (31 December 2022: 0.6%).

The residual maturity of Deposits from other banks can be analysed as follows:

	2023	2022
Up to 3 months	131,718,791	323,694,223
From 3 months to 1 year	-	250,000
	131,718,791	**323,944,223**

NOTE 34
FINANCIAL LIABILITIES MEASURED AT AMORTISED COST – RESOURCES FROM CENTRAL BANKS

On 31 December of 2023 and 2022, this caption is composed as follows:

	2023	2022
Funding from central banks		
Term deposits	-	25,017,361
	-	**25,017,361**

The residual period of Resources from central banks may be analysed as follows:

	2023	2022
Up to 3 months	-	25,017,361
	-	**25,017,361**

The full amount of this caption as of 31 December 2022 consisted of funds held in longer-term refinancing operations under the LTRO (*Long Term Refinancing Operation*) programme granted by the European Central Bank, renewed for identical periods until 28 September 2023. These instruments were funded at an interest rate applicable to the main refinancing operations (MRO).

The average interest rate of the term deposits during the year ended on 31 December 2023 was 3.9% (31 December 2022: 0.2%).

NOTE 35
FINANCIAL LIABILITIES MEASURED AT AMORTISED COST – FUNDING FROM CLIENTS

On 31 December 2023 and 2022, this caption was broken down as follows**:**

	2023	2022
Demand deposits	589,736,903	990,629,705
Term deposits	1,346,581,857	497,099,286
Other	88,255,417	123,715,902
	2,024,574,177	**1,611,444,893**

The caption Other essentially relates to the clients balances available and used in margin accounts, as part of the trading of securities and derivative instruments.

The average interest rate of term deposits during the year ended on 31 December 2023 was 1.5% (31 December 2022: 0.3%).

The residual periods of Funding from clients were structured as follows:

	2023	2022
Up to 3 months	1,326,868,669	1,371,538,974
From 3 months to 1 year	675,232,109	208,189,861
From 1 to 5 years	22,473,399	31,716,058
	2,024,574,177	**1,611,444,893**

NOTE 36
FINANCIAL LIABILITIES MEASURED AT AMORTISED COST – OTHER LIABILITIES REPRESENTED BY SECURITIES

On 31 December 2023 and 2022, this caption was broken down as follows**:**

	2023	2022
Other responsabilities represented by securities		
Commercial Paper	13,149,177	-
	13,149,177	**-**

The remaining terms had the following structure:

	2023	2022
From 3 months to 1 year	13,149,177	-
	13,149,177	**-**

As of 31 December 2023, the liabilities represented by securities correspond to three commercial paper issuances.

NOTA 37
PROVISIONS OR REVERSAL OF PROVISIONS

On 31 December 2023 and 2022, this caption was broken down as follows:

	Other provisions
Balance on 31 December 2021	**808,726**
Reversals	(365,069)
Additions	23,000
Balance on 31 December 2022	**466,657**
Reversals	-
Additions	61,171
Used	(39,999)
Balance on 31 December 2023	**487,829**

The caption Other provisions includes provisions set up to cover other specific risks, legal proceedings and other losses arising from the Bank's activity.

The uses in 2023 mainly relate to Other losses arising from the Bank's activities.

NOTE 38
SHARE CAPITAL REIMBURSABLE AT SIGHT

The General Meetings of the BiG held on 08 May 2014 and on 21 April 2016, authorised the Board of Directors to make a capital increase through the issue of redeemable preferred shares intended for workers and members of the Corporate Offices of the Bank. Following these deliberations, in July 2016, the Board of Directors of the Bank made a capital increase by the issue of 12,000,000 (twelve million) non-voting redeemable preferred shares, which was the first underwriting program of this type of shares.

The underlying shares to this first underwriting program were redeemed on September 2019, having been implemented a new underwriting program of this type of shares on May 2020.

The non-voting redeemable preferred shares have characteristics that grant this instrument a hybrid nature as they share clear characteristics of debt instruments. It is for this reason that, under the International Accounting Standards, they are classified as a financial liability, in the caption Instruments representing capital with the nature of liabilities, and the respective income paid is entered as interest.

The redeemable preferred shares issued by BiG are, in accordance with the deliberation for their issue and the current wording of BiG's by-laws, subject to redemption in the period of 38 months from the date of their issue, or rather, the shares are issued for a fixed period and both the issuer and their holders have an unconditional right to redemption, with reimbursement of the capital holding and to the redemption premium, in accordance with the following formula:

Redemption premium per share: Max [0; 1.5 x (VCPAn – VCPAi) / VCPAi] x VN
VN – Nominal value
VCPAi – Book value per share at the time i (last statement of financial position annual prior to the issue date)
VCPAn – Book value per share at the time n (last statement of financial position annual prior to the redemption date)
1.5 – Multiple of book value
For the purposes of the calculation of the book value per share the total number of ordinary shares is considered.
Redemption Period / Date: 38 months

In the event of the occurrence of an exceptional corporate situation that affects the book value of the shares, the redemption premium may be adjusted so that the holder is not affected positively or negatively by this event, in the terms set out in the Regulations of the second underwriting program of redeemable preferred shares in force in the Bank**.**

In December 2021, a capital increase was carried out, decided by the Board of Directors of the Bank on 12 November 2021, with the issue of 15,000,000 new ordinary shares which, in itself, led to a direct reduction of the book value per share. Before this capital increase the book value per share was 2.2319 Euros and became 2.1331 Euros, and so an adjustment should be made to the formula for calculating the redemption premium of redeemable preference shares in order to ensure the neutrality of these events.

The need to adjust the calculation of the redemption premium was established in the justificatory report on the proposal to suppress pre-emption rights in the capital increase with the issue of redeemable preference shares, approved by BiG's Shareholders in the General Meeting of 21 April 2016, in the following terms: In the event of the occurrence of an exceptional corporate situation that has an impact on the book value of the shares, the redemption premium may be adjusted so that the holder is not affected positively or negatively by the said event, under the terms in the Regulation on the Allocation of Redeemable Preference Shares in force in the Bank.

In this regard, the technical sheet of the capital increase approved by the Bank's Board of Directors on 15 May 2016 also provides for the application of this adjustment mechanism to guarantee the full redemption premium contemplated in the event of exceptional corporate events, practised by BiG, that could artificially impair the expected redemption premium.

In the same way, the Regulations of the second subscription program of redeemable preference shares for employees and executive directors of Banco de Investimento Global, S.A., of December 2019, approved by BiG and accepted by the subscribers of the redeemable preference shares establishes that, if Banco de Investimento Global, S.A. performs any act that can affect the rights of the holders of the redeemable preference shares, namely with regard to the calculation of the redemption premium, the Bank will make the necessary adjustments so that these rights of the holders of the redeemable preference shares are identical to those that would exist if the act were not performed.

Consequently, to offset the impact of the capital increase carried out in December 2021, the book value per share calculated based on the last annual statement of financial position before the Redemption Date should be multiplied by the correction factor 1.0463393 (corresponding to the result of [2.2319 Euros/2.1331 Euros]), as per the formula below:

Redemption premium per share: Max [0; 1.5 x (VCPAn x F – VCPAi) / VCPAi] x VN
VN – Nominal value
VCPAi – Book value per share at the time i (last annual statement of financial position before the date of issue)
VCPAn – Book value per share at the time n (last annual statement of financial position before the redemption date)
1.5 – Multiple of book value
F – Correction factor of corporate events, corresponding to 1.0463393
For the purpose of calculating the book value per share, the total number of ordinary shares will be considered.
Period / Redemption Date: 38 months

The accounting policy inherent to the accounting of this type of instrument is described in Note 2.7. Capital Instruments.

The preferred shares matured in 2023. On 31 December of 2022, according to the formula for calculating the redemption premium, there was record in the financial statements relating to the accrual of this premium. The value recorded at the end of the year also includes the recognition of the cost with the estimated dividend for 2022 amounting to 582,475 Euros. The estimated dividend recorded in the year 2022 was paid in 2023.

The second program for subscribing redeemable preferred shares ended in July 2023, with the shares redeemed in that month.

	2023	2022
Instruments representing capital	-	12,231,975

NOTE 39
CONTINGENT LIABILITIES – RESOLUTION FUND

The Resolution Fund is a legal entity under public law with administrative and financial autonomy, created by Decree Law no. 31-A/2012, of 10 February, which is governed by the General Regime of Credit Institutions and Financial Companies (“RGICSF”) and by its regulations and whose mission is to provide financial support to the resolution measures applied by the Banco de Portugal, in the capacity of the national resolution authority, and to perform all the other functions granted by the law related with the execution of these measures.

Like most of the financial institutions operating in Portugal, the Bank is one of the participants in the Resolution Fund, making contributions that result from the application of a rate defined annually by the Bank of Portugal, which is based on the amount of its liabilities. In 2023, the Bank’s periodical contribution amounted to 317,937 Euros (31 December 2022: 549,159 Euros), based on a contribution rate of 0.057% calculated pursuant to Instruction 22/2021 of the Bank of Portugal.

As part of its responsibility as the authority of supervision and resolution of the Portuguese financial sector, on 3 August 2014, the Banco de Portugal decided to apply a resolution measure to Banco Espírito Santo, S.A. (“BES”), pursuant to article 145º-G(5) of the *Regime Geral das Instituições de Crédito e Sociedades Financeiras* (RGICSF), which consisted in the transfer of the majority of its activity to a transition bank, called Novo Banco, S.A. (“Novo Banco”), created especially for this purpose.

To make up the share capital of the Novo Banco, the Resolution Fund provided 4,900 million Euros, of which, 377 million Euros corresponded to its own financial resources. A loan of 700 million Euros was also granted by a bank syndicate to the Resolution Fund, the participation of each credit institution being weighted according to diverse factors, including the respective size. The remaining amount (3,823 million Euros) was from a refundable loan granted by the Portuguese State.

In December 2015, the national authorities decided to sell the majority of assets and liabilities associated to the activity of Banif – Banco Internacional do Funchal, S.A. (“Banif”) to Banco Santander Totta, S.A. (“Santander Totta”), for 150 million Euros, also in the context of the application of a resolution measure. This operation involved an estimated amount of 2,255 million Euros in public funds which aimed to cover future contingencies, of which 489 million Euros was financed by the Resolution Fund and 1,766 million Euros directly by the Portuguese State. In the context of this resolution measure, Banif’s assets identified as problematic were transferred to an asset management vehicle, created for the purpose – Oitante, S.A., with the Resolution Fund being the sole holder of its share capital, through the emission of bonds representative of the debt of this vehicle, amounting to 746 million Euros, with the guarantee of the Resolution Fund and counter-guarantee of the Portuguese State.

The resolution measures applied in 2014 to the BES (a process that gave rise to the creation of Novo Banco) and in 2015 to Banif created uncertainties related with the risk of litigation involving the Resolution Fund, which is significant, and also with the risk of the possible shortage of funds to cover the liabilities, in particular the short-term reimbursement of the financing taken out.

It was in this context that in the second semester of 2016 that the Portuguese Government reached an agreement with the European Commission, in order to alter the conditions of the financing granted by the Portuguese State and by the banks participating in the Resolution Fund in order to preserve financial stability, by means of fostering conditions that would grant predictability and stability to the contributory effort towards the Resolution Fund. For the purpose, a supplement to the loan contracts to the Resolution Fund was formalised, which introduced a series of alterations to the reimbursement plans, to the rates of remuneration and other terms and conditions associated to these loans in order to adjust them to the capacity of the Resolution Fund to fully meet its obligations based on its normal revenue, or rather, without the need to charge special contributions or any other type of extraordinary contribution from the banks participating in the Resolution Fund.

According to the statement of the Resolution Fund of 31 March 2017, the review of the conditions of the financing granted by the Portuguese State and by the participating banks aimed to ensure the sustainability and financial equilibrium of the Resolution Fund, based on a stable, predictable and affordable charge for the banking sector. Based on this review, the Resolution Fund assumed that the full payment of the responsibilities of the Resolution Fund is ensured, and also the respective remuneration, without the need for the banking sector to resort to special contributions or any other type of extraordinary contributions.

Additionally on 31 March 2017, the Banco de Portugal advised that it had selected the Lone Star Fund for the purchase of Novo Banco, which was concluded on 17 October 2017. The Lone Star Fund became the owner of 75% of the share capital of Novo Banco and the Resolution Fund the remaining 25%. Furthermore, the conditions approved include a contingent funding mechanism, pursuant to which the Resolution Fund, as a shareholder, may be called on to make injections of capital if certain cumulative conditions arise. The possible capital injections to be made pursuant to this contingent mechanism are subject to an absolute maximum limit of 3,890 million Euros during a period of 8 years. On 18 October 2017, Banco de Portugal and the Resolution Fund announced the decision to conclude the sale of Novo Banco to Lone Star.

Given the renegotiation of the conditions of the loans granted to the Resolution Fund by the Portuguese State and by the bank syndicate, in which theBank is not included, and the public statements made by the Resolution Fund and by the Office of the Minister for Finance which mention that this possibility will not be used, although this possibility is contemplated in the applicable legislation on the payment of special contributions, these financial statements do not reflect any eventual future requirement for the Bank to make special contributions or any extraordinary contributions to finance the resolution measures applied to BES and to Banif, and also the contingent funding mechanism mentioned in the previous paragraph.

Given the relevance and materiality of the topic, the Group has closely accompanied all the events that implied alterations regarding the operation of the Resolution Fund, having recognised, immediately in 2014, in the caption of provisions for general banking risks, a provision to address contingencies arising from this event, based on the Bank's prudent interpretation of paragraph 14 of IAS 37.

In this context of uncertainty, and in spite of the background presented, in order to address the guidelines given by the Banco de Portugal in this matter, in 2017 BiG reversed the remaining amount of 3,500,000 Euros of the provision relating to the Resolution Fund set out in the caption of Provisions for general banking risks; this provision was constituted in 2014, presenting a balance of 8,000,000 Euros at the close of that year; the balance of this provision was reinforced in 2015 to 9,000,000 Euros, and partially reversed in 2016 to 3,500,000 Euros.

NOTE 40
TAXATION

The Bank and its subsidiaries based in Portugal determined the amount of its current tax on income for the years 2023 and 2022 based on a nominal tax rate of 21%, plus a municipal surtax rate of 1.5%. An additional rate of 3% relating to the State Tax is also applied, for the years 2023 and 2022 on the taxable income of over 1.5 million Euros to 7.5 million Euros, a rate of 5% relating to State Tax is also applied to taxable income between 7.5 million Euros and 35 million Euros, and a rate of 9% for State Tax being applied to taxable income over 35 million Euros.

The Bank and its subsidiaries based in Portugal calculated the amount of its deferred taxes for the years 2023 and 2022, based on a nominal rate of 21%, plus a municipal surcharge rate of 1.5% and a state surcharge rate that can vary between 3% and 9% when taxable income is greater than 1.5 million Euros.

The Portuguese Tax Authorities are empowered to review the Bank's calculation of its annual taxable earnings and that of its subsidiaries based in Portugal for a period of 4 years, except if there are reportable tax losses, where the period of expiry is the year of this right. In this way, possible corrections may be made to the tax base, resulting mainly from differences in interpretation of fiscal legislation. However, the Board of Directors considers that there are no material differences in respect of taxation of profits recorded in the financial statements.

The deferred tax assets and liabilities recognised in the Balance Sheet in 2023 and 2022 may be analysed as follows:

	2023	2022
Financial assets at fair value through other comprehensive income	27,555,108	41,122,068
Financial assets at fair value through profit and loss	(3,453,765)	(1,706,149)
Intangible assets	(450,537)	(508,671)
Other	422,720	115,217
Net deferred tax asset / (liability)	**24,073,526**	**39,022,465**
Movement of tax in the year	**(14,948,939)**	**29,999,754**

In 2022, as part of the creation of a new business model focused on generating medium-term net interest income, assets were transferred from Financial assets at fair value through other comprehensive income to Financial assets at amortized cost. This transfer was reflected in the deferred tax item, resulting in an annulment of the deferred tax associated with the fair value of the assets in the Financial assets at fair value through other comprehensive income item. This annulment resulted in a reduction of deferred tax assets recorded in the balance sheet as of 31 December 2022 by an amount of 13,826,128 Euros.

The movement of the income tax reported in results and reserves in the year is explained as follows:

	2023	2022
Recognised in reserves		
Current tax		
Of the year	-	1,165,158
	-	1,165,158
Deferred tax		
Of the year	(13,566,960)	30,270,164
	(13,566,960)	**31,435,322**
Recognised in results		
Current tax		
Of the year	(8,790,805)	(3,946,494)
From previous years	76,675	340,602
	(8,714,130)	**(3,605,892)**
Deferred tax	(1,373,529)	(274,776)
	(10,087,659)	**(3,880,668)**
	(23,654,619)	**27,554,654**

The reconciliation of the tax rate for 2023 and 2022 may be analysed as follows:

	2023		2022	
	Tax rate	Amount	Tax rate	Amount
Pre-tax profit		37,780,583		14,601,114
Estimated tax charge	35.44%	13,389,678	42.06%	6,141,689
Non-deductible costs for tax purposes	1.29%	486,719	1.64%	239,524
Tax benefits	-0.21%	(81,001)	-1.21%	(176,253)
Contribution on the banking sector	1.27%	480,769	2.86%	418,073
Other	-11.09%	(4,188,506)	-18.78%	(2,742,365)
	26.70%	**10,087,659**	**26.58%**	**3,880,668**

The item Others essentially comprises: (i) tax adjustments related to the elimination of double economic taxation; and (ii) tax adjustments arising from the application of the fair value tax recognition method.

In compliance with Article 41 of the Investment Tax Code, it should be mentioned that BiG Serviços Financeiros, S.A. receives the tax benefit provided for in Article 38 of the Investment Tax Code, resulting in a tax saving that amounted to 71,680 Euros. This amount is reflected in the line item Tax Benefits in the above table.

NOTE 41
OTHER LIABILITIES

On 31 December 2023 and 2022, this caption was broken down as follows:

	2023	2022
Creditors and other dues		
Diverse funding	9,731,484	48,467,102
Public sector	3,227,875	1,863,897
Charges on behalf of third parties	20,611	58,243
Lease liabilities	873,042	975,950
Other creditors	1,342,588	3,706,461
	15,195,600	**55,071,653**
Costs payable		
Staff charges	4,363,432	2,680,797
Other charges payable	1,064,247	1,109,262
	5,427,679	**3,790,059**
Deferred income	18,296	77,721
Other accruals and deferrals		
Other operations to be settled	5,896,996	12,101,196
Non controlling interests	34,898,658	21,291,782
	40,795,654	**33,392,978**
	61,437,229	**92,332,411**

The item Diverse Funding refers to collateral margins transferred by counterparties under repurchase agreements (repo).

The item Diverse Creditors includes an amount of 750,000 Euros associated with a component of the acquisition price of DIF Broker. In 2022, this category additionally included amounts estimated for the variable price component expected to due in 2023 and 2024. As of 31 December 2023, based on the 2023 performance of the business acquired by BiG, and in accordance with the share purchase agreement, no additional payment of variable price is expected beyond the payments already made in 2022 and 2023.

Lease liabilities refer to the present value of the future payments of the Group's leasing operations, specifically relating to buildings and vehicles.

The caption Other operations to be settled relates essentially to operations which were outstanding at 31 December 2023 and 2022.

The caption Non-controlling interests includes the non-controlling interests associated with the consolidation of the BiG Diversified Macro Fund and ONETIER – Risk Capital Fund.

For the years ended on 31 December 2023 and 2022, below is the detail of the Lease liabilities caption:

	2023	2022
Opening balance	**975,950**	**1,273,988**
Additions	640,985	401,925
Interest	4,434	9,848
Other	(8,930)	-
Payments	(600,313)	(695,050)
Write-downs	(139,084)	(14,761)
Closing balance	**873,042**	**975,950**

On 31 December of 2023 and 2022, the future payments relating to Lease liabilities are detailed as follows:

	2023			2022		
	Buildings	Vehicles	Total	Buildings	Vehicles	Total
Up to 3 months	101,200	32,718	133,918	88,481	79,733	168,214
From 3 months to 1 year	147,497	68,648	216,145	250,311	210,605	460,916
From 1 to 5 years	345,672	146,996	492,668	310,145	204,067	514,212
Over 5 years	35,000	-	35,000	51,800	-	51,800
	629,369	**248,362**	**877,731**	**700,737**	**494,405**	**1,195,142**

NOTE 42
CAPITAL, ISSUE PREMIUMS, TREASURY STOCK AND RESERVES

Capital

On 17 December 2021 a capital increase was made amounting to 15,000,000 Euros, with the issue of 15,000,000 of ordinary shares with the nominal value and subscription price of 1 Euro per share, the Group's capital then being represented by 186,947,388 ordinary shares, with the nominal value of 1 Euro each, fully subscribed and paid up.

On 31 December 2023 and 2022, the Bank's shareholder structure was the following:

	2023	2022
	Ordinary Shares	Ordinary Shares
Adger – SGPS, S.A.	12.67%	12.67%
Carlos Adolfo Coelho Figueiredo Rodrigues	8.38%	8.38%
Maria Aldina Fernandes Valente	6.60%	6.33%
António da Silva Rodrigues	6.33%	6.33%
Nicholas Leo Racich	6.27%	6.27%
WWC World Wide Capital - SPGS, S.A.	4.79%	4.79%
JRI – SGPS, S.A.	4.55%	4.55%
Bâloise Vie Luxembourg S.A.	4.49%	4.49%
Oceangest - Gestão e Empreendimentos Imobiliários, S.A.	4.10%	4.10%
Peter Alexander Batista Rodrigues	2.58%	2.58%
Phillip John Batista Rodrigues	2.48%	2.48%
LNKM Hospitality Capital - Fundo Capital de Risco	2.03%	2.03%
Outros	34.73%	35.00%
	100.00%	**100.00%**

On 31 December 2022 the Group held 12,000,000 non-voting redeemable preferred shares issued, which had the nature of liabilities (note 38). Thus, even though strictly for statutory purposes the Group´s share capital was considered to be 198,947,388 Euros, given the accounting treatment and characteristics of the redeemable non-voting preferred shares, the caption Share capital was represented by 186,947,388 ordinary shares with the nominal value of 1 Euro each.

The first issuance of redeemable preferred shares was done on July 2016. As foreseen under the terms on the deliberation of the issuance of these stocks, their redemption occurred on 16 September 2019.

Having in sight a second underwriting program of redeemable preferred shares targeted to BiG's Employees and Executive Board Members, on 27 May 2020 was concluded a new issuance of this type of shares in the amount of 12,000,000, in replacement of the shares redeemed on September 2019. These shares were redeemed in June 2023.

Issue premiums

On 31 December 2023 and 2022, the issue premiums amounting to 1,362,307 Euros refer to the premiums paid by the shareholders in the capital increases made.

Treasury stock

During 2023 and 2022, there were no movements in the Treasury stock caption, totalling a value of 2,326 Euros on 31 December 2022.

Other accumulated comprehensive income

The caption Other accumulated comprehensive income represents potential capital gains and losses relating to the portfolio of financial assets at fair value through other comprehensive income plus impairment recognised in the income statement and the effects of hedge accounting. The value of this item is presented net of deferred taxation and current taxation.

The caption Other accumulated comprehensive income for the years ended on 31 December 2023 and 2022 is analysed as follows:

	2023	2022
Cost of financial assets at fair value through other comprehensive income (note 22) [1]	1,156,765,313	1,144,037,519
Market value of financial assets at fair value through other comprehensive income	1,069,926,247	1,013,518,043
Fair value reserve of financial assets at fair value through other comprehensive income	(217,418,353)	(304,378,446)
Fair value reserve associated to macro-hedging for interest rate risk	128,337,532	170,380,880
Impairment of financial assets at fair value through other comprehensive income	2,241,755	3,478,090
Deferred tax	27,535,726	41,119,766
Current tax	25,672	(188,657)
Currency revaluation	2,288,625	3,190,650
	(56,989,043)	**(86,397,717)**

[1] Amortized cost including accrued interest, impairments, and effects of interest rate risk hedging for debt securities and acquisition cost with respect to shares and other equity instruments.

Other reserves

The equity item Other reserves on 31 December of 2023 includes the amounts constituted by the Banco de Investimento Global as legal reserves, free reserves and other retained earnings. These components are detailed below:

I. Legal reserve
Pursuant to article 97 of the General Regime of Credit Institutions and Financial Companies approved by Law no. 298/91, of 31 December and altered by Law no. 201/2002, of 25 September, the companies of the Bank should set aside a portion of not less than 10% of net profits in each year for the creation of a legal reserve, up to a limit equal to the value of the share capital or to the sum of the free reserves set up and of the retained earnings, if greater. With reference to 31 December 2023 the Bank's legal reserves totalled 56,035,770 Euros (31 December 2022: 54,261,492 Euros).

II: Free reserve
With reference to 31 December 2023, the Bank's free reserves amount to 176,302,070 Euros (31 December 2022: 174,796,098 Euros) representing the total accumulated results of the Bank not distributed and/or not constituted as a legal reserve.

III. Other retained earnings
The caption of other retained earnings includes the gains and losses associated to capital instruments (potential and real values) that the Bank has irrevocably designated at fair value through other comprehensive income. According to the requirements of IFRS 9, these gains and losses are recorded in equity and not recycled to the income statement. With reference to 31 December 2023 the caption of other retained earnings totals 3,730,066 Euros (31 December 2022: 3,298,974 Euros).

There are no statutory restrictions on the use of reserves, being applicable only those resulting from legal provisions, namely, those provided for in Article 295 of the Commercial Companies Code in relation to legal reserves.

The movement of the fair value reserve, net of taxation, for the years 2023 and 2022 is analysed in the following manner:

	2022	Variations in fair value	Hedge accounting Fair value hedge adjustment	Disposals	Changes in the business model	Tax	2023
Financial assets at fair value through other comprehensive income							
Debt instruments	(88,994,953)	85,747,121	(51,828,548)	9,785,200	-	(13,575,847)	(58,867,027)
Capital instruments	(378,702)	(24,288)	-	-	-	(7,651)	(410,641)
Currency Revaluation	2,975,938	(687,313)	-	-	-	-	2,288,625
	(86,397,717)	**85,035,520**	**(51,828,548)**	**9,785,200**	**-**	**(13,583,498)**	**(56,989,043)**

	2021	Variations in fair value	Hedge accounting Fair value hedge adjustment	Disposals	Changes in the business model	Tax	2022
Financial assets at fair value through other comprehensive income							
Debt instruments	(23,585,481)	(317,500,378)	167,437,312	10,668,758	30,066,343	43,918,493	(88,994,953)
Capital instruments	(156,247)	(324,500)	-	-	-	102,045	(378,702)
Currency Revaluation	1,953,756	1,022,182	-	-	-	-	2,975,938
	(21,787,972)	**(316,802,696)**	**167,437,312**	**10,668,758**	**30,066,343**	**44,020,538**	**(86,397,717)**

In 2022 and as part of the creation of a new business model focused on generating medium-term net interest margin, a transfer of assets was made from the heading Financial assets at fair value through other comprehensive income to Financial assets at amortized cost. This transfer was reflected in the fair value reserve, recorded in equity, in the amount of 30,066,343 Euros (gross value: 43,892,471 Euros; deferred tax asset: 13,826,128 Euros).

Non-controlling interests

This item records the interests that the Group does not control associated with the consolidation of Banco BiG Moçambique. This caption is presented as follows:

	2023	2022
Banco BiG Moçambique, S.A.	5,628,664	5,545,416

The movement of this caption in the period is presented as follows:

	2023	2022
Opening balance	**5,545,416**	**4,849,205**
Other comprehensive income	80,034	(16,298)
Currency exchange differences	(200,197)	391,548
Net result	3,497,857	478,959
Transfers to reserves	-	-
Dividends	(484,885)	(332,643)
Reserves	-	(59,787)
Non controlling interest in Liabilities	(2,809,561)	234,432
Closing balance	**5,628,664**	**5,545,416**

NOTE 43
OFF–BALANCE SHEET ACCOUNTS

On 31 December 2023 and 2022, this caption was broken down as follows:

	2023	2022
Guarantees provided and other liabilities		
Assets given as guarantee	1,193,604,846	1,165,816,277
Guarantees and sureties	141,450	152,110
	1,193,746,296	**1,165,968,387**
Guarantees received		
Personal guarantees		
Guarantees and sureties	1,470,558	1,899,147
Real guarantees		
Securities	167,067,359	125,015,594
Loans	5,874,828	6,250,372
Real Estate	5,256,871	5,732,758
	179,669,616	**138,897,871**
Commitments before third parties		
Irrevocable commitments		
Potential liability to the Investor Compensation System	674,614	674,614
Revocable commitments		
Bank overdraft facilities	30,509,323	36,641,342
	31,183,937	**37,315,956**
Foreign exchange operations and derivative instruments		
Foreign exchange spot transactions	1,562,384	234,185
Trading instruments	161,036,829	128,603,368
Hedging instruments	990,133,937	719,874,217
	1,152,733,150	**848,711,770**
Liabilities for services provided		
Asset custody and deposit	3,854,288,328	3,232,744,143
For asset administration	205,028,187	671,923,000
For collection of amounts	1,348,660	1,461,919
	4,060,665,175	**3,906,129,062**
Services rendered by third parties		
Asset custody and deposit	3,580,846,183	2,943,658,143
	3,580,846,183	**2,943,658,143**
Other off-balance-sheet accounts		
Consignments	17,030	17,048
Credit written off from assets	153,130	78,712
	170,160	**95,760**

On 31 December 2023 and 2022, the balance of the caption Assets Given as Guarantee includes:

- securities provided as a guarantee to the Investor Compensation System amounting to 1,253,595 Euros (31 December 2022: 718,550 Euros);
- securities in the pool of the European System of Central Banks in the amount of 821,849,928 Euros (31 December 2022: 605,538,594 Euros). As of 31 December 2022, securities recorded in the pool were pledged as collateral for 25,000,000 Euros (as of 31 December 2023, there were no assets pledged as collateral);
- other securities provided as a guarantee 370,506,701 Euros (31 December 2022: 559,424,297 Euros). Other securities given as guarantee correspond to a pool of securities, of which a significant part was not being used as collateral in liquidity operations.

NOTE 44
TRANSACTIONS WITH RELATED PARTIES

The Group's policy on transactions with related parties establishes the rules to be observed and procedures to be followed, whenever there are transactions with related parties. Within the terms contemplated in IAS 24, and based on this policy, the following are considered related parties of the BiG, namely:

i. Qualified participants of the institution and other people or entities covered by the regime foreseen on article 109 of the General Regime of Credit Institutions and Financial Companies;
ii. the members of the corporate and supervisory bodies of BiG;
iii. the spouse, domestic partner, close members of the family of the people mentioned in line (ii) above;
iv. an entity in which a corporate or supervisory bodies member, or its spouse, domestic partner, or close members of the family hold a qualified stake equal or higher than 10 % of the share capital or of the voting rights, or on which those people exercise significant influence or exercise senior management functions or belong to the corporate and supervisory bodies;
v. Senior staff members, who correspond to people with a category or functions, with authority and responsibility for the planning, management and control of activities of the Group;
vi. any fund or benefit plan, such as pensions, other retirement benefits, life insurance and medical care insurance, for the benefit of the employees of BiG;
vii. Members of the corporate bodies of entities belonging to the Group;
viii. the people or entities, including namely, depositors, creditors, debtors, participated entities by BiG, Bank's employees or of other Group's entities, which through the relation with BiG may, potentially, influence its management, in such way to obtain a commercial relationship not in line with the normal market conditions.
ix. the entities of any Related Party with BiG that are: (i) partner; (ii) director, namely as a member of the corporate or supervisory bodies or if it has regular access to privileged information and participates in decisions related to management and control of the entity or (iii) holder, individually or jointly, directly or indirectly of, at least, half of the respective share capital or voting rights, as well as entities which have been incorporated for the benefit of any BiG's Related Party; and
x. Entities with which there is an interdependent economic relationship, namely due to their insertion in a crossed relationship of participations in diverse entities or that, for being connected to the institution is such a way, in the contingency of one of them having financial problems, the institution may also struggle financially.

On 31 December 2023 and 2022, the balances reflected in the captions of Assets relating to related parties are represented as follows:

	2023			
	Other demand deposits	Financial assets at fair value through other comprehensive income	Loans and advances - Clients	Other Assets
Shareholders with holdings over 10%	-	-	-	1
Governing Body	-	-	63,465	10,000
Closely related people	-	-	-	-
Related companies	-	13,978	-	12,207
Senior management of Group companies	-	-	60,521	11,300
	-	**13,978**	**123,986**	**33,508**

	2022			
	Other demand deposits	Financial assets at fair value through other comprehensive income	Loans and advances - Clients	Other Assets
Shareholders with holdings over 10%	-	-	-	985
Governing Body	-	-	4,600,620	10,000
Closely related people	-	-	-	-
Related companies	-	13,978	-	12,208
Senior management of Group companies	-	-	2,426,238	-
	-	**13,978**	**7,026,858**	**23,193**

On 31 December 2023 and 2022, the balances reflected in the captions of Liabilities relating to related parties are represented as follows:

	2023		
	Funding from Clients	Funding from other banks	Other Liabilities
Shareholders with holdings over 10%	5,199,944	63	-
Governing Body	4,592,691	-	-
Closely related people	1,159,558	-	-
Related companies	6,296,098	-	3
Senior management of Group companies	2,158,501	-	-
	19,406,792	**63**	**3**

	2022		
	Funding from Clients	Funding from other banks	Other Liabilities
Shareholders with holdings over 10%	4,170,963	-	-
Governing Body	4,064,014	-	22,250
Closely related people	3,077,326	-	-
Related companies	10,385,997	-	17,705
Senior management of Group companies	2,396,677	-	11,450
	24,094,977	**-**	**51,405**

On 31 December 2023 and 2022, the balances reflected in the captions of the Income Statement relating to related parties are represented as follows:

	2023				
	Interest income	Interest expenses	Fees and comissions income	Fees and comissions expenses	Staff costs
Shareholders with holdings over 10%	-	(29,486)	875	-	-
Governing Body	703	(18,149)	5,532	-	4,659,697
Closely related people	-	(6,041)	2,273	-	-
Related companies	-	(101,381)	11,939	-	-
Senior management of Group companies	-	(17,132)	1,971	-	(1,345,445)
	703	**(172,189)**	**22,590**	**-**	**3,314,252**

	2022				
	Interest income	Interest expenses	Fees and comissions income	Fees and comissions expenses	Staff costs
Shareholders with holdings over 10%	5,238	(2,415)	14,314	(301)	-
Governing Body	694	(1,103)	4,595	-	(5,797,856)
Closely related people	-	(589)	756	-	-
Related companies	-	(2,929)	12,157	-	-
Senior management of Group companies	-	(2,035)	924	-	(1,182,037)
	5,932	**(9,071)**	**32,746**	**(301)**	**(6,979,893)**

NOTE 45
FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

On 31 December 2023 and 2022, the fair value of the financial assets and liabilities is presented as follows:

	Amortised cost	Total Balance Sheet value	Listed market values (level 1)	Evaluation models with parameters / prices observable in the market (level 2)	Evaluation models with no observable parameters in the market (level 3)	Fair value
31 december 2023						
Cash, cash balances at central banks and other demand deposits						
Cash and cash reserves at Central Banks	284,570,445	284,570,445	284,570,445	-	-	284,570,445
Other demand deposits	102,271,531	102,271,531	102,271,531	-	-	102,271,531
Financial assets at fair value through profit and loss						
Financial assets held for trading						
Securities						
Bonds and other fixed return securities						
From public issuers	-	35,790,084	34,412,238	-	1,377,846	35,790,084
From other issuers	-	35,849,182	30,487,900	4,342,320	1,018,962	35,849,182
Derivatives						
Term transactions	-	1,672,421	-	1,672,421	-	1,672,421
Non-trading financial assets mandatorily at fair value through profit or loss						
Securities						
Shares	-	6,948,881	-	-	6,948,881	6,948,881
Funds	-	174,138	-	-	174,138	174,138
Credits and other receivables	-	1,566,321	-	-	1,566,321	1,566,321
Financial assets accounted at fair value through profit and loss						
Securities						
Bonds and other fixed return securities						
From public issuers	-	8,216,780	-	8,216,780	-	8,216,780
From other issuers	-	334,083	-	334,083	-	334,083
Financial assets at fair value through other comprehensive income						
Bonds and other fixed return securities						
From public issuers	-	538,879,646	522,448,234	16,431,412	-	538,879,646
From other issuers	-	528,716,215	345,450,548	153,481,421	29,784,246	528,716,215
Shares	-	757,186	726,708	-	30,478	757,186
Other	-	1,573,200	1,573,200	-	-	1,573,200
Financial assets at amortised cost						
Debt securities	886,192,944	886,192,944	530,386,238	271,774,454	48,691,797	850,852,489
Loans and advances - Clients	19,952,928	19,952,928	-	-	19,952,928	19,952,928
Loans and advances - Central Banks	17,741,773	17,741,773	-	-	17,741,773	17,741,773
Loans and advances - Banks	70,318,652	70,318,652	-	-	70,318,652	70,318,652
Derivatives - Hedge accounting	-	9,086,629	-	9,086,629	-	9,086,629
Financial assets	**1,381,048,273**	**2,550,613,039**	**1,852,327,042**	**465,339,520**	**197,606,022**	**2,515,272,584**
Financial liabilities held for trading						
Derivatives						
FX forwards	-	2,837	-	2,837	-	2,837
Financial liabilities designated at fair value through profit or loss	-	19,039,869	19,039,869	-	-	19,039,869
Financial liabilities measured at amortised cost						
Funding from clients	2,024,574,177	2,024,574,177	-	-	2,024,574,177	2,024,574,177
Funding from other banks	131,718,791	131,718,791	-	-	131,718,791	131,718,791
Derivatives - Hedge accounting	-	20,330,077	-	20,330,077	-	20,330,077
Financial liabilities	**2,156,292,968**	**2,195,665,751**	**19,039,869**	**20,332,914**	**2,156,292,968**	**2,195,665,751**
31 December 2022						
Cash, cash balances at central banks and other demand deposits						
Cash and cash reserves at Central Banks	126,582,804	126,582,804	126,582,804	-	-	126,582,804
Other demand deposits	119,833,641	119,833,641	119,833,641	-	-	119,833,641
Financial assets at fair value through profit and loss						
Financial assets held for trading						
Securities						
Bonds and other fixed return securities						
From public issuers	-	11,035,070	9,748,820	-	1,286,250	11,035,070
From other issuers	-	42,134,458	36,733,372	5,401,086	-	42,134,458
Participation units of foreign issuers						
Derivatives		1,552,193	-	1,552,193	-	1,552,193
Term transactions	-					
Non-trading financial assets mandatorily at fair value through profit or loss						
Securities						
Shares	-	6,479,764	-	-	6,479,764	6,479,764
Funds	-	45,000	-	-	45,000	45,000
Credits and other receivables	-	1,262,536	-	-	1,262,536	1,262,536
Financial assets accounted at fair value through profit and loss						
Securities						
Bonds and other fixed return securities						
From public issuers	-	2,323,235	-	2,323,235	-	2,323,235
From other issuers	-	51,856	-	51,856	-	51,856
Financial assets at fair value through other comprehensive income						
Bonds and other fixed return securities	-					
From public issuers	-	536,417,504	499,756,323	36,661,181	-	536,417,504
From other issuers	-	474,638,282	323,688,479	143,595,853	7,353,950	474,638,282
Shares	-	864,769	834,291	-	30,478	864,769
Other	-	1,597,488	1,597,488	-	-	1,597,488
Financial assets at amortised cost						
Debt securities	847,122,893	847,122,893	463,742,475	315,476,836	-	779,219,311
Loans and advances - Clients	34,869,145	34,869,145	-	-	34,869,145	34,869,145
Loans and advances - Central Banks	8,815,094	8,815,094	-	-	8,815,094	8,815,094
Loans and advances - Banks	25,800,970	25,800,970	-	-	25,800,970	25,800,970
Derivatives - Hedge accounting	-	55,571,232	-	55,571,232	-	55,571,232
Financial assets	**1,163,024,547**	**2,296,997,934**	**1,582,517,693**	**560,633,472**	**85,943,187**	**2,229,094,352**
Financial liabilities designated at fair value through profir or loss	-	20,831,235	20,831,235	-	-	20,831,235
Financial liabilities measured at amortised cost						
Funding from clients	1,611,444,893	1,611,444,893	-	-	1,611,444,893	1,611,444,893
Funding from central banks	25,017,361	25,017,361	-	-	25,017,361	25,017,361
Funding from other banks	323,944,223	323,944,223	-	-	323,944,223	323,944,223
Share capital repayable on demand	12,231,975	12,231,975	-	-	12,231,975	12,231,975
Financial liabilities	**1,972,638,452**	**1,993,469,687**	**20,831,235**	**-**	**1,972,638,452**	**1,993,469,687**

The Group's Financial assets and liabilities at fair value are valued, pursuant to the IFRS 13, according to the following hierarchy:

Level 1– Financial instruments recorded at fair value based on the listed prices available in official markets and as disclosed by entities which usually provide prices of transactions for these assets/liabilities traded on liquid markets.

Level 2 – Financial instruments recorded at fair value through the use of internal evaluation models, specifically discounted cash flow models and option evaluation models, which imply the use of estimates and require judgements which vary according to the complexity of the products being assessed. However, the Bank uses variables provided by the market as inputs in its models, such as interest rate curves, credit spreads, volatility and indices on quotations. It also includes instruments the valuation of which is obtained through quotations divulged by independent entities but in markets which have much less liquidity.

Level 3 – This level includes financial instruments that are measured based on evaluation models with parameters that are not observable in the market and includes valuations determined by the use of internal evaluation models or quotations provided by third parties but where the parameters used are not observable in the market.

In the case of investments held in Fintech companies, fair value is calculated based on appropriate methodologies for this type of investment, in which the fair value generally corresponds to the transaction value, considering as such the purchase price or market price of a recent transaction. If there are materially relevant changes in the company's business that may suggest a change in fair value, and there being no observable data related to comparable companies or transactions, other internationally recognised methods are used, particularly assessment through analysis of compliance with Milestones based on financial, technical or product, human resources, commercial and financing indicators. According to this methodology, if a relevant deviation from the established Milestone is identified, a positive or negative adjustment should be applied. In extreme situations, the adjustment may reach 100%, as is the case of Write-offs, for example when the company presents signs of lacking liquidity in the short term.

Presented below are the main methods and assumptions used in the estimate of the fair value of the financial assets and liabilities recorded in the balance sheet at amortised cost:

Cash and deposits in central banks, Deposits in other banks and Applications in banks
Considering the short terms associated to these financial instruments, the Balance Sheet value is a reasonable estimate of the respective fair value.

Loans and advances to clients
Considering that the Bank's portfolio is composed essentially of short term and recent loans, the Balance Sheet value is considered as a reasonable estimate of the fair value of the loans and advances to clients.

Funding from other banks
Considering the short terms associated to these financial instruments, the Balance Sheet value is a reasonable estimate of the respective fair value.

Funding from clients
Considering that the interest rates applicable are variable in nature and the period of maturity of the deposits and other resources is substantially less than one year, there are no materially relevant differences in their fair value.

Funding from central banks
Considering the short-term nature associated to these instruments, it is assumed that the fair value equals the book value.

Financial assets at amortised cost – Debt securities
For the calculation of the fair value of financial instruments – debt securities recorded at amortised cost, observable market prices were used in accordance with the valuation hierarchy consistently defined by the Bank for assets measured at fair value.

Hedging and trading derivatives
All derivatives are accounted for at fair value. For market derivatives, the respective market price is used. For OTC derivatives, the payoff determines the valuation method.

Most OTC options are valued based on closed-form models derived from the Black & Scholes Model. However, when the payoff makes the use of a closed-form model impossible, Monte Carlo simulation is used.

Financial assets and liabilities held for trading
These instruments are accounted for at fair value. The fair value is based on market quotes whenever available. When quotes are not available, numerical models are used.

Share capital reimbursable at sight
It is assumed that the book value is a reasonable estimation of the respective fair value.

The interest rate curves of the main currencies for the years 2023 and 2022 are as follow:

(amounts expressed as a percentage)

	2023		2022	
	EUR	USD	EUR	USD
Overnight	3.985	5.310	1.885	4.320
1 month	3.845	5.469	1.884	4.392
3 months	3.909	5.593	2.132	4.767
6 months	3.861	5.586	2.693	5.139
1 year	3.513	6.041	3.291	5.482
3 years	2.552	4.679	3.286	4.342
5 years	2.429	4.218	3.239	4.021
7 years	2.433	4.005	3.202	3.858
10 years	2.491	3.862	3.197	3.838
15 years	2.559	3.788	3.138	3.813
20 years	2.535	3.729	2.928	3.744
25 years	2.416	3.589	2.711	3.568
30 years	2.330	3.482	2.535	3.445

The 90-day volatility of interest rate instruments, calculated on the price of public debt instruments for the most liquid terms (bond futures), in the years 2023 and 2022 are as follows:

(amounts expressed as a percentage)

	2023		2022	
	EUR	USD	EUR	USD
3 years	2.064	3.652	3.456	4.389
5 years	4.744	4.970	6.328	6.149
7 years	5.403	7.752	8.382	9.587
10 years	7.353	7.524	11.228	8.799

The evolution of the exchange rates of the main currencies for the years 2023 and 2022, and respective historic volatilities used in the evaluation of currency exchange derivatives are as follows:

			Volatilities 2023 (as %)		
	2023	2022	3 months	6 months	1 year
EUR/USD	1.105	1.067	7.480	6.981	7.548
EUR/GBP	0.869	0.887	3.697	4.310	4.809
EUR/JPY	156.330	140.660	8.539	8.731	9.431
EUR/CHF	0.926	0.985	5.244	4.676	5.099
EUR/MZN	69.870	67.450	7.814	7.650	7.931

The evolution of the main stock indices for the years 2023 and 2022, and respective volatilities used in the evaluation of derivatives on shares and share indices are as follows:

	List price			Historic volatility (as %)		Implicit volatility (as %)	
	2023	2022	Variation %	1 month	3 months	*Call*	*Put*
Eurostoxx	4,521.65	3,793.62	19.2	6.75	11.52	12.32	12.32
Dow Jones Ind.	37,689.54	33,147.25	13.7	8.40	10.46	15.04	15.04
DAX	16,751.64	13,923.59	20.3	6.99	11.05	12.42	12.42
S&P	4,769.83	3,839.50	24.2	8.52	12.48	11.78	11.78
Nasdaq 100	16,825.93	10,939.76	53.8	11.00	16.38	15.96	15.96

NOTE 46
BUSINESS RISK MANAGEMENT

Background

The Bank seeks to manage the risks inherent to the banking business on a daily basis, specifically market, liquidity, credit, operational, technological, compliance and reputational risks. Additional information on this topic is available in the Board of Directors Report.

As these risks are normally interrelated, the Group structured a system of internal control which, through the establishment of policies, procedures and other instruments of control, seeks to manage all of the risks in a comprehensive and integrated manner. These procedures and policies are generically conceived to ensure effective processing, to ensure robust systems, an appropriate assumption of risk, independent reporting and responsible behaviour, as well as respect for adhering to regulatory, legal and prudential guidelines.

In the management of its exposure to risk, the Group is guided by the following basic principles:

- Regular review of policies and procedures by the Administration;
- Formal establishment of responsibilities for Risk Management in the Group;
- Independent process of surveillance of business units;
- Definition of policies and procedures intended to ensure an appropriate diversification of risk categories;
- Maintenance of a suitable system of internal reporting;
- Evaluation and systematic disciplined measurement of risks, including statistical and qualitative measures;
- Regular training to enhance the identification of risks in the diverse business units.

Risk measurement

The Group uses a series of different methodologies to measure and control the different types of risk exposure, specifically, the following:

- Value at Risk (VaR);
- Limits per counterparty, family, class of assets or portfolio;
- Limits of concentration;
- Basis point values;
- Non-statistical indicators, such as stress tests (Economic Value and Earnings at Risk) and sensitivity analyses of the risk parameters of derivative products (greeks);
- Back-testing exercises.

Risk management is an evolving process and is one of the daily centres of attention of the Administration, especially because any single methodology is usually insufficient to provide a complete view of our risk exposure. The Group systematically seeks to quantify the potential losses associated with all the aspects of our business in order to have a reasonable prior estimate of the potential damage upon the occurrence of unexpected events. These can range from those which are possible based on recent historic data, to those more improbable, but which nevertheless can be considered based on the assumption of certain extreme scenarios.

An assessment of market risk involves a daily review of all the measures mentioned above. The credit risk generally concentrates its focus on nominal and fractional exposures, concentrations by lender or group, sector or geography and stress testing. The risk management of liquidity, interest and exchange rate combine various methodologies, which include basis point values and scenarios analyses. The exposure to derivatives is measured with sensitivity analyses as well as Greeks. An evaluation of the more subjective risks to which the bank may be exposed, such as the reputational risk and the correlation risk, depend on scenario analyses in order to arrive at quantitative estimates. Finally, the Group's exposition to the operating risk is very oriented towards the study of the Group's processes and to ongoing occurring events.

Market Risk

Market Risk represents the possible loss in value of financial instruments as a result of changes in market conditions.

In terms of financial markets, the key risks to be managed are related with:

- Liquidity risk: resulting from treasury management and the different maturities of assets and liabilities;
- Interest rate risk: resulting from changes in the level, slope and curvature of interest rate curves, interest rate volatility and the duration of the credit margins;
- Price risk of securities and raw materials: resulting from exposure to changes in the price of the underlying assets and volatility;
- Exchange rate risk: resulting from exposure to changes in the spot price, at a future point in time, and volatility;
- Risk hedging: resulting from the management of exposure to changes in the price of the underlying assets used to hedge Clients' positions and products.

Value at Risk (VaR)

In terms of the product lines and portfolios of private clients, statistical measures, such as VaR, are combined with non-statistical measures, including stress tests, back-testing and measures of earnings-at-risk advisories, to ensure that there are adequate controls over the expected results by risk type in any market conditions.

The Group calculates the daily VaR with a confidence interval of 99%. This means that the Group can expect to incur losses greater than the estimated VaR only once every 100 working days, or approximately 2.5 times per year. As the VaR is a theoretical approach based on historic data, the model has limitations and cannot always produce exact forecasts on the future market risk. Changes in VaR between reporting periods, for example, are generically due to changes in levels of exposure, volatility and the correlation between securities.

The VaR for the years ended on 31 December 2023 and 2022 is presented as follows:

	2023				2022			
	December	Annual average	Maximum	Minimum	December	Annual average	Maximum	Minimum
Exchange risk	86,058	32,538	304,164	5,938	21,164	23,132	84,164	3,478
Interest rate risk	127,018	249,969	782,176	91,201	151,260	267,060	1,387,364	65,087
Shares	-	29,367	144,568	-	85,530	64,675	163,962	-
Effect of diversification	46%	30%	-	-	42%	40%	-	-
Total VaR	**115,897**	**219,743**	**768,596**	**81,883**	**149,339**	**212,414**	**1,345,250**	**69,492**

The average VaR of the exposures allocated to each of the trading portfolios reduced in 2023 remained in line with the amounts recorded in 2022, there being no relevant changes to be noted.

Sensitivity analysis

With regard to the sensitivity analysis to stock market indices in the portfolio, or of stock market indices for which the Group has shares of the respective index in portfolio, the variation in prices of these indices is presented below in relation to the years ended on 31 December 2023 and 2022:

	List price			Historic volatility 2023	
	2023	2022	Variation %	1 month	3 months
Eurostoxx	4,521.65	3,793.62	19.19	6.75	11.522
AEX 25	786.82	689.01	14.20	5.78	9.82
Nasdaq 100	16,825.93	10,939.76	53.81	10.997	16.375
S&P 500	4,769.83	3,839.50	24.23	8.524	12.476
DAX	16,751.64	13,923.59	20.31	6.986	11.048
KOSPI 200	357.99	291.30	22.89	12.172	17.667
Nikkei 225	33,464.17	26,094.50	28.24	15.436	18.175
S&P/TSX 60	1,264.83	1,168.91	8.21	10.293	13.234
SMI	11,137.79	10,729.40	3.81	6.551	9.793
S&P / ASX 200	7,590.82	7,038.69	7.84	9.926	10.922
FTSE 100	7,733.24	7,451.74	3.78	8.283	10.689
NSE Nifty 50	21,731.40	18,105.30	20.03	10.340	10.06
FTSE China A50	11,503.58	13,004.11	(11.54)	13.950	13.628
MSCI India USD	2,487.49	2,068.57	20.25	10.205	10.240
MSCI SINGAPORE	1,335.38	1,352.15	(1.24)	9.962	12.058
FTSE Taiwan	1,559.33	1,238.94	25.86	8.779	12.264

In order to analyse the impact that a decline in stock market prices has on the shares of the trading portfolio, sensitivity analyses are performed on them. Within this analysis a sudden change of +/- 10% was applied in all the indices, and for each share the magnitude of the decline was weighted by the Beta of the share with the respective reference index.

This sensitivity analysis, and in particular the amplitude of the shock in question, is intended to capture the impacts arising from adverse shocks, which although representing high levels of severity, nevertheless have some adherence in terms of the historical occurrence observed in the equity markets.

The sensitivity analysis resulting from a +/- 10% decline in the stock market indices for the years ended on 31 December 2023 and 2022 is presented as follows:

Impact resulting from a sudden movement in stock indices	2023		2022	
	+10%	-10%	+10%	-10%
Eurostoxx	-	-	57,742	(57,742)
AEX 25	123,543	(123,543)	115,770	(115,770)
S&P 500	(196,476)	196,476	(380,091)	380,091
DAX	(126,848)	126,848	(139,880)	139,880
Kospi 200	172,195	(172,195)	32,682	(32,682)
Nikkei 225	1,010,010	(1,010,010)	426,447	(426,447)
Nasdaq 100	308,411	(308,411)	(41,336)	41,336
S&P/TSX 60	(104,217)	104,217	113,425	(113,425)
SMI	(143,215)	143,215	(108,216)	108,216
FTSE Taiwan	477,531	(477,531)	-	-
S&P / ASX 200	433,094	(433,094)	100,249	(100,249)
FTSE 100	(205,985)	205,985	606,082	(606,082)
NSE Nifty 50	-	-	505,720	(505,720)
FTSE China A50	(514,383)	514,383	73,602	(73,602)
MSCI India	(117,620)	117,620	-	-
MSCI SINGAPORE	(408,761)	408,761	-	-
Total impact	**707,279**	**(707,279)**	**1,362,196**	**(1,362,196)**

Stress Testing

These tests are complementary to VaR analysis and are an essential tool for managing the market risk. By using economic stress testing, the Group tries to estimate the potential losses associated with a given instrument or portfolio, in different scenarios. Stress tests exercises of positions at risk provide Management with an estimate of the potential variation in the value of a given position, whether current or contemplated, as a result of various scenarios used to take decisions relating to the assumption, increase or reduction of positions. We undertake tests on the portfolios held by the Group daily assuming certain historic market events or other scenarios to simulate our exposure and, in certain cases, the exposure of ours Clients to potential losses. When no historic data is available, underlying assets of classes of identical assets with a high level of correlation may be used. Additionally, the analysis was extended to the other entities of the Group (BiG Diversified Macro Fund, BiG Mozambique and DIF Broker).

Currently, the Group uses 16 different scenarios to simulate potential losses on the different trading and investment positions. The potential impact on the Group's portfolios is also estimated daily when we allow for worst case scenarios in the credit market, *Stress Test Debt*. These stress tests are presented and discussed in the Report of the Board of Directors.

Liquidity risk

Group's strategy takes as an assumption a reduced exposure to the liquidity risk. The basic principles of this strategy are (i) to pre-fund the acquisition/constitution of any asset, (ii) to ensure that a major part of the Group's Balance Sheet can be converted into liquidity in the short term and (iii) to be fully independent of the interbank market in terms of financing.

The management of the Group's immediate resources is carried out so as to minimise the risk of an increase in lending activities which might imply a decrease in liquidity, or rather, a rate of growth in loans which is greater than that of resources.

The exposure by maturity of the Group's Balance Sheet assets and liabilities are distributed in the following way for the years ended on 31 December 2023 and 2022:

2023

	Spot	Up to 3 months	From 3 months to 1 year	Between 1 to 5 years	Over 5 years	Undefined	Total
Liabilities							
Financial liabilities held for trading	-	2,837	-	-	-	-	2,837
Financial liabilities designated at fair value through profit or loss	-	19,039,869	-	-	-	-	19,039,869
Financial liabilities measured at amortised cost							
Funding from clients	677,977,178	646,994,970	689,952,991	23,448,816	-	-	2,038,373,955
Funding from other banks	38,734,917	93,124,563	-	-	-	-	131,859,480
Other liabilities represented by securities	-	-	14,058,372	-	-	-	14,058,372
Derivatives - Hedge accounting	-	192,518	(2,806,666)	11,109,790	16,542,097	-	25,037,739
	716,712,095	**759,354,757**	**701,204,697**	**34,558,606**	**16,542,097**	**-**	**2,228,372,252**

2022

	Spot	Up to 3 months	From 3 months to 1 year	Between 1 to 5 years	Over 5 years	Undefined	Total
Liabilities							
Financial liabilities designated at fair value through profit or loss	-	20,831,235	-	-	-	-	20,831,235
Financial liabilities measured at amortised cost							
Funding from clients	1,114,345,043	257,674,118	210,674,020	32,081,319	-	-	1,614,774,500
Funding from central banks	-	25,170,139	-	-	-	-	25,170,139
Funding from other banks	40,784,855	286,269,468	1,584,388	-	-	-	328,638,711
Derivatives - Hedge accounting	-	-	-	-	-	-	-
	1,155,129,898	**589,944,960**	**212,258,408**	**32,081,319**	**-**	**-**	**1,989,414,585**

Interest rate risk

Interest rate risk measures the probability of the occurrence of negative impacts on the Group's income or capital caused by movements in the absolute levels of interest rates, in spreads between two rates, or in the configuration of the interest rate curve, among other factors.

As of 31 December 2023, the distribution of contractual maturities and interest rate repricing of the sensitive amounts in the Bank's portfolio is as follows:

2023						
			Sensitive to fixed and variable interest rates			
	Balance Sheet value	**Not sensitive to interest rates**	**Up to 3 months**	**From 3 months to 1 year**	**From 1 to 5 years**	**Over 5 years**
Cash, cash balances at central banks and other demand deposits						
Cash and cash reserves at Central Banks	284,570,445	284,570,445	-	-	-	-
Other demand deposits	102,271,531	102,271,531	-	-	-	-
Financial assets at fair value through profit and loss						
Financial assets held for trading	73,311,687	1,672,412	35,173,049	8,089,717	25,278,956	3,097,553
Non-trading financial assets mandatorily at fair value through profit or loss	8,689,340	8,689,340	-	-	-	-
Financial assets accounted at fair value through profit and loss	8,550,863	-	2,942,811	3,623,221	1,984,831	-
Financial assets at fair value through other comprehensive income	1,069,926,247	2,330,386	164,732,492	63,887,742	240,732,104	598,243,523
Financial assets at amortised cost						
Debt securities	886,192,944	-	335,930,730	21,875,933	121,550,424	406,835,857
Loans and advances - Clients	19,952,928	-	17,957,138	1,778,534	17,619	199,637
Loans and advances - Central Banks	17,741,773	-	17,741,773	-	-	-
Loans and advances - Banks	70,318,652	-	62,856,358	7,462,294	-	-
Derivatives - Hedge accounting	9,086,629	-	-	-	-	9,086,629
Total	**2,550,613,039**	**399,534,114**	**637,334,351**	**106,717,441**	**389,563,934**	**1,017,463,199**
Financial liabilities held for trading	2,837	-	2,837	-	-	-
Financial liabilities designated at fair value through profit or loss	19,039,869	-	19,039,869	-	-	-
Financial liabilities measured at amortised cost						
Funding from clients	2,024,574,177	677,992,320	648,876,349	675,232,109	22,473,399	-
Funding from other banks	131,718,791	38,734,917	92,983,874	-	-	-
Other liabilities represented by securities	13,149,177	-	-	13,149,177	-	-
Derivatives - Hedge accounting	20,330,077	-	-	-	-	20,330,077
Total	**2,208,814,928**	**716,727,237**	**760,902,929**	**688,381,286**	**22,473,399**	**20,330,077**
GAP (Assets - Liabilities)	**341,798,111**	**(317,193,123)**	**(123,568,578)**	**(581,663,845)**	**367,090,535**	**997,133,122**

2022						
			Sensitive to fixed and variable interest rates			
	Balance Sheet value	**Not sensitive to interest rates**	**Up to 3 months**	**From 3 months to 1 year**	**From 1 to 5 years**	**Over 5 years**
Cash, cash balances at central banks and other demand deposits						
Cash and cash reserves at Central Banks	126,582,804	126,582,804	-	-	-	-
Other demand deposits	119,833,641	119,833,641	-	-	-	-
Financial assets at fair value through profit and loss						
Financial assets held for trading	54,721,721	-	8,728,749	9,342,430	30,818,835	5,831,707
Non-trading financial assets mandatorily at fair value through profit or loss	7,787,300	7,787,300	-	-	-	-
Financial assets accounted at fair value through profit and loss	2,375,091	-	-	18,601	2,356,490	-
Financial assets at fair value through other comprehensive income	1,013,518,043	2,462,258	1,214,171	4,864,730	264,612,215	740,364,669
Financial assets at amortised cost						
Debt securities	847,122,893	-	-	-	108,113,785	739,009,108
Loans and advances - Clients	34,969,235	96,637	18,458,680	11,774,151	491,167	4,148,600
Loans and advances - Central Banks	8,815,094	-	8,815,094	-	-	-
Loans and advances - Banks	25,800,970	-	24,751,717	1,049,253	-	-
Derivatives - Hedge accounting	55,571,232	-	-	-	-	55,571,232
Total	**2,297,098,024**	**256,762,640**	**61,968,411**	**27,049,165**	**406,392,492**	**1,544,925,316**
Financial liabilities designated at fair value through profit or loss	20,831,235	-	20,831,235	-	-	-
Financial liabilities measured at amortised cost						
Funding from clients	1,611,444,893	-	1,371,538,974	208,189,861	31,716,058	-
Funding from central banks	25,017,361	-	25,017,361	-	-	-
Funding from other banks	323,944,223	-	323,694,223	250,000	-	-
Total	**1,981,237,712**	**-**	**1,741,081,793**	**208,439,861**	**31,716,058**	**-**
GAP (Assets - Liabilities)	**315,860,312**	**256,762,640**	**(1,679,113,382)**	**(181,390,696)**	**374,676,434**	**1,544,925,316**

The balance sheet exposure of the assets and liabilities to the interest rate risk is presented in the table below, by maturity, for the years ended on 31 December 2023 and 2022:

2023				
	Portfolio		Hedging derivatives	
Time frame	***Assets*[(1)]**	***Liabilities***	***Assets***	***Liabilities***
Spot - 1 month	813,510,246	459,424,145	30,455,726	-
1 - 3 months	201,000,494	498,554,128	89,238,437	-
3 - 6 months	28,666,526	586,115,472	310,322,420	-
6 - 12 months	43,364,109	163,411,286	-	-
1 - 2 years	81,835,535	64,748,279	-	62,755,005
2 - 3 years	138,319,776	417,783,815	-	-
3 - 4 years	112,170,945	1,184,496	-	-
4 - 5 years	100,594,217	447,799	-	284,788,980
5 - 7 years	174,487,522	-	-	-
7 - 10 years	458,081,666	-	-	526,947,703
10 - 15 years	121,611,672	-	-	60,085,482
15 - 20 years	118,012,532	-	-	121,360,030
> 20 years	84,692,017	-	-	81,617,414
Total	**2,476,347,257**	**2,191,669,420**	**430,016,583**	**1,137,554,614**

(1) Financial assets at fair value through other comprehensive income, financial assets at amortised cost and retail portfolio

2022

Time frame	Portfolio Assets(1)	Portfolio Liabilities	Hedging derivatives Assets	Hedging derivatives Liabilities
Spot - 1 month	613,169,937	424,132,725	242,677,904	-
1 - 3 months	207,072,433	408,891,617	29,848,765	-
3 - 6 months	40,875,546	145,906,918	76,607,873	-
6 - 12 months	5,700,229	156,918,461	-	-
1 - 2 years	38,531,984	93,775,104	-	-
2 - 3 years	71,482,562	771,631,989	-	-
3 - 4 years	130,954,172	3,760,172	-	-
4 - 5 years	113,852,326	1,866,630	-	44,772,135
5 - 7 years	126,931,288	-	-	72,646,581
7 - 10 years	487,205,818	-	-	456,192,826
10 - 15 years	145,060,815	-	-	49,122,920
15 - 20 years	110,923,317	-	-	41,797,021
> 20 years	76,673,375	-	-	114,398,468
Total	**2,168,433,801**	**2,006,883,616**	**349,134,542**	**778,929,952**

(1) Financial assets at fair value through other comprehensive income, financial assets at amortised cost and retail portfolio

Sensitivity analysis

Included in the non-statistical, the basis point value indicators measure the sensitivity to the interest rate risk for the years ended on 31 December 2023 and 2022, presented as follows:

	2023				2022			
	Parallel increase of 100 pb	Parallel reduction of 100 pb	Increase after 1 year of 50pb	Reduction after 1 year of 50pb	Parallel increase of 100 pb	Parallel reduction of 100 pb	Increase after 1 year of 50pb	Reduction after 1 year of 50pb
On 31 December	1,124,914	(1,124,914)	(323,377)	323,377	(2,186,011)	2,186,011	(1,763,601)	1,763,601

Following the ECB directives on the reform of IBOR rates, with applicability from 3 October 2019 and up to 3 January 2022, which led to the replacement of the EONIA rate with the €STR rate, the Bank replaced it as of January 3, 2022, with effects on the valuation of the following instruments:

1. Derivative instruments cleared with central counterparties;
2. Derivative instruments with bilateral counterparties which are now determined based on the €STR curve after review of the respective collateral contracts (ISDA-CSA);
3. Instruments used for hedge accounting, as they will now be discounted at the €STR curve.

Asset and liability repricing risk

Included in the non-statistical earnings at risk indicators, the re-pricing bands for the years ended on 31 December 2023 and 2022 are presented as follows:

2023

	Balance Sheet value	Not sensitive	Up to 3 months	3 months to 1 year	From 1 to 5 years	Over 5 years
Cash, cash balances at central banks and other demand deposits						
Cash and cash reserves at Central Banks	284,570,445	284,570,445	-	-	-	-
Other demand deposits	102,271,531	102,271,531	-	-	-	-
Financial assets at fair value through profit and loss						
Financial assets held for trading	73,311,687	68,989,472	2,292,671	2,029,544	-	-
Non-trading financial assets mandatorily at fair value through profit or loss	8,689,340	8,689,340	-	-	-	-
Financial assets accounted at fair value through profit and loss	8,550,863	5,789,016	2,694,682	67,165	-	-
Financial assets at fair value through other comprehensive income	1,069,926,247	863,072,122	164,724,825	42,129,300	-	-
Financial assets at amortised cost						
Debt securities	886,192,944	542,577,147	335,930,437	7,685,360	-	-
Loans and advances - Clients	19,952,928	225,844	17,956,139	1,770,945	-	-
Loans and advances - Central Banks	17,741,773	17,741,773	-	-	-	-
Loans and advances - Banks	70,318,652	70,318,652	-	-	-	-
Derivatives - Hedge accounting	9,086,629	9,086,629	-	-	-	-
Total	**2,550,613,039**	**1,973,331,971**	**523,598,754**	**53,682,314**	**-**	**-**
Financial liabilities held for trading	2,837	2,837	-	-	-	-
Financial liabilities designated at fair value through profit or loss	19,039,869	19,039,869	-	-	-	-
Financial liabilities measured at amortised cost						
Funding from clients	2,024,574,177	2,024,574,177	-	-	-	-
Funding from other other banks	131,718,791	131,718,791	-	-	-	-
Other liabilities represented by securities	13,149,177	13,149,177	-	-	-	-
Derivatives - Hedge accounting	20,330,077	20,330,077	-	-	-	-
Total	**2,208,814,928**	**2,208,814,928**	**-**	**-**	**-**	**-**
GAP (Assets - Liabilities)	**341,798,111**	**(235,482,957)**	**523,598,754**	**53,682,314**	**-**	**-**

2022

	Balance Sheet value	Not sensitive	Up to 3 months	3 months to 1 year	From 1 to 5 years	Over 5 years
Cash, cash balances at central banks and other demand deposits						
Cash and cash reserves at Central Banks	126,582,804	126,582,804	-	-	-	-
Other demand deposits	119,833,641	119,833,641	-	-	-	-
Financial assets at fair value through profit and loss						
Financial assets held for trading	54,721,721	-	8,728,749	9,342,430	30,818,835	5,831,707
Non-trading financial assets mandatorily at fair value through profit or loss	7,787,300	7,787,300	-	-	-	-
Financial assets accounted at fair value through profit and loss	2,375,091	-	-	18,601	2,356,490	-
Financial assets at fair value through other comprehensive income	1,013,518,043	2,462,258	1,214,171	4,864,730	264,612,215	740,364,669
Financial assets at amortised cost						
Debt securities	847,122,893	-	-	-	108,113,785	739,009,108
Loans and advances - Clients	34,969,235	96,637	18,458,680	11,774,151	491,167	4,148,600
Loans and advances - Central Banks	8,815,094	-	8,815,094	-	-	-
Loans and advances - Banks	25,800,970	-	24,751,717	1,049,253	-	-
Derivatives - Hedge accounting	55,571,232	-	-	-	-	55,571,232
Total	**2,297,098,024**	**256,762,640**	**61,968,411**	**27,049,165**	**406,392,492**	**1,544,925,316**
Financial liabilities designated at fair value through profit or loss	20,831,235	-	20,831,235	-	-	-
Financial liabilities measured at amortised cost						
Funding from clients	1,611,444,893	-	1,371,538,974	208,189,861	31,716,058	-
Funding from central banks	25,017,361	-	25,017,361	-	-	-
Funding from other banks	323,944,223	-	323,694,223	250,000	-	-
Total	**1,981,237,712**	**-**	**1,741,081,793**	**208,439,861**	**31,716,058**	**-**
GAP (Assets - Liabilities)	**315,860,312**	**256,762,640**	**(1,679,113,382)**	**(181,390,696)**	**374,676,434**	**1,544,925,316**

Currency exchange risk

In the foreign exchange markets there was a general increase in volatility levels for the main currency pairs (Euro Pound, Euro Yen, Euro Swiss Franc, Euro Dollar and Euro Metical).

The Euro's reference interest rate stands at 4.5%, a value which underwent several upward revisions during 2023 in a context marked by a generalized rise in interest rates.

With regard to the euro's exchange rates against major currencies, it should be noted that the euro tended to depreciate against the Swiss franc throughout 2023. With respect to the pound, there was a trend of Euro depreciation in the first half of 2023, while no clear trend was observed in the second half. As for the Euro Yen, there was a trend of Euro appreciation against the Yen throughout 2023. For the Euro Dollar, there was no clear trend throughout the year, although volatility levels decreased over 2023. Similarly to the Euro Dollar, there was also no clear trend in the Euro Metical exchange rate evolution.

The distribution of the Balance Sheet by currency for the years ended on 31 December 2023 and 2022 is presented as follows:

	2023				
	Euros	**North American Dollars**	**Pound Sterling**	**Other Foreign Currencies**	**Total Amount**
Assets by currency					
Cash, cash balances at central banks and other demand deposits					
Cash and cash reserves at Central Banks	266,041,767	1,422,511	112,750	16,993,417	284,570,445
Other demand deposits	46,592,398	45,329,273	6,487,160	3,862,700	102,271,531
Financial assets at fair value through profit and loss					
Financial assets held for trading	73,311,678	9	-	-	73,311,687
Non-trading financial assets mandatorily at fair value through profit or loss	8,689,340	-	-	-	8,689,340
Financial assets accounted at fair value through profit and loss	-	-	-	8,550,863	8,550,863
Financial assets at fair value through other comprehensive income	855,271,480	196,732,671	-	17,922,096	1,069,926,247
Financial assets at amortised cost					
Debt securities	886,192,944	-	-	-	886,192,944
Loans and advances - Clients	19,919,051	33,875	2	-	19,952,928
Loans and advances - Central Banks	-	-	-	17,741,773	17,741,773
Loans and advances - Banks	70,159,507	159,145	-	-	70,318,652
Derivatives - Hedge accounting	8,696,274	390,355	-	-	9,086,629
Tangible assets	14,892,436	-	-	3,867,805	18,760,241
Intangible assets	11,144,828	-	-	311,793	11,456,621
Tax assets					
Current tax assets	-	-	-	-	-
Deferred tax assets	24,233,731	-	-	481,938	24,715,669
Other assets	52,397,685	3,642,587	116,428	1,646,944	57,803,644
	2,337,543,119	**247,710,426**	**6,716,340**	**71,379,329**	**2,663,349,214**
Liabilities by currency					
Financial liabilities held for trading	2,837	-	-	-	2,837
Financial liabilities designated at fair value through profit or loss	19,039,869	-	-	-	19,039,869
Financial liabilities measured at amortised cost					
Funding from clients	1,947,242,314	70,333,460	542,676	6,455,727	2,024,574,177
Funding from central banks	-	-	-	-	-
Funding from other banks	65,534,440	50,146,978	-	16,037,373	131,718,791
Other liabilities represented by securities	-	-	-	13,149,177	13,149,177
Derivatives - Hedge accounting	20,330,077	-	-	-	20,330,077
Provisions	476,657	-	-	11,172	487,829
Tax liabilities					
Current tax liabilities	2,235,745	(6,872)	-	(928,682)	1,300,191
Deferred tax liabilities	642,143	-	-	-	642,143
Share capital repayable on demand	-	-	-	-	-
Other liabilities	57,923,434	3,480,138	142,423	(112,934)	61,433,061
	2,113,427,516	**123,953,704**	**685,099**	**34,611,833**	**2,272,678,152**
	224,115,603	**123,756,722**	**6,031,241**	**36,767,496**	**390,671,062**

2022					
	Euros	North American Dollars	Pound Sterling	Other Foreign Currencies	Total Amount
Assets by currency					
Cash, cash balances at central banks and other demand deposits					
Cash and cash reserves at Central Banks	118,052,237	1,181,635	114,242	7,234,690	126,582,804
Other demand deposits	46,099,052	69,915,578	2,416,830	1,402,181	119,833,641
Financial assets at fair value through profit and loss					
Financial assets held for trading	54,721,721	-	-	-	54,721,721
Non-trading financial assets mandatorily at fair value through profit or loss	7,787,300	-	-	-	7,787,300
Financial assets accounted at fair value through profit and loss	-	-	-	2,375,091	2,375,091
Financial assets at fair value through other comprehensive income	767,053,503	208,041,868	-	38,422,672	1,013,518,043
Financial assets at amortised cost					
Debt securities	847,122,893	-	-	-	847,122,893
Loans and advances - Clients	34,869,145	-	-	-	34,869,145
Loans and advances - Central Banks	9,268	-	-	8,805,826	8,815,094
Loans and advances - Banks	16,066,611	8,039,955	-	1,694,404	25,800,970
Derivatives - Hedge accounting	55,571,232	-	-	-	55,571,232
Tangible assets	15,354,097	-	-	4,206,475	19,560,572
Intangible assets	11,171,110	-	-	201,973	11,373,083
Tax assets					
Current tax assets	5,064,850	593	-	351,344	5,416,787
Deferred tax assets	39,615,827	-	-	77,762	39,693,589
Other assets	53,320,013	8,679,084	642,338	1,299,599	63,941,034
	2,071,878,859	**295,858,713**	**3,173,410**	**66,072,017**	**2,436,982,999**
Liabilities by currency					
Financial liabilities designated at fair value through profit or loss	20,831,235	-	-	-	20,831,235
Financial liabilities measured at amortised cost					
Funding from clients	1,516,859,612	63,596,816	1,127,518	29,860,947	1,611,444,893
Funding from central banks	25,017,361	-	-	-	25,017,361
Funding from other banks	206,179,199	113,708,193	-	4,056,831	323,944,223
Tax liabilities	466,657	-	-	-	466,657
Current tax liabilities					
Deferred tax liabilities	-	-	-	-	
Deferred tax liabilities	671,124	-	-	-	671,124
Share capital repayable on demand	12,231,975	-	-	-	12,231,975
Other liabilities	81,833,195	9,166,246	12,525	1,320,445	92,332,411
	1,864,090,358	**186,471,255**	**1,140,043**	**35,238,223**	**2,086,939,879**
	207,788,501	**109,387,458**	**2,033,367**	**30,833,794**	**350,043,120**

Sensitivity analysis

The Group does not speculate on currency markets (FX) and the use of VaR limits reflect its strategy to limit the exposure to foreign currency fundamentally to Clients' business and associated fluxes. During 2023, BiG decided to include in its balance sheet some assets in U.S. dollars. The exposition to Euro-Dollar futures contracts had therefore the goal to hedge the exchange rate risk of these assets (economic hedging).

In order to analyse the impact of a decline in exchange rates on the Group's exposures, an alteration of +/- 15% was applied to all exchange rates.

The sensitivity analysis resulting from a +/- 15% decline in exchange rates for the years ended on 31 December 2023 and 2022 is presented as follows:

2023

Currency	Base scenario		Impact resulting from a movement of:	
	Original currency	Equivalent	+15%	-15%
Australian Dollar	(3,343,544)	(2,055,921)	268,164	(362,809)
Brazilian Real	17,800,002	3,319,781	(433,015)	585,844
Canadian Dollar	(3,875,329)	(2,646,721)	345,224	(467,069)
Danish Krone	1,738,709	233,293	(30,430)	41,169
Pound Sterling	2,264,126	2,605,288	(339,820)	459,757
Yen	(589,562,483)	(3,771,269)	491,905	(665,518)
Mexican Peso	123,023,686	6,570,690	(857,047)	1,159,534
Polish Zloty	1,996	460	(60)	81
Swedish Krone	(35,924,354)	(3,237,595)	422,295	(571,340)
Swiss Franc	2,611,254	2,819,929	(367,817)	497,634
New Turkish Lire	261	8	(1)	1
US Dollar	17,992,712	16,282,997	(2,123,869)	2,873,470
Norwegian Krone	(18,092,282)	(1,609,562)	209,943	(284,040)
Hong Kong Dollar	337	39	(5)	7
New Zealand Dollar	(1,799,999)	(1,028,336)	134,131	(181,471)
Singapore Dollar	(229,443)	(157,483)	20,541	(27,791)
Won	(2,837,356,506)	(1,979,100)	258,143	(349,253)
South African Rand	15,471,984	760,380	(99,180)	134,185
Indian Rupee	349,999,999	3,808,301	(496,735)	672,053
Meticais	(83,777,393)	(1,186,284)	154,733	(209,344)
Chinese Yuan	(18,984,067)	(2,413,323)	314,781	(425,880)
Total impact			**(2,128,119)**	**2,879,220**

2022

Currency	Base scenario		Impact resulting from a movement of:	
	Original currency	Equivalent	+15%	-15%
Australian Dollar	(88,354)	(56,301)	7,344	(9,936)
Brazilian Real	15,900,000	2,819,849	(367,806)	497,620
Canadian Dollar	(893,457)	(618,738)	80,705	(109,189)
Swiss Franc	(4,405,050)	(4,473,494)	583,499	(789,440)
Chinese Yuan	(30,801,264)	(4,185,978)	545,997	(738,702)
Danish Krone	951,747	127,983	(16,693)	22,585
Pound Sterling	(1,268,590)	(1,430,316)	186,563	(252,409)
Hong Kong Dollar	58	7	(1)	1
Indian Rupee	74,000,000	839,278	(109,471)	148,108
Yen	(446,486,954)	(3,174,228)	414,030	(560,158)
Won	(2,536,438,767)	(1,887,105)	246,144	(333,019)
Mexican Peso	163,023,409	7,816,619	(1,019,559)	1,379,403
Meticais	(77,972,619)	(1,141,860)	148,938	(201,505)
Norwegian Krone	(1,699,948)	(1,011,994)	131,999	(178,587)
New Zealand Dollar	(13,365,976)	(1,271,279)	165,819	(224,343)
Russian Rouble	1,498	320	(42)	56
Swedish Krone	561	392	(51)	69
Singapore Dollar	(26,324,689)	(2,366,945)	308,732	(417,696)
New Turkish Lire	437	22	(3)	4
US Dollar	11,230,356	10,529,117	(1,373,363)	1,858,079
South African Rand	30,493,379	1,684,847	(219,763)	297,326
Total impact			**(286,982)**	**388,267**

Hedging risk

The quantification of the risk of the derivative products depends on a number of variables related with the market, including the price of underlying assets, volatility, interest rates and time to maturity. The Group quantifies its exposure to these variables carrying out sensitivity analyses known as "greeks" which are mathematical terms.

Since January 2021 the Group no longer has any OTC options in the portfolio, and so any existing exposure will only arise from market options, whose price does not depend on any internal model. The materiality of this asset class is, for this reason, residual in the Group's balance sheet, which reflects the reduced appetite for trading this type of instrument.

In fixed return products, the Bank opted for a long strategy in bonds. On average, the exposure to the interest rate risk is in line with the values recorded in 2022.

2023

	Rho	***Vega***	***Delta***	***Theta***
Minimum	(380,421)	(861)	(42,602)	(11,419)
Maximum	(119,050)	22,243	3,432	152
Average	(279,540)	3,437	(7,464)	(880)
Standard Deviation	57,114	5,148	10,739	1,466

2022

	Rho	***Vega***	***Delta***	***Theta***
Minimum	(463,025)	(7,116)	(85,248)	(4,034)
Maximum	(164,061)	25,666	-	6,348
Average	(277,789)	3,688	(13,756)	(317)
Standard Deviation	62,343	7,131	21,608	1,194

Rho Sensitivity of the interest rate risk
Vega Sensitivity of the volatility risk
Delta Sensitivity of the underlyings risk
Theta Sensitivity to the time risk

Limits and Reporting

Limits on trading activity are essential to the control process of the risk appetite level, with there being limits approved by class of product, content and by portfolio, which may be calculated by means of a combination of non-statistical measures, including basis point value, and statistical measures, such as value at risk, analysed beforehand. A daily report is prepared for the Senior Administration with all of the relevant indicators and positions, based on the statistical and non-statistical measures established.

Credit risk

Credit Risk is the risk of loss as a result of a default by a borrower or counterparty.

A. Credit Risk Management

The Group is exposed to credit risks in a number of its activities. These necessarily include i) direct exposure to clients who have contracted loans, ii) direct exposure to credit risks associated with securities issued by third parties and held by the Group, and iii) market or settlement risk associated with trading activities by clients (settlement risk).

Credit risk arising from dealings with professional counterparties as well as the risk associated to issuers of quoted securities, is assessed in combination with procedures for managing market risks discussed above in Market Risk.

The Board of Directors delegates the implementation of the general policies and guidelines on the management of the Credit Risk to the Executive Committee which, together with the Credit Risk Department and other members of the Credit Risk Committee and support area teams, implements daily these policies and liabilities daily. These activities specifically include:

- Definition of quantitative and qualitative guidelines for credit reviews;
- Analysis and control of the counterparty risk;
- Maintenance of a credit scoring and approval matrix;
- Integrity of the credit approval process;
- Control and monitoring of client, family and "house limit" risks;

- Definition of support documentation and control systems;
- Management and control of risk monitoring policies and systems;
- Strict adherence to regulatory standards and principles;
- Monitoring exposure to ESG themes, particularly climate and environmental risks;
- Application of prices appropriate to the risks assumed.

In its process of analysis and approval, the Group assesses its exposure both in terms of individual transactions, relating to the maximum exposure allowed per client/ group of clients and, separately, in terms of the respective portfolios, to ensure there is adequate control over risk concentrations in each sector or industry.

So, the Management of the Credit Risk in the Group is an integrated process at both transaction level and portfolio level:

- In terms of transactions: It means that all transactions need the approval of at least two representatives with credit authority, granted by the Board of Directors. In the case of portfolios of securities, the limits are approved by members of the Board of Directors.

- In terms of portfolios: It means that the exposure will be managed – whether of loans, loans represented by securities, derivatives, currency exchange, etc. – so as to minimise excessive concentrations of risk relating to clients, industries, products or geographic location. Problematic loans, rates of cover by provisions, write-offs and recoveries are also analysed. There are various credit reporting procedures in force and available internally for the information of the Board of Directors.

Systematically, all exposures are assessed and approved, whether they are included in the balance sheet or not. Approval is always carried out by at least two individuals with credit authority. This authority is granted by the Board of Directors and reviewed at least annually.

The correct risk management is fundamental for the Group to create value for the shareholders. In general terms, the Group is exposed to risk as a direct result of the taking of positions with respect to particular markets or combinations of Markets, Products or Customers.

In the course of the Group's current activity, integrated exposure control systems are a key element of the credit risk management process.

Credit risk is managed in order to achieve sustainable performance of the organization within acceptable parameters of risk versus return. This objective is achieved through a combination of policies, systems and controls, which are always underpinned by considered and careful business decisions.

In the management of exposure to risk, the Group is guided by the following basic principles:

- Frequent review of policies and procedures by the Board of Directors;
- Formal definition of responsibility for the risk management in the Group;
- Existence of policies and procedures that allow independent supervision;
- Policy of adequate diversification of risks;
- Independent reporting systems;
- Overlapping of risk measurement and control systems;
- Training to help in the identification of risks in the various areas.

In relation to its risk appetite, the Group seeks to limit exposure to the credit risk, and essentially to:

- Exposure to investment grade companies, sovereigns with rating or banks with good credit quality, approval of which is supported by internal analyses and/or by research by Moody's (or other provider of independent research);
- Foreign Exchange or exposure to settlement associated to Companies, Institutional Investors and Private Investors. In this last group, limits are frequently approved on a case-by-case basis;
- Exposure to occasional credit risk analysed in detail by internal analysts;
- Collateralised credit, especially connected to the business of Wealth Management.

The exposure to the retail credit risk is traditionally very low, due to a number of reasons, such as:

- Non-strategic nature of the credit business, typical of commercial banking;
- Focus on other investment banking areas and Wealth Management;
- Lack of scale/dimension of the Group.

In decision-making and risk management of the Group, the Board applies its strategy and business model in combination with a set of quantitative tools and systems used to monitor and measure exposure. These aspects include:

- Limits per counterparty, family, class of assets and portfolio;
- Limits of concentration;
- Non-statistical measurements, such as scenario analyses, stress and sensitivity tests;
- Qualitative analysis and professional judgement;
- Control procedures.

The quantification of risk is an evolving process that requires regular self-assessment, updates of techniques and changes in assumptions, besides adherence to regulatory and accounting standards. As a result, the Board of Directors considers that any methodology of risk measurement alone is generally insufficient and may not provide a complete perspective of the risk from all exposures.

As a policy, the Group seeks to systematically quantify the potential losses associated with all the aspects of the business and aims to make a reasonable estimate of the potential damage in the event of the occurrence of unexpected events. These events include not only those that are observed, based on historic data but also those considered to be improbable, yet estimable based on the assumption of certain scenarios.

As explained previously, the Group's exposure to the credit risk can include the concession of loans to clients, sovereign bonds, investments in corporate bonds, interbank total value and replacement value risks, the risk of liquidation of certain securities, amounts receivable under derivatives and foreign currency contracts and commitments assumed under guarantees or commercial paper programmes.

Credit risk is generally present in nominal and fractional exposures, which may concentrate on borrowers or groups of interconnected borrowers, in sectors of activity or geography.

The Group's credit portfolio is segmented into the following products:

- Mortgage loans;
- Margin account;
- BiG Auto (auto loans);
- Credit for the acquisition of BiG's shares;
- Other loans; and
- Guarantees and guarantees provided.

With respect to the securities portfolio, at the time of initial recognition of a financial instrument, its classification is a function of:

- Of the type of financial instrument, debt or equity;
- The BiG's business model; and
- The contractual cash flow characteristics of the financial asset.

Depending on the elements listed above, the respective financial instrument will be classified in one of the following categories, namely:

- Financial assets at amortized cost; or
- Financial assets at fair value through other comprehensive income; or
- Financial assets at fair value through profit or loss.

B. Calculation of impairment

During 2023, the Group continued to calibrate the models that it developed to comply with the requisites of the IFRS 9 and to monitor possible orientations of national and international regulators with regard to the application of this standard.

IFRS 9 contemplates the classification of financial assets according to three criteria:

- The business model under which the financial assets are managed;
- The type of financial instrument, or rather (i) derivative financial instruments, (ii) equity instruments or (iii) financial debt instruments; and
- The characteristics of the contractual cash flows of the financial debt instruments (which represent only payments of capital and interest).

In this context, the main categories of financial assets contemplated in the IFRS 9 are summarised as follows:

- A financial debt instrument that (i) is managed under a business model whose objective involves keeping the financial assets in the portfolio and receiving all their contractual cash flows and (ii) may have contractual cash flows in specific dates that correspond exclusively to the payment of capital and interest on the outstanding capital, should be measured at amortised cost, unless it is designated at fair value through profit and loss under the fair value option – Hold to Collect.

- A financial debt instrument that (i) is managed under a business model whose objective is achieved either through the receipt of the contractual cash flows or through the sale of the financial assets and (ii) contemplate contract clauses that give rise to cash flows that correspond exclusively to the payment of capital and interest on the outstanding capital, should be measured at fair value as a counter-entry against equity (FVTOCI), unless it is designated at fair value through profit and loss under the fair value option – Hold to Collect & Sell.
- All other financial debt instruments should be measured at fair value through profit and loss (FVTPL).

The Group assesses its business models based on a broad set of indicators, some of the main ones being the strategy, its Business Plan, and also its current risk management policies. For the Hold to Collect business model, in order to assess the frequency and materiality of sales, quantitative thresholds were defined based on past experience. The sales contemplated for the financial assets classified in that business model does not exceed the thresholds defined by the Group.

With respect to other financial instruments, specifically equity instruments and derivatives, these are, by definition, classified at fair value through results.

For equity instruments, there is the irrevocable option of designating for all fair value variations to be recognised in other comprehensive income, and in this case, only the dividends are recognised in results, as gains and losses are not reclassified for results even at the time of their non-recognition/sale.

IFRS 9 establishes that the concept of impairment based on expected losses (ECL – Expected Credit Loss) is applied to all financial assets, except to financial assets measured at fair value through results and equity instruments measured at fair value through equity.

Also covered by the concept of expected losses of the IFRS 9 are financial assets at amortised cost, debt instruments measured at fair value through equity, off-balance sheet exposures, financial leasing, other amounts receivable, financial guarantees and loan commitments not valued at fair value.

Financial assets subject to impairment assessment are classified in different stages according to the evolution of their credit risk from the date of initial recognition and do not depend on the credit risk at the reporting date:

- Stage 1: financial assets are classified in stage 1 whenever there is no significant increase in the credit risk since the date of their initial recognition. For these assets the expected credit impairment loss resulting from events of non-compliance that occur during the 12 months after the reporting date should be recognised in the income statement of the year;

- Stage 2: incorporates the financial assets in which a significant increase in the credit risk has been verified since the date of their initial recognition, even though this situation may not have materialised in concrete losses and are only the result of evidences. For these financial assets expected credit impairment losses are recognised throughout of the life of the assets (lifetime). However, interest will continue to be calculated on the gross amount of the asset;

- Stage 3: the assets classified in this stage demonstrate objective evidence of impairment on the reporting date, as a result of one or more events that have already occurred which result in a loss. In this case, the expected credit impairment loss during the expected remaining lifetime of the financial assets will be recognised in the income statement of the year. Interest is calculated on the net book value of the assets.

On each reporting date, the Group assesses if there is a significant increase in the credit risk, in order to determine the stage into which each exposure should be classified.

Financial assets go from stage 1 to stage 2 when the credit risk increases significantly when compared with the credit risk on the date of their initial recognition. The significant increase in the credit risk should be determined through the analysis of internal quantitative and/or qualitative indicators used in the normal management of credit risk, thus requiring greater articulation of the accounting requisites with the management policies on credit risk established by the Group. The transition of financial assets from stage 2 to stage 3 occurs when these are in default.

In the identification and assessment of the significant increase in the credit risk, the Group uses the information that is fed into the credit risk models implemented, supporting its decisions based on a broad set of triggers and alerts.

The Group uses a number of tools, where it considers the following factors, among others:

- the evolution of the rating of the issuer and of the prices of the securities in the portfolio (when applicable);
- the aggregate exposure to the client and the existence of overdue loans;
- the existence of other triggers (even though indirect) that could lead the Group to suspect impairment (evidences/indications);
- the economic-financial viability of the client's business or professional activity and its capacity to generate sufficient means to service the debt in the future;
- the existence, nature and estimated value of the collateral associated to each credit;

- if there are privileged creditors;
- the client's level of indebtedness in the financial sector;
- the analysis carried out weekly in relation to PARI – Plan of Action for the Risk of Non-compliance
- the amount and timing of estimated recovery.

The amount of the ECL to be recognised corresponds to the difference between the book value of the exposure and the current value of the estimated future cash flow (considering the recovery period) discounted at the original effective interest rate of the contract.

For a credit with a variable interest rate, the discount rate to be used to determine the respective ECL is the original effective interest rate contracted, determined based on the clauses of each contract.

The measurement of expected losses is the result of the product between (i) the probability of default (PD) of the financial instrument, (ii) the LGD (Loss Given Default) and (iii) the exposure on the date of the non-compliance (EAD – Exposure at Default), discounted at the initial effective interest rate of the contract. This measurement, and also the assessment of the significant increase in the credit risk, should consider not only information on past events, but also the current conditions and reasonable forecasts substantiated on events and future economic conditions (i.e. forward-looking information).

These parameters are obtained through statistical models, market data, historical data or through external benchmarks, if internal sources are not available, their calculation being validated by independent bodies and their values regularly updated.

- The EAD represents the expected exposure, in the case of non-compliance by the client and/or of the exposure. The Group obtains the values of the EAD through the current exposure of the counterparty and foreseeable alterations to the respective current value, depending on the contract conditions, including amortisation and advance payments. For guarantees and sureties provided, the value of the EAD considers the total value guaranteed by the Group, on the assumption that the amount may be used in full (i.e. it is applied a CCF – Credit Conversion Factor of 100%).

- The PD are estimated considering a determined historic period, or through external benchmark indicators, if historic data is not available. The Group regularly gathers indicators of performance and default of its credit risk exposures, with analyses by type of exposure/client. For segments where there is no information available, but it is possible to determine the debtor's external rating, the Group uses external information published by the rating agencies or market data, such as CDS spreads and bond yields to gauge the PD.

- The LGD represents the value of the loss that the Group expects in the event of a non-compliance. The Group estimates the parameters using external benchmark data (e.g. Moody's) or internal data, when available, through the recovery rates.

As mentioned previously, the main difference between impairment losses measured for financial assets classified in stages 1 and 2 is the respective time horizon in the calculation of the PD. The expected losses for financial assets in stage 1 are calculated using a PD of 12 months while the expected losses in stage 2 use a lifetime PD. The calculation of the expected loss for the financial assets always considers point-in-time and forward-looking.

The estimates take macroeconomic factors into consideration that can influence them. The following estimates were used in the models to calculate the ECL:

	2024e	2025e	2026e
GDP	1.2%	2.2%	2.0%
Unemployment Rate	7.1%	7.3%	7.2%

The different business generating areas involved in this process do not perform the calculation, revision and approval of impairment losses, therefore retaining the independence that is absolutely necessary in this type of analysis.

C. Credit moratoria

Motivated by the COVID-19 pandemic situation and the resulting socio-economic consequences, during the years 2022 and 2021, the public and private sectors came together to take a series of measures to support families and companies, of which we highlight the most relevant:

- The launch of lines of economic support by the Portuguese State, with the partial guarantee of a Mutual Guarantee Society; and

- Families and companies have the possibility of adhering to the temporary suspension of loan instalments (commonly known as moratoria).

While with regard to the first measure, the Group did not make this offer to its Customers because its specialised business model of savings and investment banking does not include this type of credit offer to its Customers; with regard to the second measure, the Group supported its Customers in view of the exceptional global and national economic situation, by applying moratoria under the following provisions:

- of Decree-Law 10-J/2020 of 26 March on “legal moratoria” for companies and individuals; and
- of the Protocol on “general moratoria of private initiative” to be applied within the scope of the COVID-19 pandemic between a number of Financial Institutions and the Portuguese Banking Association (APB).

The various types of moratoria, both legal and private, ended during 2021, with most clients having resumed the repayment of the payment schedule of operations without disruption. For some operations it was necessary to apply additional restructuring measures, in order for clients to resume a new regular payment plan for their loans.

At the end of 2023, no operations were subject to moratorium measures. Furthermore, all operations were in good standing.

As of 31 December 2023, and 2022, the detail of the operations that were still in the balance sheet and that were subject to the application of moratoriums in the Group (despite no longer being in force):

2023

	Corporates		Individuals		Total	
	Number	Book Value	Number	Book Value	Number	Book Value
Public / Legal						
Mortgage	-	-	2	190,398	2	190,398
Private APB						
Non-mortgage	-	-	2	6,516	2	6,516
Total	**-**	**-**	**4**	**196,914**	**4**	**196,914**

2022

	Corporates		Individuals		Total	
	Number	Book Value	Number	Book Value	Number	Book Value
Public / Legal						
Mortgage	-	-	2	198,166	2	198,166
Private APB						
Non-mortgage	-	-	3	17,101	3	17,101
Total	**-**	**-**	**5**	**215,267**	**5**	**215,267**

In accounting terms, the following aspects should be noted:

1) Treatment of planned moratoria
The moratorium regime provided for the extension of credit payment, obliging banks to suspend this payment for a certain period.

The existing moratorium regimes allowed for the application of two types of payment suspensions, which were chosen by the customers:
- Suspension only of the repayment of the principal, keeping interest payments;
- Full suspension, of capital and interest, with no payment by the Customers.

2) Treatment of significant increases in credit risk
In general, the Group applied the EBA guidelines, published on 2 April 2020, *Guidelines on legislative and non-legislative moratoria on loan repayments applied in the light of the COVID-19 crisis (EBA/GL/2020/02)* to determine the significant increase in credit risk of operations in moratorium. Nevertheless, the Group reinforced the monitoring of these operations in order to identify and analyse early any indication that could impact the credit quality of these debtors, and if necessary, classify the respective contract to stage 2 or 3.

3) Identification of restructured operations
Operations with approved moratorium requests have not been identified as restructuring due to financial difficulties, whether they were legal moratoriums applied under Decree-Law 10-J/2020 (and subsequent Decree-Laws), or general private initiative moratoriums applied as a result of the Interbank Protocol promoted by the Portuguese Banking Association (APB).

However, in the post-moratorium period, some additional support measures were granted by the Bank, which led to the classification of the respective operations as restructured due to financial difficulties, as can be consulted in the section Details on restructured credit.

4) Updating of macroeconomic scenarios
In the last 3 years, the Group has been updating more frequently the macroeconomic scenarios considered in its model for the purposes of calculating the Expected Credit Loss (ECL) in accordance with IFRS9.

D. Application of Decree-Law 80-A/2022, of November 25

At the end of 2022, the Portuguese government published new legislation aimed at strengthening the adoption by credit institutions of measures to mitigate the effects of the increase in the reference indexing factors of credit contracts for the acquisition or construction of permanent homes.

Due to its business model, with a very small portfolio of mortgages, the impact of the application of this measure to BiG S.A.'s eligible clients, until 31 December 2023, was nil, the end date of its application. No client was identified at this date to have a significant increase in the effort rate or a significant effort rate as a result of the increase in interest rates.

E. Application of Decree-Law 20-B/2023, of March 22

This decree-law aimed to establish extraordinary supports (bonuses) to assist families in paying rent and loan instalments.

In the Bank's portfolio, only one client opted for the measure, with the outstanding amount of that contract at the end of the year being approximately 92,1 thousand Euros.

Clients can opt for this measure until 31 December 2024

F. Application of Decree-Law 91/2023, of October 11

This measure aims to temporarily fix the instalments of housing loan contracts.

The Bank did not receive any requests for participation by the end of 2023.

Clients can opt for this measure until 31 March 2024.

G. Policy relating to the degrees of internal risk

The Group gives preference to the use of the ratings of external entities (Moody's, S&P and Fitch). The Group adopts the Basel policies on the selection of ratings when there is more than one rating.

When these notations are not available, the Group performs an internal analysis of the issuers and assigns a classification of 1-10, which then is mapped for the classification of these external entities.

The internal treatment of a client classified as in default should contemplate taking all the operational measures that appear necessary, namely the inhibition of (i) movements in accounts and means of moving accounts, (ii) transfers of amounts outside of the Group, (iii) attempts to reduce or remove collateral and (iv) increases in exposure by the borrower.

As necessary, still in relation to this internal analysis, the legal mechanisms that ensure the execution of guarantees or the filing of enforcement proceedings will be triggered. This action will be coordinated by the Legal department, together with the law firm that assists the Bank in legal matters.

The actions described above should also take into consideration (i) knowledge of the client, (ii) awareness of the product, (iii) the necessary understanding of standards, regulations, procedures, timings of reporting to the supervisory bodies and (iv) the need to adjust the Group's internal accounts and reports.

H. Calculation of the current value of the future cash flow in the calculation of impairment losses assessed individually and collectively

On an individual basis for each instrument, the preferred calculation method adopted by the Bank for the determination of credit impairment is the discounted cash flow (DCF) method or rather, the Bank determines the PV (Present Value) of the cash-flows becoming due for the time of the analysis, discounted at the original effective interest rate of the contract. This PV is then compared with the exposure value and, if the difference is negative, there will then be an impairment loss.

In the calculation of the ECL, the Bank determines the net amount of each exposure (credit amount – collateral amount). This collateral amount is adjusted by haircuts, in accordance with the rules defined in the point Details on collateral. For the purpose of the analysis of impairment, only in operations with financial guarantees (margin account) or real guarantees (mortgage or car loans) is the respective collateral evaluated, while in other operations a collateral equal to zero is assumed, even in the case of the automobile leases where the item belongs to the Bank.

In the case of the DCF method, the interest rate used in the calculation of impairment is determined in accordance with the following rules:

- fixed rate contracts: initial fixed interest rate
- variable rate contracts: current interest rate, resulting from the contract clauses (e.g. indexed to the Euribor)

In valuing total amounts recovered through collateral execution, the Bank takes into consideration the expected value of the collateral, along with its expected timing of recovery, and the recovery and sale costs.

I. Conversion of debt into capital of the debtor

The Group does not normally use this type of solution and has no exposure to any economic group that has undergone this form of credit restructuring.

J. Emergent period used for the different segments and justification of its suitability

The Group does not consider an emergent period in its model. In all the segments, the rule defined by the IFRS9 is used, with expected losses at 12 months, in the case of exposures classified in stage 1, and lifetime expected losses for exposures in stage 2 and stage 3.

K. Triggers and alerts for significant increases in the credit risk

Staging Criterion – Transfer to stage 2

	Securities portfolio	**Credit portfolio**
TRIGGERS (automatic)	i. Delay in the payment of capital and/or interest of between 30 and 90 days; ii. Debt of the issuer restructured due to financial difficulties iii. Inability to measure the credit risk at the time of its origination and/or acquisition;	i. Delay in the payment of capital and/or interest of between 30 and 90 days.
OTHER ALERTS (subject to revision and analysis in the Credit Risk Committee)	i. Negative evolution of the rating compared to the acquisition date (as per ratings matrix, which defines the maximum number of notches expected to occur for each rating/term in the portfolio to trigger this alert); ii. Negative evolution of price compared to amortised cost and comparison with the threshold permitted in the price matrix (as defined in the price matrix, which sets the maximum expected price variation for each rating/residual maturity);	i. Indications of risk in the CRC-Credit Liabilities Centre of the Banco de Portugal; ii. Indications of risk in the Clients' accounts; iii. Liens or bank blocks recorded in the Clients' accounts; iv. Inclusion in the List of Cheque Defaulters); i. Inclusion in the internal watchlist; vi. Significant restructuring of a credit operation due to financial difficulties of the debtor;

Staging Criterion – Transfer to stage 3		
	Securities portfolio	**Credit portfolio**
TRIGGERS (automatic)	i. Delay in the payment of capital and/or interest equal to or longer than 91 days; ii. Securities with a rating equal or lower than CCC+ (non-POCI – Purchased or Originated Credit Impairment); iii. Loss of rating assignment, with BiG unable to infer the associated risk of the asset; iv. Disappearance of an active market for the instrument under review due to financial difficulties of the issuer; v. Bankruptcy/insolvency of the issuer; vi. Debt of the issuer restructured due to financial difficulties; vii. Inability to measure the credit risk at the time of its origination and/or acquisition;	i. Delay in the payment of capital and/or interest equal to or longer than 91 days;
OTHER ALERTS (subject to revision and analysis in the Credit Risk Committee)	i. Negative evolution of the rating (from 2 additional notches, after the migration to Stage 2 had already taken place). ii. Decline in the fair value of the financial asset on a continuous basis during 12 months or decline of the fair value of the financial asset significantly (over 30%), not justified by some disruptive event (e.g. war, pandemic) and out of step with general market developments. In this case, the interest rate risk effect should be excluded, and the occurrence of a downgrade should be analysed for the Credit Risk Committee; iii. Securities with rating equal to or less than CCC+ (not POCI); iv. Loss of attribution of rating, with the Group being unable to infer the risk associated to the asset; v. Disappearance of active market for the bond under analysis due to financial difficulties; vi. Bankruptcy/insolvency of the issuer.	i. Client in insolvency proceedings, PER - Special Recovery Plan, or any other equivalent situation of protection; ii. Classification of the operation as “unproductive” (without interest); iii. Termination of the contract due to non-compliance and consequent filing of legal case for recovery; iv. Sale, by the Group, of credit operation with significant financial loss (>20% of the outstanding nominal value on the date of the sale) due to reasons exclusively connected to the quality of the credit risk of the debtor; v. Contagion from other operations to the debtor (if the same are significant against the total value in debt). For “Non-Retail” exposures, this contagion is mandatory. For “Retail” exposures, the contagion is not mandatory, being employed an indicative threshold of 20%.

The distribution by sector of activity for the years ended on 31 December 2023 and 2022, is presented as follows:

2023							
	Financial assets at amortised cost		Financial assets at fair value through profit and loss			Financial assets at fair value through other comprehensive income	Guarantees and sureties provided
	Loans and advances Clients	Debt securities	Financial assets held for trading	Non-trading financial assets mandatorily at fair value through profit or loss	Financial assets accounted at fair value through profit and loss		
	Balance Sheet value	Balance Sheet value	Balance Sheet value	Balance Sheet value	Balance Sheet value	Balance Sheet value	Balance Sheet value
Agriculture, livestock, hunting, forestry and fishing	13	-	-	-	-	-	-
Mining industries	-	4,488,944	492,822	-	-	5,531,910	-
Manufacturing industries	5,546	53,966,458	4,864,866	-	-	101,780,175	-
Electricity, gas, steam, hot and cold water and cold air	-	41,706,341	699,556	-	-	55,913,848	-
Construction	1	-	-	-	-	-	-
Bulk and retail trade; repair of motor vehicles and motorcycles	56,079	-	-	-	-	2,071,848	-
Transports and storage	-	-	-	-	-	2,268,309	-
Financial activity and insurance	2,595,740	463,867,874	32,357,396	174,138	4,090,910	344,807,299	-
Real estate	155,585	2,022,899	-	-	-	-	-
Scientific, technical consultancy and similar	991,084	-	-	427,014	-	2,091,754	-
Public administration and defence; Obligatory social security	-	311,506,622	26,465,553	-	4,459,953	536,282,800	-
Human health and social support	4	2,806,407	484,791	-	-	-	-
Mortgages	-	-	-	-	-	-	-
Loans to private individuals	-	-	-	-	-	-	-
Other	16,148,876	5,827,399	7,946,703	8,088,188	-	19,178,304	141,450
	19,952,928	**886,192,944**	**73,311,687**	**8,689,340**	**8,550,863**	**1,069,926,247**	**141,450**

2022

	Financial assets at amortised cost		Financial assets at fair value through profit and loss			Financial assets at fair value through other comprehensive income	Guarantees and sureties provided
	Loans and advances Clients	Debt securities	Financial assets held for trading	Non-trading financial assets mandatorily at fair value through profit or loss	Financial assets accounted at fair value through profit and loss		
	Balance Sheet value	Balance Sheet value	Balance Sheet value	Balance Sheet value	Balance Sheet value	Balance Sheet value	Balance Sheet value
Agriculture, livestock, hunting, forestry and fishing	-	-	-	-	-	-	-
Mining industries	-	4,270,180	484,231	-	-	14,034,268	-
Manufacturing industries	3,537	51,953,118	4,274,367	-	-	98,325,839	-
Electricity, gas, steam, hot and cold water and cold air	-	29,623,181	2,458,202	-	-	50,657,342	-
Construction	13,029	-	-	-	-	-	-
Bulk and retail trade; repair of motor vehicles and motorcycles	4,961	-	-	-	-	1,768,392	-
Transports and storage	38	-	-	-	-	2,160,471	-
Financial activity and insurance	2,081,027	462,795,175	38,114,680	45,000	51,856	282,858,809	-
Real estate	98,526	1,989,280	-	-	-	-	-
Scientific, technical consultancy and similar	943,669	-	-	448,159	-	30,478	-
Public administration and defence; Obligatory social security	-	288,269,709	8,865,596	-	2,323,235	531,561,995	-
Human health and social support	25,013	2,682,953	523,608	-	-	-	-
Mortgages	-	-	-	-	-	-	-
Loans to private individuals	-	-	-	-	-	-	-
Other	31,699,345	5,539,297	1,037	7,294,141	-	32,120,449	152,110
	34,869,145	**847,122,893**	**54,721,721**	**7,787,300**	**2,375,091**	**1,013,518,043**	**152,110**

Exposure to public debt

On 31 December 2023 and 2022 the Group's exposure to public debt is as follows:

	2023			
	Financial assets held for trading	**Financial assets at fair value through profit and loss**	**Financial assets at fair value through other comprehensive income**	**Financial assets at amortised cost**
Portugal	2,978,449	-	8,300,179	-
Spain	-	-	146,599,114	11,378,800
Italy	-	-	225,932,426	278,743,870
Other	32,811,644	8,216,780	158,047,890	21,383,942
	35,790,093	**8,216,780**	**538,879,609**	**311,506,612**

	2022			
	Financial assets held for trading	**Financial assets at fair value through profit and loss**	**Financial assets at fair value through other comprehensive income**	**Financial assets at amortised cost**
Portugal	3,382,446	-	7,524,404	-
Espanha	-	-	144,217,047	10,670,677
Italy	-	-	202,622,580	263,010,000
Other	7,652,625	2,323,235	189,251,148	14,580,164
	11,035,071	**2,323,235**	**543,615,179**	**288,260,841**

The breakdown of the exposure to securities in the portfolio of Financial assets at fair value through other comprehensive income, Financial assets held for trading and Financial assets at amortised cost is as follows:

2023

	Nominal value	List value	Accumulated interest	Balance Sheet value[1]	Fair value reserve[2]
Financial assets held for trading					
Portugal					
Maturity up to 1 year	986,621	985,696	7,250	992,946	-
Maturity over 1 year	2,110,013	1,959,180	26,323	1,985,503	-
Other					
Maturity up to 1 year	28,612,448	28,411,941	82	28,412,023	-
Maturity over 1 year	4,571,625	4,386,208	13,413	4,399,621	-
Financial assets at fair value through profit and loss					
Other					
Maturity up to 1 year	321,784,000	3,803,989	875	3,804,864	-
Maturity over 1 year	297,659,400	4,219,761	192,155	4,411,916	-
Financial assets at fair value through other comprehensive income					
Portugal					
Maturity over 1 year	11,142,000	8,263,207	36,972	8,300,179	(1,325,506)
Spain					
Maturity over 1 year	218,600,000	146,088,863	510,251	146,599,114	(18,231,568)
Italy					
Maturity over 1 year	290,418,000	224,582,392	1,350,034	225,932,426	(25,063,924)
Other					
Maturity up to 1 year	211,449,000	2,597,040	-	2,597,040	41,685
Maturity over 1 year	1,122,518,600	153,650,769	1,800,081	155,450,850	(16,275,056)
Financial assets at amortised cost					
Spain					
Maturity over 1 year	13,000,000	10,892,590	16,939	11,378,800	-
Italy					
Maturity over 1 year	305,000,000	266,969,550	1,686,711	278,743,870	-
Other					
Maturity over 1 year	21,000,000	19,917,283	149,008	21,383,942	-
	2,848,851,707	**876,728,469**	**5,790,094**	**894,393,094**	**(60,854,369)**

(1) the Balance Sheet value of Financial assets at amortised cost - Debt securities, includes the component of hedge impairment.
(2) the fair value reserve presented includes the component of hedge impairment.

2022					
	Nominal value	List value	Accumulated interest	Balance Sheet value[1]	Fair value reserve[2]
Financial assets held for trading					
Portugal					
Maturity up to 1 year	504,767	499,098	899	499,997	-
Maturity over 1 year	3,272,467	2,844,577	37,872	2,882,449	-
Other					
Maturity up to 1 year	5,000,480	4,988,306	18	4,988,324	-
Maturity over 1 year	3,016,512	2,656,464	7,838	2,664,302	-
Financial assets at fair value through profit and loss					
Other					
Maturity up to 1 year	17,578	17,668	933	18,601	-
Maturity over 1 year	2,321,046	2,225,826	78,808	2,304,634	-
Financial assets at fair value through other comprehensive income					
Portugal					
Maturity over 1 year	11,142,000	7,491,783	32,621	7,524,404	(1,524,600)
Spain					
Maturity over 1 year	231,650,000	143,602,875	614,172	144,217,047	(21,362,425)
Italy					
Maturity over 1 year	290,418,000	201,267,138	1,355,442	202,622,580	(35,490,583)
Other					
Maturity up to 1 year	3,220,962	3,217,419	69,076	3,286,495	29,483
Maturity over 1 year	227,056,725	183,517,839	2,446,813	185,964,652	(26,854,895)
Financial assets at amortised cost					
Spain					
Maturity over 1 year	13,000,000	10,037,400	16,985	10,670,677	-
Italy					
Maturity over 1 year	305,000,000	240,160,050	1,696,044	263,010,000	-
Other					
Maturity over 1 year	16,000,000	12,980,440	144,555	14,580,164	-
	1,111,620,537	**815,506,883**	**6,502,076**	**845,234,326**	**(85,203,020)**

(1) the Balance Sheet value of Financial assets at amortised cost - Debt securities, includes the component of hedge impairment.
(2) the fair value reserve presented includes the component of hedge impairment.

Debt exposure by rating

Considering that the main exposures are Sovereigns, Large Multinational Corporations, Other Institutions, ABS Instruments, the Group gives preference to the use of the ratings of external entities (Moody's, S&P and Fitch), using the rules set out in the following paragraph.

If the ratings differ between external entities, the Group uses the following criteria:

- When there are three different ratings, the best of the two worst ratings is used;
- When there are two different ratings, the worst of the two ratings is used; and
- When there is only one rating, this rating is used.

When such ratings are not available, the Bank conducts an internal analysis of the issuer and assigns a rating on a scale of 1-10, which is then mapped to the ratings of those external entities.

On 31 December 2023 and 2022 the Group's debt exposure by rating is as follows:

	EXPOSURE 31-12-2023							
	Rating AAA - AA	Rating A - BBB	Rating BB - B	Rating CCC	Unrated*	GROSS EXPOSURE**	ECL	NET EXPOSURE
Loans represented by securities								
Hold to Collect								
Stage 1	352,808,977	533,305,598	40,060,548	-	-	926,175,123	1,155,869	925,019,254
Hold to Collect and Sell								
Stage 1	256,616,687	862,423,180	59,554,556	17,189,674	88,712,449	1,284,496,546	2,212,984	1,282,283,562
Stage 2	-	-	-	-	156,277	156,277	28,771	127,506
	609,425,664	**1,395,728,778**	**99,615,104**	**17,189,674**	**88,868,726**	**2,210,827,946**	**3,397,624**	**2,207,430,322**

	EXPOSURE 31-12-2022							
	Rating AAA - AA	Rating A - BBB	Rating BB - B	Rating CCC	Unrated*	GROSS EXPOSURE**	ECL	NET EXPOSURE
Loans represented by securities								
Hold to Collect								
Stage 1	353,348,853	510,120,984	47,219,779	-	-	910,689,616	1,266,023	909,423,593
Hold to Collect and Sell								
Stage 1	211,107,736	895,077,064	84,836,782	37,762,660	86,218,551	1,315,002,793	3,427,392	1,311,575,401
Stage 2	-	-	-	-	156,278	156,278	50,698	105,580
	564,456,589	**1,405,198,048**	**132,056,561**	**37,762,660**	**86,374,829**	**2,225,848,687**	**4,744,113**	**2,221,104,574**

* Instruments without external credit ratings for which the Bank assigns internal ratings
** The gross exposure corresponds to the amortized cost with accrued interest

On 31 December of 2023 and 2022, the Group's exposure to balances and amounts receivable by rating is as follows:

	EXPOSURE 31-12-2023							
	Rating AAA - AA	Rating A - BBB	Rating BB - B	Rating CCC	Unrated	GROSS EXPOSURE	ECL	NET EXPOSURE
Deposits and margins								
Stage 1	68,847,429	399,381,820	212	34,752,956	11,395,539	514,377,956	-	514,377,956
	68,847,429	**399,381,820**	**212**	**34,752,956**	**11,395,539**	**514,377,956**	**-**	**514,377,956**

	EXPOSURE 31-12-2022							
	Rating AAA - AA	Rating A - BBB	Rating BB - B	Rating CCC	Unrated	GROSS EXPOSURE	ECL	NET EXPOSURE
Deposits and margins								
Stage 1	14,170,371	257,824,377	-	7,267,026	35,414,764	314,676,538	-	314,676,538
	14,170,371	**257,824,377**	**-**	**7,267,026**	**35,414,764**	**314,676,538**	**-**	**314,676,538**

Notes:
- For the construction of this table, the rating assigned by Moody's was considered, or if not available, the rating assined by Fitch.
- For the balances with the Central Banks of Portugal and Spain, the rating of the Portuguese and Spanish Republics was assigned, respectively.

Exposure by type and staging

Considering the portfolios indicated in line A. above, the retail credit exposures were grouped as follows:

- Loans at sight;
- Mortgages;
- Other (car loans, credit for employees to buy BiG's shares and other credits, which include overdrafts and personal loans)

On 31 December 2023 and 2022 the Group's exposure by type and staging is as follows:

a.1) Gross exposure and impairment by type of secured and unsecured debt

	Gross exposure 31-12-2023			
	Stage 1	**Stage 2**	**Stage 3**	**TOTAL**
Loans not represented by securities				
Current Account Credit	15,460,696	42,427	66	15,503,189
Mortgages	3,845,824	179,560	-	4,025,384
Other	425,678	661	21,384	447,723
Loans represented by securities				
Hold to Collect*	926,175,123	-	-	926,175,123
Hold to Collect and Sell*	1,284,496,546	156,277	-	1,284,652,823
Guarantees and sureties provided	141,450	-	-	141,450
TOTAL	**2,230,545,317**	**378,925**	**21,450**	**2,230,945,692**

* The gross exposure corresponds to the amortized cost with accrued interest

	Impairment 31-12-2023			
	Stage 1	**Stage 2**	**Stage 3**	**TOTAL**
Loans not represented by securities				
Current Account Credit	-	-	66	66
Mortgages	234	154	-	388
Other	1,521	9	21,384	22,914
Loans represented by securities				
Hold to Collect*	1,155,869	-	-	1,155,869
Hold to Collect and Sell*	2,212,984	28,771	-	2,241,755
Guarantees and sureties provided	-	-	-	-
TOTAL	**3,370,608**	**28,934**	**21,450**	**3,420,992**

	Net exposure 31-12-2023			
	Stage 1	**Stage 2**	**Stage 3**	**TOTAL**
Loans not represented by securities				
Current Account Credit	15,460,696	42,427	-	15,503,123
Mortgages	3,845,590	179,406	-	4,024,996
Other	424,157	652	-	424,809
Loans represented by securities				
Hold to Collect*	925,019,254	-	-	925,019,254
Hold to Collect and Sell*	1,282,283,562	127,506	-	1,282,411,068
Guarantees and sureties provided	141,450	-	-	141,450
TOTAL	**2,227,174,709**	**349,991**	**-**	**2,227,524,700**

	Gross exposure 31-12-2022			
	Stage 1	**Stage 2**	**Stage 3**	**TOTAL**
Loans not represented by securities				
Current Account Credit	15,716,583	2,634,044	62,879	18,413,506
Mortgages	4,112,245	190,909	-	4,303,154
Other	12,169,524	46,577	36,474	12,252,575
Loans represented by securities				
Hold to Collect*	910,689,615	-	-	910,689,615
Hold to Collect and Sell*	1,315,002,793	156,278	-	1,315,159,071
Guarantees and sureties provided	139,110	13,000	-	152,110
TOTAL	**2,257,829,870**	**3,040,808**	**99,353**	**2,260,970,031**

* The gross exposure corresponds to the amortized cost with accrued interest

	Impairment 31-12-2022			
	Stage 1	Stage 2	Stage 3	TOTAL
Loans not represented by securities				
Current Account Credit				-
Mortgages	-	-	62,879	62,879
Other	321	196	-	517
Loans represented by securities	610	174	35,910	36,694
Hold to Collect*	1,266,023			1,266,023
Hold to Collect and Sell*	3,427,392	50,698	-	3,478,090
Guarantees and sureties provided	-	-	-	-
TOTAL	**4,694,346**	**51,068**	**98,789**	**4,844,203**

	Net exposure 31-12-2022			
	Stage 1	Stage 2	Stage 3	TOTAL
Loans not represented by securities				
Current Account Credit	15,716,583	2,634,044	-	18,350,627
Mortgages	4,111,924	190,713	-	4,302,637
Other	12,168,914	46,403	564	12,215,881
Loans represented by securities				
Hold to Collect*	909,423,592	-	-	909,423,592
Hold to Collect and Sell*	1,311,575,401	105,580	-	1,311,680,981
Guarantees and sureties provided	139,110	13,000	-	152,110
TOTAL	**2,253,135,524**	**2,989,740**	**564**	**2,256,125,828**

a.2) Gross exposure and impairment by type of secured and unsecured credit considering staging and days past due

GROSS EXPOSURE 31-12-2023	Stage 1	Stage 2				Stage 3			TOTAL
Segment		Paid on time	Days late <= 30	Days late > 30	Total	Days late <= 90	Days late > 90 dias	Total	
Loans not represented by securities									
Current Account Credit	15,460,696	42,427	-	-	42,427	-	66	66	15,503,189
Mortgages	3,845,824	179,560	-	-	179,560	-	-	-	4,025,384
Other	425,678	-	-	661	661	-	21,384	21,384	447,723
Loans represented by securities						-	-		
Hold to Collect*	926,175,123	-	-	-	-	-	-	-	926,175,123
Hold to Collect and Sell*	1,284,496,546	156,277	-	-	156,277	-	-	-	1,284,652,823
Guarantees and sureties provided	141,450	-	-	-	-	-	-	-	141,450
	2,230,545,317	**378,264**	**-**	**661**	**378,925**	**-**	**21,450**	**21,450**	**2,230,945,692**

* The gross exposure corresponds to the amortized cost with accrued interest

IMPAIRMENT 31-12-2023	Stage 1	Stage 2				Stage 3			TOTAL
Segment		Paid on time	Days late <= 30	Days late > 30	Total	Days late <= 90	Days late > 90 dias	Total	
Loans not represented by securities									
Current Account Credit	-	-	-	-	-	-	66	66	66
Mortgages	234	154	-	-	154	-	-	-	388
Other	1,521	-	-	9	9	-	21,384	21,384	22,914
Loans represented by securities	-	-	-	-		-	-		
Hold to Collect	1,155,869	-	-	-	-	-	-	-	1,155,869
Hold to Collect and Sell	2,212,984	28,771	-	-	28,771	-	-	-	2,241,755
Guarantees and sureties provided	-	-	-	-	-	-	-	-	-
	3,370,608	**28,925**	**-**	**9**	**28,934**	**-**	**21,450**	**21,450**	**3,420,992**

NET EXPOSURE 31-12-2023	Stage 1	Stage 2				Stage 3			TOTAL
Segment		Paid on time	Days late <= 30	Days late > 30	Total	Days late <= 90	Days late > 90 dias	Total	
Loans not represented by securities									
Current Account Credit	15,460,696	42,427	-	-	42,427	-	-	-	15,503,123
Mortgages	3,845,590	179,406	-	-	179,406	-	-	-	4,024,996
Other	424,157	-	-	652	652	-	-	-	424,809
Loans represented by securities									
Hold to Collect	925,019,254	-	-	-	-	-	-	-	925,019,254
Hold to Collect and Sell	1,282,283,562	127,506	-	-	127,506	-	-	-	1,282,411,068
Guarantees and sureties provided	141,450	-	-	-	-	-	-	-	141,450
	2,227,174,709	**349,339**	**-**	**652**	**349,991**	**-**	**-**	**-**	**2,227,524,700**

GROSS EXPOSURE 31-12-2022	Stage 1	Stage 2				Stage 3			TOTAL
Segment		Paid on time	Days late <= 30	Days late > 30	Total	Days late <= 90	Days late > 90 dias	Total	
Loans not represented by securities									
Current Account Credit	15,716,583	903,792	-	1,730,252	2,634,044	1,200	61,679	62,879	18,413,506
Mortgages	4,112,245	190,909	-	-	190,909	-	-	-	4,303,154
Other	12,169,524	28,306	-	18,271	46,577	1,812	34,662	36,474	12,252,575
Loans represented by securities									
Hold to Collect*	910,689,615	-	-	-	-	-	-	-	910,689,615
Hold to Collect and Sell*	1,315,002,793	156,278	-	-	156,278	-	-	-	1,315,159,071
Guarantees and sureties provided	139,110	13,000	-	-	13,000	-	-	-	152,110
	2,257,829,870	**1,292,285**	**-**	**1,748,523**	**3,040,808**	**3,012**	**96,341**	**99,353**	**2,260,970,031**

* The gross exposure corresponds to the amortized cost with accrued interest

IMPAIRMENT 31-12-2022	Stage 1	Stage 2				Stage 3			TOTAL
Segment		Paid on time	Days late <= 30	Days late > 30	Total	Days late <= 90	Days late > 90 dias	Total	
Loans not represented by securities									
Current Account Credit	-	-	-	-	-	1,200	61,679	62,879	62,879
Mortgages	321	196	-	-	196	-	-	-	517
Other	610	-	-	174	174	1,642	33,888	35,910	36,694
Loans represented by securities									
Hold to Collect	1,266,023	-	-	-	-	-	-	-	1,266,023
Hold to Collect and Sell	3,427,392	50,698	-	-	50,698	-	-	-	3,478,090
Guarantees and sureties provided	-	-	-	-	-	-	-	-	-
	4,694,346	**50,894**	**-**	**174**	**51,068**	**2,842**	**95,567**	**98,789**	**4,844,203**

NET EXPOSURE 31-12-2022	Stage 1	Stage 2				Stage 3			TOTAL
Segment		Paid on time	Days late <= 30	Days late > 30	Total	Days late <= 90	Days late > 90 dias	Total	
Loans not represented by securities									
Current Account Credit	15,716,583	903,792	-	1,730,252	2,634,044	-	-	-	18,350,627
Mortgages	4,111,924	190,713	-	-	190,713	-	-	-	4,302,637
Other	12,168,914	28,306	-	18,097	46,403	170	394	564	12,215,881
Loans represented by securities									
Hold to Collect	909,423,592	-		-	-	-	-	-	909,423,592
Hold to Collect and Sell	1,311,575,401	105,580		-	105,580	-	-	-	1,311,680,981
Guarantees and sureties provided	139,110	13,000	-	-	13,000	-	-	-	152,110
	2,253,135,524	**1,241,391**	**-**	**1,748,349**	**2,989,740**	**170**	**394**	**564**	**2,256,125,828**

Reconciliation of exposures

On 31 December 2023 and 2022 the movements in the Group's exposures subject to calculation of expected impairment losses are presented as follows:

	Stage 1	Stage 2	Stage 3	Total
Exposure Loans not represented by securities and Guarantees and sureties provided				
Opening balance on 01-01-2023	32,137,462	2,884,530	99,353	35,121,345
Increases due to origination or acquisition	3,290,485	66	3,536	3,294,087
Reductions due to derecognition	(17,099,816)	(237,747)	(80,148)	(17,417,711)
Net variations due to alterations in the credit risk	3,105,796	(2,412,852)	(1,509)	691,435
Net variations due to modifications without derecognition	(1,560,279)	(11,349)	218	(1,571,410)
Closing balance on 31-12-2023	19,873,648	222,648	21,450	20,117,746
Exposure Loans represented by securities				
Opening balance on 01-01-2023	1,863,550,107	206,975	-	1,863,757,082
Increases due to origination or acquisition	975,880,268	-	-	975,880,268
Reductions due to derecognition	(441,922,645)	-	-	(441,922,645)
Net variations due to modifications without derecognition	(440,506,349)	(21,927)	-	(440,528,276)
Closing balance on 31-12-2023	1,957,001,381	185,048	-	1,957,186,429
Total Exposure on 31-12-2023	**1,976,875,029**	**407,696**	**21,450**	**1,977,304,175**

	Stage 1	Stage 2	Stage 3	Total
Exposure Loans not represented by securities and Guarantees and sureties provided				
Opening balance on 01-01-2022	40,333,350	1,349,772	114,993	41,798,115
Increases due to origination or acquisition	4,521,420	214,038	16	4,735,474
Reductions due to derecognition	(7,349,063)	(510,629)	(19,238)	(7,878,930)
Net variations due to alterations in the credit risk	(1,935,958)	1,852,290	3,941	(79,727)
Net variations due to modifications without derecognition	(3,432,287)	(20,941)	(359)	(3,453,587)
Closing balance on 31-12-2022	32,137,462	2,884,530	99,353	35,121,345
Exposure Loans represented by securities				
Opening balance on 01-01-2022	2,039,842,890	40,338,065	-	2,080,180,955
Increases due to origination or acquisition	301,825,317	-	-	301,825,317
Reductions due to derecognition	(126,297,064)	-	-	(126,297,064)
Net variations due to modifications without derecognition	(391,974,966)	22,840	-	(391,952,126)
Alterations due to updates to methodologies used	40,153,930	(40,153,930)	-	-
Closing balance on 31-12-2022	1,863,550,107	206,975	-	1,863,757,082
Total Exposure on 31-12-2022	**1,895,687,569**	**3,091,505**	**99,353**	**1,898,878,427**

Reconciliation of expected impairment losses

On 31 December 2023 and 2022 the movements in the Group's expected impairment losses are presented as follows:

	Stage 1	Stage 2	Stage 3	Total
ECL Loans not represented by securities and Guarantees and sureties provided				
Opening balance on 01-01-2023	931	370	98,789	100,090
Increases due to origination or acquisition	1,006	1	3,536	4,543
Reductions due to derecognition	(134)	(150)	(80,251)	(80,535)
Net variations due to alterations in the credit risk	83	(16)	(842)	(775)
Net variations due to modifications without derecognition	(131)	(42)	218	45
Closing balance on 31-12-2023	1,755	163	21,450	23,368
ECL Loans represented by securities				
Opening balance on 01-01-2023	4,693,415	50,698	-	4,744,113
Increases due to origination or acquisition	448,780	-	-	448,780
Reductions due to derecognition	(545,299)	-	-	(545,299)
Net variations due to modifications without derecognition	(1,228,043)	(21,927)	-	(1,249,970)
Closing balance on 31-12-2023	3,368,853	28,771	-	3,397,624
Total ECL on 31-12-2023	**3,370,608**	**28,934**	**21,450**	**3,420,992**

	Stage 1	Stage 2	Stage 3	Total
ECL Loans not represented by securities and Guarantees and sureties provided				
Opening balance on 01-01-2022	3,744	6,302	112,699	122,745
Increases due to origination or acquisition	62	139	13	214
Reductions due to derecognition	(1,610)	(6,204)	(17,271)	(25,085)
Net variations due to alterations in the credit risk	(151)	210	3,707	3,766
Net variations due to modifications without derecognition	(1,114)	(77)	(359)	(1,550)
Closing balance on 31-12-2022	931	370	98,789	100,090
ECL Loans represented by securities				
Opening balance on 01-01-2022	701,658	1,333,376	-	2,035,034
Increases due to origination or acquisition	731,684	-	-	731,684
Reductions due to derecognition	(116,987)	-	-	(116,987)
Net variations due to modifications without derecognition	2,071,542	22,840	-	2,094,382
Alterations due to updates to methodologies used	1,305,518	(1,305,518)	-	-
Closing balance on 31-12-2022	4,693,415	50,698	-	4,744,113
Total ECL on 31-12-2022	**4,694,346**	**51,068**	**98,789**	**4,844,203**

Details on collateral

For the purpose of quantitative analysis, the following valuation criteria are used:

i) Financial: performed automatically by the systems depending on the market prices and weightings that are periodically revised by the Board of Directors:
  - Every month the financial assets used as collateral are analysed with regard to their Liquidity, Volatility and stock market capitalisation (if applicable);
  - Every week automatically, taking only the 30-day volatility of securities traded on regulated markets into account, for all the financial assets which were previously approved as acceptable to be held as collateral, it is calculated the respective weighting (calculated by the system) over which the client can leverage the credit (80%, 70%, 60% and 50%).

ii) Buildings: the value of the last formal valuation of the building, performed by an independent entity, is used. Furthermore, a correction factor is applied to this value, according to the scale below:
  - Up to 12 months: 0%
  - From 12 to 24 months: 15%
  - From 24 to 36 months: 25%
  - More than 36 months: 50%

The determination of the recoverable amount is based on the evaluation (with or without the correction factor) plus a time discount factor.

When a credit operation collateralised by buildings shows sufficiently strong indications that so justify it, the collateral is reassessed by an external appraiser. This also occurs when the client become non-compliant.

iii) Other collateral: are analysed on a case by case basis.

Weightings and other corrective factors are periodically revised, at least once a year, taking history, economic prospects and the published indicators of the competitors into account, according to the type of product.

On 31 December 2023 and 2022 the collateral of the exposures of the portfolio of loans not represented by securities (retail and guarantees and sureties provided) is as follows:

Breakdown of the fair value of the collateral underlying the credit portfolio by segments:

31-12-2023	Current Account Credit		Mortgages		Other	
	Other Real Collateral*		Buildings		Other Real Collateral*	
Fair value	Number	Amount	Number	Amount	Number	Amount
< 0,5 M€	160	17,043,223	57	6,288,617	604	308,500
>= 0,5 M€ e < 1 M€	10	6,263,959	1	500,000	-	-
>= 1 M€ e < 5 M€	9	25,437,474	-	-	-	-
>= 5 M€	4	32,883,430	-	-	-	-
	183	**81,628,086**	**58**	**6,788,617**	**604**	**308,500**

* Examples: shares, bonds and deposits (at market price)

31-12-2022	Current Account Credit		Mortgages		Other	
	Other Real Collateral*		Buildings		Other Real Collateral*	
Fair value	Number	Amount	Number	Amount	Number	Amount
< 0,5 M€	198	23,901,315	63	6,602,939	1,032	6,591,610
>= 0,5 M€ e < 1 M€	15	9,905,118	1	500,000	1	600,000
>= 1 M€ e < 5 M€	11	28,098,324	-	-	4	4,550,000
>= 5 M€	4	26,180,622	-	-	-	-
	228	**88,085,379**	**64**	**7,102,939**	**1,037**	**11,741,610**

* Examples: shares, bonds and deposits (at market price)

a) LTV ratio of the Housing and Other segments

	31/12/2023						
Segment / Ratio	Number of buildings	Credit Stage 1	Credit Stage 2	Credit Stage 3	Total Credit (*)	Impairment	Net exposure
Mortgages							
< 60%	54	3,669,213	179,560	-	3,848,773	378	3,848,395
>= 60% e < 80%	4	176,611	-	-	176,611	11	176,600
	58	**3,845,824**	**179,560**	**-**	**4,025,384**	**389**	**4,024,995**

(*) Gross Exposure Value

	31/12/2022						
Segment / Ratio	Number of buildings	Credit Stage 1	Credit Stage 2	Credit Stage 3	Total Credit (*)	Impairment	Net exposure
Mortgages							
< 60%	59	3,825,969	190,909	-	4,016,878	495	4,016,383
>= 60% e < 80%	5	286,276	-	-	286,276	22	286,253
	64	**4,112,245**	**190,909**	**-**	**4,303,154**	**518**	**4,302,636**

(*) Gross Exposure Value

Details on restructured credit

When, due to the financial difficulties of a given client, the Group agrees to change the contract conditions of existing credit operations (namely, extension of the repayment period, introduction of grace periods, capitalization of interest, reduction in interest rates, forgiving the interest or capital) or contracts new credit facilities for the settlement (total or partial) of existing debt, these credit operations should be identified and marked as restructured credit due to financial difficulties of the client, and impairment is calculated accordingly on these loans. A client is in a situation of financial difficulty when s/he has not complied with some of their financial obligations with the Group or if it is foreseeable, in view of the information available, that this may occur, taking into consideration, among other things, the indications of impairment.

In 2023 and 2022, there were no new restructuring operations. In 2021, there were some credit restructuring operations, only related to additional relief measures applied in the post-moratorium period. After that date, there were no further restructurings in active operations.

The value of restructured exposures for the year ended on 31 December 2023 and 2022 is as follows:

2023

Segment	Exposure				Impairment			
	Stage 1	*Stage 2*	*Stage 3*	Total	*Stage 1*	*Stage 2*	*Stage 3*	Total
Private individuals	-	47,791	-	47,791	-	40	-	40
TOTAL	**-**	**47,791**	**-**	**47,791**	**-**	**40**	**-**	**40**

2022

Segment	Exposure				Impairment			
	Stage 1	*Stage 2*	*Stage 3*	Total	*Stage 1*	*Stage 2*	*Stage 3*	Total
Private individuals	-	52,537	-	52,537	-	55	-	55
TOTAL	**-**	**52,537**	**-**	**52,537**	**-**	**55**	**-**	**55**

The annual variation in restructured exposures for the years ended on 31 December 2023 and 2022 is the following:

	2023	2022
Opening balance of the restructured credit portfolio (gross of impairment)	**52,537**	**158,325**
Restructured loans in the period	-	-
Settlement of restructured loans (partial or total)	4,746	105,788
Closing balance of the restructured credit portfolio (gross of impairment)	**47,791**	**52,537**

The restructuring measures applied for the year ended on 31 December of 2023 and 2022 are the following:

2023

Restructuring measures implemented	Performing loans		
	No. of operations	Exposure	Impairment
Time extension and reduction of spread	1	47,791	40
TOTAL	**1**	**47,791**	**40**

2022

Restructuring measures implemented	Performing loans		
	No. of operations	Exposure	Impairment
Time extension and reduction of spread	1	52,537	55
TOTAL	**1**	**52,537**	**55**

Details on analysis of credit

For the purpose of the identification of individually significant exposures (which obligatorily will be analysed on an individual basis), the Group sets other thresholds that should be considered. These are, among other things, exposures collateralised by non-liquid assets which represent a relevant percentage of the retail credit portfolio or of the Group's own funds. Nevertheless, even if a given exposure does not come within these criteria and bearing in mind the Group's conservative position in relation to the credit risk, this may be subject to individual analysis for impairment.

On 31 December 2023 and 2022 the detail of the portfolio of loans not represented by securities (retail and guarantees and sureties provided) by individual and collective assessment model, is as follows:

2023	Current Account Credit		Mortgages		Other		Total	
	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment
Evaluation								
Individual	-	-	-	-	-	-	-	-
Collective	15,503,189	66	4,025,384	388	589,173	22,914	20,117,746	23,368
	15,503,189	**66**	**4,025,384**	**388**	**589,173**	**22,914**	**20,117,746**	**23,368**

2022	Current Account Credit		Mortgages		Other		Total	
	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment
Evaluation								
Individual	-	-	138,372	141	-	-	138,372	141
Collective	18,413,506	62,879	4,164,782	376	12,252,575	36,694	34,830,863	99,949
	18,413,506	**62,879**	**4,303,154**	**517**	**12,252,575**	**36,694**	**34,969,235**	**100,090**

Sensitivity analysis on expected credit loss

A sensitivity analysis exercise was carried out on the expected credit loss (ECL), on loans and advances to customers, based on amendments of the fundamental hypotheses applied individually to the calculation of the expected loss.

Presented below is the estimated sensitivity to changes in the projection of the annual variation of the rate of growth of unemployment for the twelve following months:

Annual variation in the unemployment rate	Variation of expected credit loss (ECL)
+1%	+ 56 euros
-1%	- 61 euros

Regarding the estimated sensitivity of the ECL for the bond portfolio, a study was conducted based on a general change in credit spreads for the next twelve months.

Annual variation of credit spreads	Variation of expected credit loss (ECL)
+0.25%	+ 4,540,656 euros
-0.25%	- 2,132,338 euros

Operational Risk

Operating risk is part of the Group's Day to day business and may arise as a result of inadequate procedures or systems, human risk or external events.

Given the nature of its business, the Group is exposed to potential losses related to operational risk as a result of human error, system breakdown, operation processing failures, unexpected interruptions in activity or stoppages or shortages in terms of third-party supplies or provision of services.

To monitor this type of risk and the effective fulfilment of the operating procedures throughout the Group, there is a control structure which supervises the appropriateness of the procedures, systems and human resources in order to ensure the normal development of the activity in any circumstances.

The objective of this structure is to ensure that the Group adheres to the established procedures and limits, so that the cost inherent to operational errors can be kept within controlled levels, vis-à-vis the Group's capital and its strategy. Alongside this structure, a culture of risk detection and mitigation is nurtured in the Group, which encourages the proactive resolution of problems based on their early identification.

Capital and solvency ratio management

Equity funds for the years ended on 31 December 2023 and 2022 are presented as follows:

		2023	2022
A - Equity Funds			
Ordinary paid-up capital, Share premium, Treasury shares and other		188,146,689	187,963,243
Results and reserves formed from retained earnings		179,078,862	145,948,874
Minority interest recognised in FPP1		5,189,564	5,064,052
Intangible assets		(11,456,620)	(11,373,083)
Adjustments due to prudential filters		(1,208,938)	(1,154,805)
Other deductions from equity		(2,446,780)	(10,382,987)
Common Equity Tier 1 Capital	(A1)	357,302,777	316,065,294
Tier 1 Capital	(A2)	357,302,777	316,065,294
Total Equity Funds	(A3)	357,302,777	316,065,294
B - Risk weighted assets	(B)	1,136,430,114	1,099,231,344
C - Capital Ratios			
Common Equity Tier 1 Capital	(A1 / B)	31.4%	28.8%
Tier 1 Capital	(A2 / B)	31.4%	28.8%
Total capital ratio	(A3 / B)	31.4%	28.8%

The movement in equity funds for the years ended on 31 December 2023 and 2022 is presented as follows:

	2023	2022
Opening Balance	**316,065,294**	**374,811,723**
Ordinary paid-up capital, Share premium, Treasury shares and other	183,446	(25)
Results and reserves formed from retained earnings	33,129,988	(52,374,259)
Minority interest recognised in FPP1	125,512	514,927
Intangible assets	(83,537)	416,895
Adjustments due to prudential filters	(54,133)	889,448
Other deductions from equity	7,936,207	(8,193,415)
Closing Balance	**357,302,777**	**316,065,294**

Other Risks and their measurement:

Reputational Risk

In terms of Reputation Risk, understood as the probability of the occurrence of a negative impact on results or on capital arising from a negative perception of the public image of the institution, founded or not, by the different stakeholders, the press or by public opinion in general, the Group conceived stress tests which allow for the existence of negative news relating to the Group, with consequences in terms of the withdrawal of deposits by clients.

Correlation Risk

The different types of risk, liquidity, reputation, credit, counterparty, market concentration, interest rate, market, etc., are correlated between each other. This correlation is evidently clearer in some pairs of risks while having no particular relevance in other risk pairs.

- Liquidity risk *versus* Reputation risk:
  The decline in the reputation of a financial institution can lead to a lack of trust of clients and of investors in general. Such a situation can lead to the liquidity risk for the institution with regard to its immediate liabilities.
- Liquidity risk versus Reputation risk versus Market risk:
  In the above case the reputation risk versus liquidity risk is analysed. We can nevertheless assume that there is an unusual variation in the different financial instruments in the market.

- Liquidity risk versus Reputation risk versus Credit risk:
  In this case, as in the previous point, the Group allows for scenarios where there is Reputation risk and Liquidity risk. In addition, we can also consider a scenario of the probability of default of the assets, as well as the impact of downgrades in their rating.

Liquidity risk *versus* Reputation risk *versus* Market risk

(30% drop in the stock market, a 100 b.p. decline in the interest rate curve and a massive withdrawal of deposits as consequence of reputational risk).

The results of the scenarios below (scenarios 1, 2 and 3) relate to December 31, 2023, the impact of which is described below.

Scenario 1 – 33% of DO's are withdrawn by clients
Available liquidity: 386,841,976 Euros.
Liabilities: 196,608,189 Euros.
In this scenario, it would not be necessary to sell assets to meet liabilities. Based on the assumption of simultaneously negative market conditions and stress assumptions (30% stock market decline and a 100 b.p. shock to the interest rate curve), the Group would have a maximum potential loss of 13,584,244 Euros.

Scenario 2 – 50% of DO's are withdrawn by clients
Available liquidity: 386,841,976 Euros.
Liabilities: 294,912,284 Euros.
In this scenario, it would not be necessary to sell assets to meet liabilities. Based on the assumption of market conditions that are also simultaneously negative and based on the stress assumptions (30% stock market decline and a 100 b.p. shock to the interest rate curve), the Group would have a maximum potential loss of 13,584,244 Euros.

Scenario 3 – 50% of DO's and PD's are withdrawn by clients
Available liquidity: 386,841,976 Euros.
Liabilities: 1,012,287,089 Euros.
In this scenario, it would be necessary to sell assets or request additional funding, for a total amount of 625,445,113 Euros. Under the assumption of also simultaneously negative market conditions and based on the stress assumptions (30% stock market decline and a 100 b.p. shock to the interest rate curve), the Group would have a maximum potential loss of 13,584,244 Euros.

Liquidity risk *versus* Reputation risk *versus* Credit risk:

(Scenario of downgrades of debt securities and massive withdrawal of deposits as a consequence of reputational risk)

- Aaa – Aa2: the rating is maintained
- Aa3 – A3: a drop of 2 notches in the rating
- Baa1 and lower ratings: a drop of 4 notches in the rating

The results of the scenarios below (scenarios 1, 2 and 3) relate to 31 December 2023, the impact of which is described below:

Scenario 1 – 33% of DO's are withdrawn by clients
Available liquidity: 386,841,976 Euros.
Liabilities: 196,608,189 Euros.
In this scenario, it would not be necessary to sell assets to meet liabilities. Based on the assumption of also simultaneously negative market conditions (downgrade of debt securities), the Group would have a maximum potential loss of 20,386,349 Euros.

Scenario 2 – 50% of DO's are withdrawn by clients
Available liquidity: 386,841,976 Euros.
Liabilities: 294,912,284 Euros.
In this scenario, it would not be necessary to sell assets to meet liabilities. Based on the assumption of also simultaneously negative market conditions (downgrade of debt securities), the Group would have a maximum potential loss of 20,386,349 Euros.

Scenario 3 – 50% of DO's and PD's are withdrawn by clients
Available liquidity: 386,841,976 Euros.
Liabilities: 1,012,287,089 Euros.
In this scenario, it would be necessary to sell assets or request additional funding, for a total amount of 625,445,113 Euros. Based on the assumption of equally negative market conditions (downgrade of debt securities), the Group would have a maximum potential loss of 20,386,349 Euros.

NOTE 47
PLEDGING OF ASSETS

On 31 December 2023 and 2022 pledges on assets may be analysed as follows:

2023	Book value of pledged assets	Fair value of pledged assets	Book value of unencumbered assets	Fair value of unencumbered assets
Securities				
Bonds and other fixed return securities	120,305,602	117,563,442	1,913,673,332	1,881,075,037
Shares	-	-	7,706,067	7,706,067
Other securities	-	-	1,747,338	1,747,338
Other assets	8,200,000	-	611,716,875	-
	128,505,602		**2,534,843,612**	

2022	Book value of pledged assets	Fair value of pledged assets	Book value of unencumbered assets	Fair value of unencumbered assets
Securities				
Bonds and other fixed return securities	359,993,879	338,729,717	1,553,729,418	1,507,089,999
Shares	-	-	864,770	864,770
Other securities	-	-	8,122,252	8,122,252
Other assets	1,750,000	-	512,522,680	-
	361,743,879		**2,075,239,120**	

In 2023 and 2022, pledged securities are recorded in the portfolios of Financial Assets at fair value through other comprehensive income and in the portfolio of Financial Assets at amortised cost.

On 31 December 2023, the amount of liabilities associated to pledged assets was 90,760,122 Euros (31 December 2022: 304,919,427 Euros) and primarily relates to the balances relating to repurchase agreements (note 33) and resources from central banks (note 34).

NOTE 48
GROUP COMPANIES

The accounts of the Group companies as on 31 December of 2023 and 2022 are presented below**:**

	2023			2022		
	Total assets	Total Equity	Net Result of the year	Total assets	Total Equity	Net Result of the year
BiG Serviços Financeiros, S.A.	1,404,196	1,164,608	494,493	687,625	670,115	235,701
Banco BIG Moçambique, S.A.	68,370,576	32,414,684	3,963,901	65,094,526	31,869,492	4,108,424
Onetier Partners, SCR, S.A.	7,926,403	7,618,967	(1,095,052)	8,963,103	8,714,018	1,217,021
DIF Broker - Empresa de Investimento S.A.	31,736,836	4,851,491	150,405	61,796,941	5,157,447	462,628

Investments in subsidiaries, associates, and investment funds are made up as follows:

	Activity	Consolidation method	2023 % economic interest	2023 % of voting rights	2022 % economic interest	2022 % of voting rights
Subsidiaries						
BiG Serviços Financeiros, S.A.	Financial assistant	Full	100.0%	100.0%	100.0%	100.0%
Banco BIG Moçambique, S.A.	Bank	Full	82.6%	82.6%	82.6%	82.6%
Onetier Partners, SCR, S.A.	Venture capital company	Full	100.0%	100.0%	100.0%	100.0%
DIF Broker - Empresa de Investimento S.A.	Financial brokerage firm	Full	100.0%	100.0%	100.0%	100.0%

	Consolidation method	Head Office	Year of acquisition	Year of incorporation	2022 % economic interest	2022 % of voting rights	2021 % economic interest	2021 % of voting rights
Investment Funds								
BiG Diversified Macro Fund	Integral	Irlanda	2018	2018	59.3%	59.3%	69.7%	69.7%
Onetier Fundo Capital de Risco	Integral	Portugal	2021	2021	55.3%	55.3%	55.3%	55.3%

BiG Serviços Financeiros, S.A., fully held by the Bank, was incorporated on 11 September 2008, with its registered office at Lisbon and its main objective is to provide financial advisory services, as well as holding or managing real estate.

BiG Moçambique was incorporated on 8 October 2014, with its registered office in Maputo, and its main objective is to carry out any operations and provide any services permitted for banks in Mozambique, with no legal restriction.

Onetier Partners, Sociedade de Capital de Risco, S.A. was incorporated on 20 April 2004 and its main objective is to make temporary investments in companies with high potential for growth and appreciation. Since 2016 the company's investment policy has favoured the acquisition of equity stakes in, or the granting of convertible debt to, early stage start-up companies that operate preferably in the Fintech, Insurtech and Cybersecurity segments.

On 7 September 2021 the Bank acquired 100% of the capital of DIF Broker – Empresa de Investimento, S.A., an investment company incorporated in 1999 with the purpose of carrying out the activities permitted by law for financial brokerage companies, including all ancillary, connected or similar operations compatible with this activity and permitted at law, with no legal restriction.

The acquisition cost of the capital of DIF Broker consists of: (i) a fixed component, amounting to 10.9 million Euros and (ii) a variable component estimated at 2.8 million Euros.

The BiG Diversified Macro Fund is an open-ended collective investment scheme incorporated on 25 April 2018, based in Dublin, Ireland, and regulated under the Alternative Investment Fund Managers Directive (AIFMD).

The entity Onetier – Fundo Capital de Risco is a venture capital fund managed by Onetier Partners, Sociedade de Capital de Risco, S.A. and was established in December 2021.

There are no significant restrictions on the control of subsidiaries, with the exception of those provided for in Article 101 of the General Regime of Credit Institutions and Financial Companies. On this date, none of the companies that composes the Group is in the situation contemplated in no. 1 of the said article.

NOTE 49
RECENTLY ISSUED STANDARDS

1. Impact of the adoption of new standards, alterations to the standards that became effective for annual periods that started on 1 January 2023:

a) **IAS 1** (amendment), 'Disclosure of accounting policies'. Amendment to the disclosure requirements of accounting policies based on the definition of materia rather than significant. Information about an accounting policy is considered material if, in its absence, users of financial statements would not be able to understand other financial information included in those financial statements. Information about immaterial accounting policies need not be disclosed. IFRS Practice Statement 2 was also amended to clarify how the concept of material applies to the disclosure of accounting policies. This amendment had no effect on the Bank's consolidated financial statements.

b) **IAS 8** (amendment), 'Disclosure of Accounting Estimates' Introduction of the definition of accounting estimate and how it is distinguished from changes in accounting policies. Accounting estimates are now defined as monetary amounts subject to measurement uncertainty that are used to achieve the objective(s) of an accounting policy.

c) **IFRS 17** (new and amendment), 'Insurance contracts'. This new standard replaces IFRS 4 and applies to all entities issuing insurance, reinsurance or investment contracts with discretionary participation features if they are also issuers of insurance contracts. Under IFRS 17 insurance contract issuers need to assess whether the policyholder may benefit from a particular service as part of a claim, or whether this service is independent of the claim/risk event and separate out the non-insurance component. Under IFRS 17, entities must identify portfolios of insurance contracts at initial recognition and divide them into at least the following groups: i) contracts that are onerous at initial recognition; ii) contracts that do not have a significant possibility of subsequently becoming onerous; and iii) remaining contracts in the portfolio. IFRS 17 requires an entity to measure insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and any uncertainty related to insurance contracts. IFRS 17 requires an entity to recognize income as it provides insurance services (rather than when it receives premiums) and to provide information about the insurance contract earnings it expects to recognize in the future. IFRS 17 provides three measurement methods for accounting for different types of insurance contracts: i) the General measurement model ("GMM"); ii) the Premium allocation approach ("PAA"); and iii) the Variable fee approach ("VFA"). IFRS 17 is retrospective with some exemptions at the transition date. This amendment had no effect on the Bank's financial statements.

d) **IFRS 17** (amendment), 'Initial application of IFRS 17 and IFRS 9 – Comparative Information'. This amendment applies only to insurance companies in the transition to IFRS 17, and allows the adoption of an overlay in the classification of a financial asset for which the entity does not apply retrospectively, under IFRS 9. This amendment aims to avoid temporary accounting mismatches between financial assets and insurance liabilities, in the comparative information presented in the initial application of IFRS 17, providing: (i) the application financial asset to financial asset; (ii) the presentation of the comparative information as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset, but without requiring an entity to apply the impairment requirements of IFRS 9; and (iii) the obligation to use reasonable and supportable information available at the transition date to determine how the entity expects that financial asset to be classified in accordance with IFRS 9. This amendment had no effect on the Bank's consolidated financial statements.

e) **IAS 12** (amendment), 'Deferred tax related to assets and liabilities associated with a single transaction'.. IAS 12 now requires entities to recognize deferred tax on certain specific transactions when their initial recognition gives rise to equal amounts of taxable temporary differences and deductible temporary differences. The subject transactions refer to the recording of: i) right-of-use assets and lease liabilities; and ii) provisions for dismantling, restoration or similar liabilities, and the corresponding amounts recognized as part of the cost of the related asset, when at the date of initial recognition they are not relevant for tax purposes. These temporary differences are excluded from the scope of the exemption from recognising deferred tax assets at the initial recognition of assets or liabilities. This amendment is retrospective. This amendment had no effect on the Bank's consolidated financial statements.

f) **IAS 12** (amendment), 'International Taxation Reform – Pilar Two Model Rules'. Following the implementation of the OECD's Global Anti-Base Erosion (GloBE) rules, there may be significant impacts on the recognition of deferred taxes for affected entities that are difficult to estimate as of this date. This amendment to IAS 12 introduces: i) a temporary exception to the recognition and disclosure requirements for deferred tax assets and liabilities related to Pillar Two; and ii) additional disclosure requirements for affected entities (entities belonging to multinational groups with consolidated revenues of at least 750 million Euros in at least two of the last four years), including whether the exception has been applied, the current tax expense related to Pillar Two rules, and a reasonable estimate of the impact of applying Pillar Two rules between the legislation publication date and its effective date. This amendment had no effect on the Bank's financial statements.

2. Standards (new and amendments) published, whose application is mandatory for annual periods beginning on or after 1 January 2024, already endorsed by the European Union:

a) **IAS 1** (amendment), 'Classification of liabilities as non-current and current' and 'Non-current liabilities with covenants' (effective for annual periods beginning on or after January 1, 2024). These amendments clarify that liabilities are classified as current or non-current balances depending on the right that an entity has to defer their payment beyond 12 months after the reporting date. They also clarify that covenants, which an entity is obliged to meet on or before the reporting date, affect the classification of a liability as current or non-current even if verification only occurs after the reporting date. When an entity classifies liabilities resulting from financing contracts as non-current and these liabilities are subject to covenants, it is required to disclose information that allows investors to assess the risk of these liabilities becoming repayable within 12 months, such as: a) the book value of the liabilities; b) the nature of the covenants and the compliance dates; and c) the facts and circumstances indicating that the entity may have difficulties in complying with the covenants on the due dates. These amendments have retrospective application. It is estimated that the adoption of this standard will have no material effect on the Bank's financial statements.

b) **IFRS 16** (amendment), ‘Lease liabilities in sale and leaseback transactions’ (effective for annual periods beginning on or after January 1, 2024). This amendment introduces guidance regarding the subsequent measurement of lease liabilities for sale and leaseback transactions that qualify as ‘sales’ under IFRS 15, with the greatest impact when some or all of the lease payments are variable lease payments that do not depend on an index or rate. In subsequently measuring lease liabilities, seller-lessees should determine “lease payments” and “revised lease payments” so that they will not recognize gains/(losses) on the right-of-use they retain. This amendment is retrospective. This amendment will have no material effect on the Bank’s financial statements.

3. Standards (new and amendments) published, whose application is mandatory for annual periods beginning on or after 1 January 2024, not yet endorsed by the European Union:

a) **IAS 7** (amendment) and IFRS 7 (amendment), ‘Supplier financing arrangements’ (to be applied in reporting periods beginning on or after 1 January 2024). These amendments are still subject to approval by the European Union. Supplier financing arrangements involve a financier who undertakes to pay balances owed by an entity to its suppliers, and the entity agrees to pay according to the terms and conditions of the arrangements, on the same date, or later, as the payment to its suppliers. The amendments require entities to provide additional disclosures on negotiated supplier financing arrangements to enable: i) assessment of how supplier financing arrangements affect the entity’s liabilities and cash flows; and ii) understanding of the effect of supplier financing arrangements on the entity’s liquidity risk exposure, and how the entity would be affected if the arrangements were no longer available. The additional requirements complement existing presentation and disclosure requirements in IFRS, as established by the IFRS Interpretations Committee in its December 2020 Decision Agenda. This amendment is not expected to have significant effects on Bank’s financial statements.

b) **IAS 21** (amendment) ‘The effects of changes in foreign exchange rates: Lack of exchangeability’ (to be applied in reporting periods beginning on or after 1 January 2025). This amendment is still subject to approval by the European Union. This amendment adds requirements to determine whether a currency can be exchanged for another currency (exchangeability) and to define how to determine the spot exchange rate to be used when it’s not possible to exchange a currency for a long period. It also requires disclosure of information that enables understanding of how the currency that cannot be exchanged for another currency effects, or is expected to affect, the entity’s financial performance, financial position, and cash flows, in addition to the spot exchange rate used at the reporting date and how it was determined. This amendment had no impact on the Bank’s financial statements.

Summary of new standards:

Description	Amendment	Effective date
1. New standards, amendments to standards effective January 1, 2023		
IAS 1 – Disclosure of accounting policies	Disclosure requirement of “material” accounting policies, as opposed to “significant” accounting policies	1 January 2023
IAS 8 – Disclosure of accounting estimates	Definition of accounting estimate. Clarification regarding the distinction between changes in accounting policies and changes in accounting estimates	1 January 2023
IFRS 17 – Insurance contracts	New accounting for insurance contracts, reinsurance contracts and investment contracts with discretionary participation features in terms of aggregation, recognition, measurement, presentation and disclosures	1 January 2023
IFRS 17 - Initial application of IFRS 17 and IFRS 9 - Comparative Information	This amendment allows for the avoidance of temporary accounting mismatches between financial assets and insurance contract liabilities in the comparative information presents when applying IFRS 17 for the first time. This amendment permits the application of an overlay approach in the classification of a financial asset, for which the entity does not update the comparative information under IFRS 9	1 January 2023
IAS 12 - Deferred tax related to assets and liabilities associated with a single transaction	Requirement for the recognition of deferred tax on the recording of right-of-use assets/lease liabilities and decommissioning provisions/related assets when their simultaneous initial recognition results in equal amounts of taxable temporary differences and deductible temporary differences, as they are not relevant for tax purposes	1 January 2023
IAS 12 - International Taxation Reform – Pilar Two Model Rules	Introduction of a temporary exception to the recognition and disclosure requirements for deferred tax assets and liabilities related to income taxes under the Pillar Two Model. Disclosure requirements are targeted at affected entities (entities belonging to multinational groups that have consolidated revenues of € 750 million in at least two of the last four years)	Immediately or 1 January 2023
2. Standards (new and amendments) that become effective on or after 1 January 2024, endorsed by the EU		
IAS 1 - Classification of liabilities as non-current and current and Non-current liabilities with covenants	*Classification of a liability as current and non-current, depending on the right an entity has to defer its payment beyond 12 months after the reporting date, when subject to covenants*	1 January 2024
IFRS 16 - Lease liabilities in sale and leaseback transactions	Accounting requirements for sale and leaseback transactions after the transaction date, when some or all the lease payments are variable	1 January 2024
3. Standards (new and amendment) that become effective on or after 1 January 2024, not yet endorsed by the EU		
IAS 7 and IFRS 7 - Supplier financing arrangements	Additional disclosure requirements for supplier financing arrangements (or “reverse factoring”), the impact on liabilities and cash flows, as well as the impact on liquidity risk analysis and how the entity would be affected if these arrangements were no longer available	1 January 2024
IAS 21 – The effects of changes in foreign exchange rate: Lack of exchangeability	Requirements for determining whether a currency can be exchanged for another currency, and when exchange is not possible for an extended period, the options for calculating the spot exchange rate to be used. Disclosure of the impacts of this situation of the entity’s liquidity, financial performance, and financial position, as well as the spot rate used at the reporting date	1 January 2025

NOTE 50
SUBSEQUENT EVENTS

Between 31 December 2023 and the date of approval of these financial statements by the Board of Directors, there have been no subsequent events requiring adjustments.

SUPERVISORY BOARDS

General Shareholders' Assembly

Paulo Câmara Pires dos Santos Martins
President

João Manuel de Jesus Rufino
Secretary

Board of Directors

Carlos Adolfo Coelho Figueiredo Rodrigues
Chairman

José Fernando Catarino Galamba de Oliveira
Member of the Board of Directors

Maria Teresa Corrêa de Barros Cardoso de Menezes
Member of the Board of Directors

Mário João Abreu Galhardo Bolota
Chief Executive Officer (CEO)
and Member of the Board of Directors

Vítor Manuel Carvalho Luís
Member of the Board of Directors
and of the Executive Committee

Ana Rita da Costa Gil Simões
Member of the Board of Directors
and of the Executive Committee

João Miguel Barrier Henrique
Member of the Board of Directors
and of the Executive Committee

Fiscal Board

Maria Aline Bastos Moreira Veloso de Almeida (President)
Pedro Rogério Barata do Ouro Lameira (Member)
Jorge Manuel Jacob Miguel Tainha Member)

Effective Portuguese Statutory Auditor

PricewaterhouseCoopers & Associados
Sociedade de Revisores Oficiais de Contas, S.A.
represented by
João Ricardo Amorim Gravito

CONTACTS IN BUSINESS AREAS

General		
Online Services		www.big.pt
Client Contact Center	+351 213 305 377	apoio@big.pt
Clients		
Personal Wealth Management:	Tiago Eusébio	tiago.eusebio@big.pt
Private Wealth Management	Pedro Coutinho	pedro.coutinho@big.pt
	Rui Bolsa	rui.bolsa@big.pt
Institutional Wealth Management – Lisboa	Diogo Costa	diogo.costa@big.pt
Institutional Wealth Management – Porto	Cláudio Sousa	claudio.sousa@big.pt
Business Areas		
Markets	Tiago Lopes	tiago.lopes@big.pt
Asset Management	Rui Broega	rui.broega@big.pt
Corporate Finance	Bruno Caixeirinho	bruno.caixeirinho@big.pt
Platforms, Brokerage and Research	Steven Santos	steven.santos@big.pt
Support Areas		
IT Development	Ânia Vitorino	
IT Project Management	Ana Tomás	
IT Delivery & Support	Fernando Matias	
IT Security & Networks	Bruno Peixoto	
Operations	Paulo Campos	
Accounting	Dora Moreira	
Reporting	Luisa André	
Compliance	Francisco Passaradas	
Internal Audit	David Almeida	
Human Resources	Paula Moreira	
Marketing	Patrícia Caetano	
Legal	Miguel Machado	
Risk	Lúcia Ventura	
	Miguel Mira	
Head Office		
Av. 24 de Julho, n.º 74-76, 1200-869 Lisboa	+351 213 305 300	

Av. 24 de Julho, n.74-76
1200-869 Lisboa

T 213 305 300

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