ANNUAL REPORT AND ACCOUNTS

2024

BANCO BNI EUROPA

MANAGEMENT REPORT 2024

MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

Dear Shareholder, Dear Stakeholders,

2024, a year of consolidation.

In a context of growing uncertainty, marked by continuing geopolitical risks, the threat of a global economic slowdown, particularly in the largest economy in the Eurozone, as well as the gradual reduction in inflationary pressures recorded in 2022 and 2023, led the main central banks to reverse the interest rate cycle, with the start of the rate reduction movement in 2024, particularly the European Central Bank, with cumulative cuts of 1,5% from June to date.

The Portuguese economy maintained sustained growth levels, with solid employment levels and a robust real estate market with continuous appreciation of its assets. Driven by tourism, the export sector has maintained its growth trajectory of recent years, and the country has continued to present itself as a destination in high demand by residents of other countries, who seek it out for investment or as a place of residence.

In this challenging but not adverse economic environment for the core business segments in which we operate, we sought to consolidate the strategy defined for the 2022-2024 three-year period.

We consolidated the basic structure of our institution, based on a strong commitment to strict compliance with regulations and the search for a focused range of products and services that generate value for our customers. This consolidation, despite an adverse profitability and capital structure scenario, involved continuous investment in the robustness of the internal control structure, the stability of teams and the development of systems. We have therefore consolidated the confidence of the various stakeholders in the Bank's ability to observe and comply with current regulations.

We have consolidated and strengthened customer confidence in the products and services in which the Bank seeks to position itself and differentiate itself, with an emphasis on supporting the export sector and foreign investment in Portugal, but also on resident individuals seeking to earn a return on their capital or finance their personal projects. The affirmation of the Bank's offer of products and services in the capitals market allows us to view the resurgent Asset Management industry in Portugal as one of the business lines of growing relevance.

Whether for its responsiveness or the quality of the work of the different customer management teams, the Bank is today increasingly recognised and referenced in the business segments in which it operates.

We have grown in the different balance sheet items and significantly increased the Bank's activity. This growth has enabled us to continuously improve our operating results compared to the starting scenario in 2022, while maintaining investment in consolidating and strengthening the Bank's structure. Along this path, the results for the year, which were affected by one-off effects, nevertheless allowed us to maintain solid capital ratios, accompanied by solid liquidity indicators.

In the expected scenario of falling interest rates, the challenge of profitability necessarily involves maintaining a controlled cost structure, as we did in 2024. The growing challenges of regulation and its implication in the cost structure for institutions of our size lead us to seek collaborative solutions with other players in our sector.

The investments made allow us to increase our focus, which we intend to make increasingly distinctive in the Bank's offering. We firmly believe in a wide range of opportunities in the market segments in which we operate and in the added value that financial institutions with our characteristics can bring to agents and the economy in Portugal. We are therefore in a position to launch the new business plan for the next three years, from 2025 to 2027, on a solid path to consistently achieving positive levels of operational profitability.

A more robust capital structure would allow us to accelerate the Bank's growth in line with our teams' business generation capacity. While awaiting these developments, the Board of Directors remains committed and confident in the consolidation of the Bank, as set out in the business plan approved by the sole shareholder.

A final word to our People, for their dedication and shared belief in the Bank's future and its ability to generate value for our customers and other stakeholders.

I. VISION, MISSION AND VALUES

VISION

BNI Europa wants to be a model of financial sustainability, operational efficiency and image in the domestic and international markets. This will enable us to contribute towards the success of the initiatives of our Customers, Shareholders and Employees, offering innovative and competitive solutions, and to expand our activity to new business segments, establishing solid partnerships.

MISSION

We are a benchmark Bank, with strong knowledge of the financial sector and the markets in which we operate. We create value for our Customers, Partners, Shareholders and Employees, by offering innovative Products and Services, and are guided by high standards of conduct and corporate principles of transparency and rigor.

VALUES

COSTUMER FOCUS

We create products centered on our customers' needs, fully committed to exceeding their expectations to ensure their satisfaction and loyalty.

TRUST

Our customers are our most important asset. We build relationships for the future, based on confidence, business sustainability, confidentiality and transparency.

RIGOR

We do business in an ethical, conscientious, responsible and professional manner.

INNOVATION

We are geared towards innovation, constantly creating new tools, methodologies and products and services.

TEAM WORK

We respect people. We share the responsibility of improving our performance in order to achieve the defined objectives, for the success of all.

II. CODE OF CONDUCT AND PROFESSIONAL ETHICS

Banco BNI Europa sees itself as a respected benchmark bank in the Portuguese financial system for the quality of the services it offers to customers, for its cooperative and transparent relationship with the regulatory authorities and for its healthy relationship with all of its employees.

Our strategy – geared towards the customer and capital efficiency – will help achieve this goal, bolstered by standards which position us as a proactive partner, and by solid principles in relation to our customers.

In this context, Banco BNI Europa's Code of Corporate Conduct and Professional Ethics is a declaration of the ethical values and professional standards which all members of the Board of Directors and all employees promise to follow, without exception, to achieve a structural goal: to sustain and strengthen our reputation for integrity, fairness with our partners and assumption of calculated risks.

As such, the Board of Directors and other employees comply meticulously with the legislation, rules and regulations of the countries where they operate, together with internal regulations and policies in effect. Banco BNI Europa is also committed to upholding a transparent, cooperative relationship with regulators.

Banco BNI Europa makes the following commitments to its customers and the financial system:

- Integrity
- General obligation of confidentiality
- Equal treatment
- Prioritizing of customer interests
- Technical confidence, diligence and transparency
- Cooperation with customers
- Fair, respectful, discreet and non-discriminatory treatment of customers
- Combating money laundering and terrorist financing
- Prohibition on the use of confidential information
- Avoiding conflicts of interest
- Defense of the market

In order to ensure compliance with its duties, the Bank has set up a governance and internal control model that is proportionate and appropriate to the regulations of the financial sector and to the size and complexity of the activity carried out. These are based on policies, regulations and procedure manuals on relevant matters such as the Prevention and Management of Conflicts of Interest and the Reporting of Irregularities, which, like the Code of Professional Conduct and Ethics, are subject to a periodic review process depending on their degree of relevance.

The Code of Professional Conduct and Ethics is made available to all new employees and is available on the Bank's institutional website.

III. MAIN INDICATORS AND HIGHLIGHTS

In 2024, the strategic course implemented following the inauguration of the Board of Directors on the 1st of July 2022 was maintained.

Despite the various challenges that arose in 2024, which are detailed below, relevant initiatives begun in 2022 were continued, including:

- Maintaining the focus on and boosting activity in the business areas introduced in 2022 and 2023, prioritising customer relations through personalised solutions and a focus on differentiation in the market,
- Continuing the Bank's transformation process,
- Responding to and monitoring the significant changes, mostly introduced in 2024, in payment systems at national and European level, with an emphasis on instant transfers, shorter service times in this area and adjustment to new interbank processes, and
- strengthening the internal control system, continuing important initiatives in cybersecurity and ESG, and investing even more heavily in the prevention of money laundering,

along with new initiatives and events in the areas highlighted below.

The results obtained in 2024, which are better than those projected in the 2024-2026 business plan for this year, reflect the positive trajectory on which the Bank finds itself, increasingly closer to recurring and sustainable financial break-even (without one-off effects).

The net result for the year includes the unplanned negative impact of the revision of the tax framework for 2025: the reduction in the corporate income tax rate from 21% to 20% introduced by the State Budget for 2025, which, despite being a positive factor, led to a devaluation of the bank's deferred tax assets, which, had it not occurred, would have had an additional positive impact and exceeded the net income obtained compared to the forecast of 487 thousand euros.

Internally, the following stands out:

1 – Mandate 2022–2025

It should be noted that since taking office on 1st July 2022, the Board of Directors has sought to understand and analyse all of the Bank's activities and its organisational, functional and internal control structures, with a view to addressing specific deficiencies and needs identified and identifying new business development opportunities that will enable the Bank to be sustainable and profitable in the short/medium term.

In this context, the Board of Directors prepared a three-year business plan for the years 2023-2025, which was revised in 2023 and 2024, and the plan for the three-year period 2025-2027 has now been approved. The plans have maintained the same guiding principle and consistency in key strategic decisions, with adjustments of an eminently tactical nature depending on the degree of implementation of the various areas and activities planned.

The new business lines, essentially introduced in 2022 and 2023, were maintained, reflecting their strategic and medium to long-term nature, as were the projected organic investments and the inclusion of relevant investments in systems and resources aimed at strengthening the Bank's internal control environment.

In 2023 and 2024, most of the actions, initiatives and developments set out in the approved business plans were implemented. Without prejudice to the varying degrees of implementation in the different areas of activity already mentioned, this resulted in a more consolidated operational and human structure and a stronger financial position, which are essential for the future pursuit of the defined strategy.

The Board of Directors remains fully committed to the strategy defined for this 2022-2025 term, and the proposal for the next term maintains the same course and strategy, with a view to achieving financial and economic break-even in the short term, even earlier than initially planned and in pursuit of the strategy followed.

2 – 2024 initiatives

After 2022 and 2023 were, naturally in the context of the 2022-2025 mandate, the years of introduction and development of new areas and services, 2024 was essentially a year of consolidation of activity and also of introduction of the aforementioned more tactical adjustments to the established strategies.

In this context, the following stand out:

- in terms of **lending activity**, there was an increase in trade finance operations, invoice pre-financing and commercial activity with the customer base, always seeking to offer distinctive and truly personalised solutions,

- in terms of **investment services**, partnerships continued to be established and strategies and offers were defined that were equally personalised and tailored to different counterparties, laying the foundation for a strong boost to this activity in 2025,
- the introduction of **new products and services**, in response to what the Bank has perceived to be the expectations of current and new customers,
- the intensification of the Bank's institutional initiatives, especially in northern Portugal and leveraged by the Porto Business Centre, aimed at public investment programmes and initiatives, including the Recovery and Resilience Plan, to share the business sector's aspirations and expectations regarding the financial sector, with a permanent focus on offering tailor-made solutions, among others, and
- In view of the significant **regulatory changes** in the area of capital requirements coming into force mainly in 2025, the main expected impacts have already been anticipated in 2024 in order to rebalance future activity, maintaining not only the objectives already established, but also seeking the greatest possible efficiency in this context.

3 – Shareholder Structure

The sole shareholder continues its efforts to identify a new capital investor for the Bank, and the Board of Directors is aware of the interest and demand from various entities that fit the desired and required profiles for this purpose. The Bank is confident in the success of the ongoing efforts, in which it has been heavily involved with its structure in 2024.

It should be noted that, for the years 2023 and 2024, capital increases were planned for the Bank, which were considered necessary in the context of the Bank's business development. However, not only did these not occur in 2023, given that the results were substantially higher than expected and met this need, but were also unnecessary in 2024 due to the Bank's new financial reality.

4 – 2025-2027 Business Plan

The 2025-2027 Business Plan (PdN 25-27) once again maintains the strategic guidelines of previous plans and continues to prioritise the development of previously defined initiatives, strengthening direct customer relations and including relevant investments in systems and resources with the aim of strengthening the Bank's internal control environment, rebalanced and adjusted to the new reality observed at the end of 2024.

The PdN 25-27 continues to be based on the principles of:

- controlled growth of activity, aiming at the Bank's sustainability;
- commercial dynamism, based on direct customers, with a strengthening of business lines, focusing on the corporate area, mortgage-backed loans to individuals and small businesses, deposit taking and the development of investment services;
- completion of the previously initiated process of divestment in indirect lending, carried out through platforms;
- dynamic management of cash surpluses, with a portfolio of securities comprising eurozone government debt instruments eligible for access to Eurosystem liquidity facilities, corporate bonds and short-term commercial paper issues;
- reinvestment and strengthening of the Bank's business support structure, in order to ensure the maintenance of the technical and human resources essential to the planned activity; and
- investment in technical and human resources in the internal control system and information technology, with priority given to investments in the area of money laundering and information technology risk management, including cybersecurity and data control.

The completion and success of the acquisition of Banco BNI Europa may lead to a further review of the metrics currently envisaged, although this will not be of decisive importance for the development and growth of the Bank's future activity in the context of the 2025-27 Business Plan.

In conclusion, the improvement in the Bank's financial situation is once again highlighted, with performances in 2023 and 2024 substantially better than projected. The main activity indicators detailed in the **Financial Information** section in **Chapter VII – Banco BNI Europa Context** reflect this reality, and the main relevant indicators are discussed below.

Balance Sheet Indicators

Figures in thousands of euros

Business	2020	2021	2022	2023	2024
Balance Sheet Indicators					
Total Net Assets	**305 233**	**215 948**	**177 061**	**223 859**	**278 319**
Turnover[1]	519 267	327 289	314 077	392 559	437 226
Loans to Customers[2]	112 079	79 659	92 748	124 447	139 127
Customer Funds	241 214	175 003	128 129	175 998	225 933
Own Portfolio[3]	78 399	7 770	34 346	32 322	10 246
Off-balance-sheet	87 574	64 856	58 854	59 792	61 920
Number of Employees[4]	65	39	50	73	70
Number of Customers	12 585	9 809	8 219	7 152	6 980
Turnover per Employee	7 989	8 392	6 282	5 378	6 246
Transformation Ratio[5]	46%	46%	72%	71%	62%

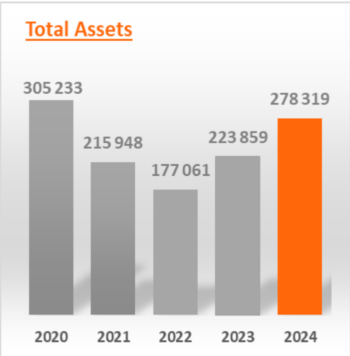
(1) Includes Loans to Customers as per note 2, Customer Funds as per note 3, Own Portfolio and Off-Balance Sheet Assets.

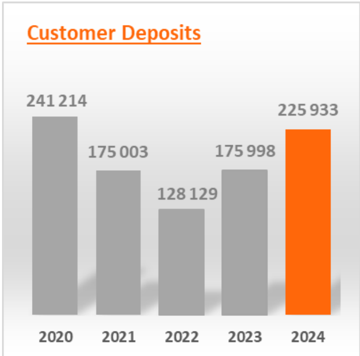
(2) Includes Loans to Customers and Bonds whose underlying assets are loans.

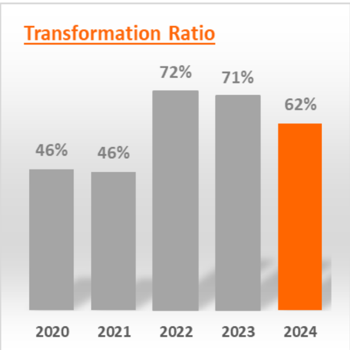
(3) Includes financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets at amortized cost, not including financial assets already appearing under the item "Loans to customers".

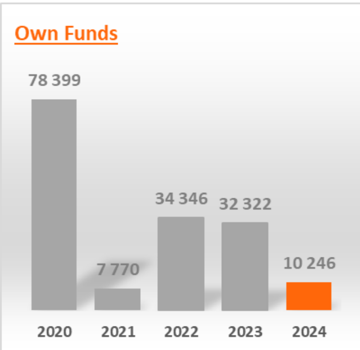
(4) Internal workforce.

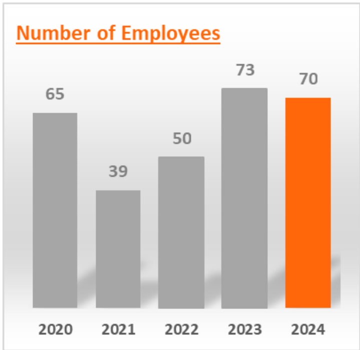
(5) Calculated based on the item "Loans to customers" as per note 2, and on customer funds.









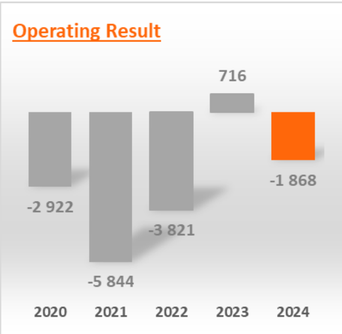


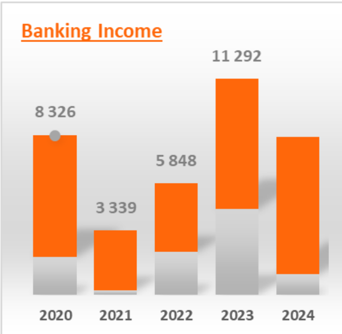
Outcome Indicators

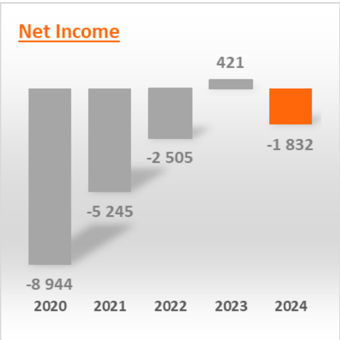
Figures in thousands of euros

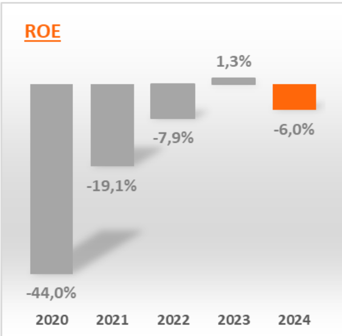
Business	2020	2021	2022	2023	2024
Outcome Indicators					
Financial Margin	6 383	3 140	3 611	6 825	7 191
Net Fees	592	263	103	386	963
Financial Transaction Results	2 039	-35	1 984	4 354	153
Other Operating Results	-689	-28	150	-273	-76
Banking Income	8 326	3 339	5 848	11 292	8 252
Banking Income per Employee	128	86	117	155	118
Operating Costs[(1)]	11 248	9 184	9 669	10 576	10 119
Operating Result	-2 922	-5 844	-3 821	716	-1 868
Cost to income	135%	275%	165%	94%	123%
Loan Impairment	6 382	436	-1 272	313	-142
Impairment of Other Assets	1 808	-422	-270	-342	-364
Cost of Risk (pb)	569	55	-137	25	-10
Result for the Year	**-8 944**	**-5 245**	**-2 505**	**421**	**-1 832**
ROA	-2,5%	-2,4%	-1,4%	0,2%	-0,7%
ROE	-44,0%	-19,1%	-7,9%	1,3%	-6,0%

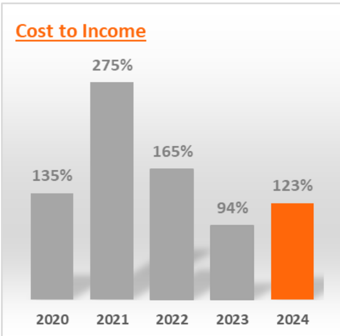
(1) Includes capitalized income and expenses in projects with future economic benefits.







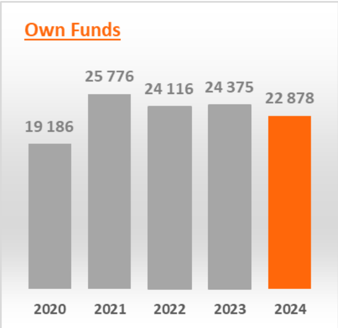


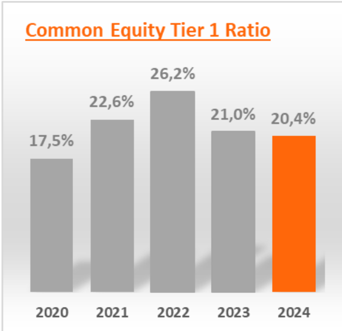


Capital Indicators

Figures in thousands of euros

Business	2020	2021	2022	2023	2024
Capital and Prudential Indicators					
Own Equity	18 912	31 166	32 160	32 582	32 160
Own Funds	19 186	25 776	24 116	24 375	22 878
Risk Weighted Assets (RWA)	109 759	114 280	92 004	116 239	112 139
Solvency Ratio	**17,5%**	**22,6%**	**26,2%**	**21,0%**	**20,4%**
Common Equity Tier 1 (CRD IV/CRR phasing in)	17,5%	22,6%	26,2%	21,0%	20,4%
Common Equity Tier 1 (CRD IV/CRR fully implemented)	7,8%	20,8%	25,6%	20,4%	20,23%





The monitoring and regular assessment of financial information by the Board of Directors is carried out on the basis of Management Financial Statements (DFG), which are prepared on the basis of Financial Statements prepared in accordance with International Accounting Standards (IAS), in accordance with the provisions of **note 1** of the Annex to the Accounts relating to 31 December 2024.

To this end, a series of accounting reclassifications are made to the Financial Statements prepared in accordance with IAS, mainly at the balance sheet level, with the balance sheet financial indicators presented above being derived from the DFG. These accounting reclassifications aim to restate the assets, liabilities and income statement in accordance with the nature of the assets underlying the financial instruments and operations held by Banco BNI Europa, with the following reclassifications being noteworthy:

- from the IAS heading for debt securities to the DFG heading for loans to customers for bonds whose underlying assets are loans (Reclassification 1),
- from the component of cash and deposits with credit institutions for

bonds whose underlying assets are loans from the IAS heading for debt securities to the DFG heading for cash and deposits with other credit institutions (Reclassification 2),

- from securitised financial instruments included in the items of financial assets at amortised cost and financial assets not held for trading mandatorily at fair value through profit or loss to the item of securities portfolio DFG, as well as other reclassifications related to tangible and intangible assets and taxes (Other reclassifications),

among other reclassifications of lesser importance carried out within the scope described above.

As a result, net income remains unchanged, and the main items in the balance sheet and income statement do not present any materially relevant differences to be highlighted and reconciled.

IV. CORPORATE BOARDS

On 1 July 2022, the Sole Shareholder appointed the members of the governing bodies for the 2022-2025 term, reappointing all members of the General Meeting Board and Supervisory Board, maintaining the composition of these Governing Bodies, and appointing the following new members to the Board of Directors:

- Vítor José Barosa Carvalho (Chairman)
- João Paulo Jabour Brunet (Member)
- Bruno Miguel Esperança Batista (Member).

On 20 September 2022, the Sole Shareholder appointed the administrator João Paulo Jabour Brunet as Vice-Chairman of the Board of Directors for the remainder of the current term of office from 2022 to 2025.

On 30 November 2023, the Vice-Chairman of the Board of Directors, João Paulo Jabour Brunet, tendered his resignation from that position, effective 31 December 2023. The other members of the governing bodies remain in office as of this date and, therefore, on 31 December 2024, the Bank's governing bodies were composed as follows:

GENERAL MEETING OF SHAREHOLDERS

Pedro Miguel Patrício Raposo	(Chairman)
Marta Guerreiro Pereira Rosa	(Secretary)

BOARD OF DIRECTORS

Vítor José Barosa Carvalho	(Chairman)
Bruno Miguel Esperança Batista	(Member)

EXECUTIVE COMMITTEE

Vítor José Barosa Carvalho	(Chairman)
Bruno Miguel Esperança Batista	(Member)

SUPERVISORY BOARD

Telmo Francisco Salvador Vieira	(Chairman)
João Carlos Espanha Pires Chaves	(Member)
Isabel Gomes de Novais Paiva	(Member)
José Luís Guerreiro Nunes	(Alternate Member)

At the General Meeting held on 27 September 2024, the Statutory Auditor and alternate auditor for the 2024-2025 term were appointed. On 2 November 2022, Pedro Miguel Pires de Jesus resigned from his position as Alternate Member of the Statutory Auditor Bank and Luis Filipe Soares Gaspar was accepted to perform these duties.

STATUTORY AUDITOR

Forvis Mazars & Associados – SROC, S.A. (Represented by Filipe Peralta de Almeida Carvalho – ROC n.º 2147)	(Statutory Auditor)
Luis Filipe Soares Gaspar – ROC n.º 1003	(Alternate Statutory Auditor)

V. MACROECONOMIC BACKGROUND

GENERAL CONTEXT

The year 2024 presented a complex and multifaceted global economic landscape, marked by a constant dynamic between the resilience shown by some economies and the persistence of uncertainties. Far from a linear trajectory, the year required policymakers and central banks to perform the difficult task of balancing the fight against inflation with the need to sustain economic growth.

Initial projections for global growth in 2024, which pointed to moderate expansion, proved challenging, with very mixed performance across different regions. According to the International Monetary Fund (IMF), global GDP grew by 3,2%, confirming a slowdown from 3,3% in 2023.

The United States showed remarkable resilience, exceeding initial expectations and contradicting predictions of a hard landing or soft landing, with the reality being more of a no landing scenario. The country recorded growth of 2,8%, driven by robust private consumption and stable business investment. In contrast, the Eurozone faced increased difficulties, with more anaemic growth of 1,3%, affected by weakening demand and structural challenges in countries such as Germany and France. Japan, despite an initial recovery, recorded limited growth of 1,5%, reflecting a still fragile economy.

In emerging markets, the BRICS countries recorded more robust growth, reaching 5,6%, driven by China (4,7%), India (6,2%) and Brazil (2,4%). However, China, once a crucial driver of global growth, continued to face internal challenges, particularly in the real estate sector and in restoring consumer confidence, which limited its contribution to global economic momentum.

This regional heterogeneity is reflected in revisions to growth projections, with some institutions pointing to global growth slightly below initial forecasts, given the impact of factors such as restrictive monetary policy, geopolitical tensions and the slowdown in global trade.

Inflation, although on a downward trajectory from the peaks recorded in 2023, remained a constant concern for central banks. In the G8 countries, the consumer price index (CPI) fell to 3,0%, with the US and the Eurozone recording sharper declines.

The labour market remained resilient, with the unemployment rate standing at 4,6% in the G8. In the US, the unemployment rate rose slightly to 4,0%, while in the Eurozone it stabilised at 6,4%.

In the financial sector, stock markets had a positive year. The S&P 500 rose 23,8%, driven by growth in the technology sector and the increasing adoption of artificial intelligence. The Nasdaq rose 26%, while the global FTSE All World index advanced 16%. In contrast, European and British markets saw more moderate growth: the STOXX Europe 600 rose 5,6% and the FTSE 100 rose 5,2%. Emerging markets underperformed, impacted by instability in China and the prolonged war in Ukraine.

The US elections resulted in Donald Trump's re-election, reigniting fears of a new cycle of protectionism, with the possible imposition of tariffs. These policies could intensify market volatility and put pressure on global inflation.

Looking ahead to 2025, IMF projections indicate global growth of 3,3%, driven by a recovery in investment and expansionary fiscal policies in some economies.

US growth is expected to slow to 2,1%, reflecting more moderate consumption and a possible cooling of investment due to persistently high interest rates. The Eurozone is expected to grow by 1,3%, with a slight recovery in the German economy and a more restrained fiscal policy. In Japan, growth of 1.5% is expected, before slowing to 0,6% in 2026.

In the G8 countries, central banks are expected to maintain a cautious stance.

2025 is expected to bring several risks that could jeopardise economic recovery and increase market volatility. The possibility of new trade disputes, with the potential to trigger customs barriers and additional tariffs, could affect global growth and intensify inflationary pressures. High public debt in the US and the European Union remains a concern, potentially putting pressure on bond markets and increasing the cost of financing. Geopolitical conflicts in the Middle East and Ukraine remain sources of uncertainty, with the potential to disrupt energy markets and shake investor confidence. In addition, volatility in emerging markets, especially in China, where the real estate sector remains fragile, poses a risk to global economic stability.

In conclusion, despite the challenging context, markets have shown their ability to adapt, and 2025 could be characterised as a wait-and-see period, crucial for understanding the effects of the new US administration and political changes in Germany and France. The results of these changes should be more visible in the last quarter of 2025, with their consequences being felt more strongly in 2026.

THE NORTH AMERICAN ECONOMY

The US economy performed strongly in 2024, standing out as the most resilient among the G8 economies. Real GDP grew by 2,8%, in line with the recovery in consumption and private investment, but already showing signs of moderation compared to 2,9% in 2023. Growth was sustained by a 2,8% increase in private consumption, driven by growth in disposable income and a still-solid labour market.

Private investment also showed dynamism, registering a 4,0% increase, reflecting a recovery in the business sector and growing investor confidence. Government investment, in turn, grew 3,4%, driven by tax incentives and infrastructure programmes.

In the external sector, imports grew by 5,4%, outpacing the growth rate of exports, which rose by 3,2%, reflecting still resilient domestic demand. However, industrial production contracted slightly by -0,3%, suggesting that restrictive monetary policy had an impact on sectors more dependent on credit.

The labour market remained strong in 2024, with the unemployment rate standing at 4,0%.

The stock markets had a positive year, with the S&P 500 rising 23%, driven mainly by the technology sector and the growing adoption of artificial intelligence. The 'Magnificent Seven' (Apple, Amazon, Alphabet, Meta, Microsoft, Nvidia, and Tesla) posted gains of 50%, consolidating their position as the main drivers of the index.

Inflation continued its downward trend, with the CPI standing at 3,0% at the end of the year, while the PCE index, the Fed's preferred indicator, fell to 2,5%, approaching the 2% target. The Fed responded to this development with a 50 basis point cut in September, lowering the benchmark rate to a range of 4,25% to 4,50%.

The US dollar strengthened by 7% during the year, benefiting from the interest rate differential and global uncertainty, consolidating the currency as a safe haven.

By 2025, the US economy is expected to slow to 2,1%, reflecting more moderate consumption and a possible cooling of investment due to persistently high interest rates. Private consumption growth is expected to remain positive, but at a slower pace, consolidating at 2,5%.

The Fed is expected to continue adjusting its monetary policy to economic developments, in a context of increased uncertainty with the new Trump administration. The market is divided between two interest rate cuts or maintaining the current range, but the trajectory of monetary policy will depend heavily on the impact of new government measures.

THE EUROPEAN AND EURO AREA ECONOMY

The Eurozone and European Union (EU) economies ended 2024 with modest growth, reflecting structural challenges, the lingering effects of the war in Ukraine, and restrictive monetary policies implemented to curb high inflation in previous years. The Eurozone's GDP grew by only 0,7%, while the European Union's economy performed slightly better, with 0,9% real growth. These figures confirm a still moderate pace of recovery, following growth of only 0,4% in 2023.

Private consumption was one of the main drivers of the economy, increasing by 0,9% in the Eurozone and 1,3% in the European Union, sustained by the recovery in real wages and the slowdown in inflation. Government consumption also grew significantly, reaching 2,3% in the Eurozone, as Member States stepped up social support measures and energy subsidies to mitigate the impact of the inflationary crisis. In contrast, gross fixed investment contracted by 1,7%, reflecting economic uncertainty and high financing costs.

Inflation, as measured by the Harmonised Index of Consumer Prices (HICP), fell significantly, from 5,5% in 2023 to 2,4% in 2024 in the Eurozone and 2,5% in the European Union, approaching the European Central Bank (ECB) target. This slowdown was driven by stabilising energy prices, lower pressure on production costs and the delayed effect of the restrictive monetary policy of previous years.

The labour market remained relatively stable, with the unemployment rate in the Eurozone reaching 6,4% and in the European Union standing at 6,6%. Net job creation slowed in line with moderate economic growth, but some countries, such as Spain and Italy, continued to lead the way in job creation, while France and Germany began to show signs of weakening in the labour market.

In the external sector, the current account balance recovered significantly, rising from 1,7% of GDP in 2023 to 2,7% of GDP in 2024 in the Eurozone, and from 2,5% to 3,3% in the European Union. This improvement was driven by export growth, which advanced 1% in 2024 in the Eurozone, while imports grew by only 0,1%, reflecting weaker global demand and the impact of international trade tensions.

The banking sector remained resilient, although lending to the private sector remained subdued. Average interest rates were reduced throughout the year, with the European Central Bank (ECB) Standing Deposit Facility rate falling from 4% in 2023 to 3% in 2024. The 6-month and 12-month Euribor rates fell from 3,86% and 3,513% in December 2023 to 2,568% and 2,46% in 2024, respectively. Banks maintained a cautious stance on financing new business projects and real estate credit due to macroeconomic uncertainties.

The budget deficit in the Eurozone improved slightly, falling from -3,6% of GDP in 2023 to -3,1% of GDP in 2024, while in the European Union it fell to -3,2% of GDP, reflecting a more restrained approach to public spending. Public debt remained high in some Member States, but the governments of Italy, Portugal and Greece continue to prioritise fiscal consolidation policies to reduce debt levels.

With regards to financial markets, short- and long-term interest rates experienced some volatility throughout 2024. The yield on 10-year Bunds rose from 2,02% in 2023 to 2,36% in 2024, while the 2-year bond rate fell from 2,39% to 2,08%, reflecting investors' perception that the ECB's interest rate cuts are likely to continue in 2025.

The euro exchange rate also remained under pressure, with the EUR/USD rate falling from 1,10 in 2023 to 1,04 in 2024, reflecting the relative strength of the dollar against the euro due to the interest rate differential between the US and Europe.

By 2025, the Eurozone and European Union economies are expected to see a moderate recovery, with the Eurozone growing by 1,1% and the European Union reaching 1,3% GDP growth. This acceleration will be sustained by an increase in private consumption (1,3%) and a gradual recovery in fixed investments (1,2% in the Eurozone and 1,3% in the EU), especially in the infrastructure, technology and energy transition sectors.

Inflation is expected to continue its downward trend, standing at 2,1% in the Eurozone and 2,2% in the European Union, in line with the ECB's objectives and providing additional relief to household purchasing power. However, underlying inflation may remain higher due to wage increases and price rigidity in the services sector.

The labour market is expected to remain resilient, although job creation is likely to continue to slow. The unemployment rate in the Eurozone is expected to rise slightly to 6,5%, while in the European Union it is expected to reach 6,7%.

The ECB is expected to continue its policy of gradual interest rate cuts to boost growth, with the reference rate expected to fall to 2,25% to 2% by the end of the year.

In the fiscal sector, the budget deficit is expected to remain relatively high, at -3,0% of GDP in the Eurozone and -3,1% in the European Union, reflecting the need to maintain some fiscal stimulus to consolidate the economic recovery.

Geopolitical risks, including US protectionist policies, trade tensions with China, internal political instability in Europe and the war in Ukraine, remain critical factors for the region's economic trajectory. The combination of more flexible monetary policies, adjusted fiscal measures and strategic investments will be essential to ensure a sustainable and inclusive recovery in the Eurozone and the European Union in the coming years.

THE PORTUGUESE ECONOMY

The Portuguese economy ended 2024 with growth of 1,9%, slightly above the government's initial forecast of 1,8%. This performance was driven by an increase in private consumption, which rose by 2,85%, sustained by tax cuts, wage increases and pension increases. Sectors such as retail, car sales and tourism contributed significantly to this growth, with tourism consolidating its position as one of the fundamental pillars of economic activity.

The labour market remained stable, with employment growth of 1,5% and an unemployment rate of 6,4%. Immigration played a crucial role in sustaining the labour force, mitigating the impact of the decline in the working population.

Inflation closed the year at 2,5%, reflecting a gradual slowdown from 5,3% in 2023. However, the real estate market continued to show signs of overheating, with house prices rising 9,8% year-on-year in the third quarter, driven by high demand and still limited supply.

In the financial sector, the Portuguese banking system demonstrated resilience, maintaining solid solvency and liquidity indicators. Credit to households and businesses grew moderately, reflecting greater confidence in the economy. The non-performing loan (NPL) ratio reached

2,6%, the lowest in the historical series, while mortgage lending reached its highest level since 2016.

With regards to fiscal policy, the budget surplus decreased by €7,6 billion in 2023 to €354 million in 2024, due to a 9,2% increase in public expenditure and a mere 2,5% increase in tax revenues, but remained in surplus.

Despite positive growth, the Portuguese economy faced external challenges, namely the impact of the economic slowdown in trading partners such as France and Germany and the uncertainty generated by the new Trump administration in the US.

For 2025, projections point to economic growth of 2,1%, driven by private consumption and investment, especially in the context of the implementation of the Recovery and Resilience Plan (PRR) funds. The inflation rate is expected to continue its downward trend, standing at 2,1%, in line with the European Central Bank's objectives.

The labour market is expected to remain stable, although the pace of job creation is expected to slow to 0,3%, reflecting the maturity of the economic cycle. According to the Bank of Portugal's forecasts, the unemployment rate is expected to remain stable at around 6,4% in 2025 and 2026.

Private consumption will continue to benefit from the recovery in disposable income, driven by wage growth and price stability. The household savings rate, which reached 10,7% in the third quarter of 2024 (the highest level since 2010, excluding the pandemic years), should support stronger investment growth throughout the year.

In the financial sector, the quality of bank assets is expected to remain solid, with a stable non-performing loan ratio and growth momentum in lending to households and businesses.

Mortgage lending is expected to continue to expand, albeit at a more moderate pace, given the expectation of stabilising interest rates.

However, the Portuguese economy is not without risks. The possibility of increased global protectionism and the slowdown in key economies for Portuguese exports represent significant challenges.

CONTEXT OF THE PORTUGUESE BANKING SECTOR

In 2024, the Portuguese banking sector performed solidly, with positive financial indicators and sustained growth, reflecting the resilience of national financial institutions. According to preliminary data, the sector's aggregate profit could reach 6,6 billion euros, surpassing the previous record of 5,6 billion euros recorded in 2023. This result reflects the sector's ability to adapt to a dynamic economic environment, benefiting from the maintenance of a high financial margin.

The balance sheet of the banking sector resident in Portugal totalled €481,2 billion, an increase of €18,2 billion compared to 2023, driven by growth in lending and the strengthening of the securities portfolio. Credit growth was 4,2%, the highest since 2008, reflecting increased demand for housing and consumer credit. In the housing segment, loans grew by 3,5% to €102,4 billion, reversing the contraction trend observed in 2023. Consumer credit grew even more significantly, by 7,5%, reaching €20,1 billion, the largest increase since 2019. Within this segment, personal credit rose by 7,4%, totalling €12,6 billion, while car loans increased by 10,1%, reaching €8,4 billion.

The monetary policy of the European Central Bank (ECB) played a significant role in the evolution of credit in 2024. Four consecutive 25 basis point cuts in interest rates brought the deposit facility rate to 3% at the end of December. This monetary adjustment contributed to an increase in lending, particularly in the housing segment, which reached €17,6 billion, up 34% in 2023, the highest volume since 2014. Even so, the average annual interest rate implied in mortgage contracts stood at 4,372%, up from 3,612% in 2023, still reflecting the impact of the restrictive monetary policy of previous years.

In terms of new credit operations, 2024 saw the highest annual volume of loans granted to individuals since 2003, totalling €34,3 billion, €1,7 billion more than in 2023. At the same time, the fall in interest rates was reflected in a reduction in the average rate for new mortgage loans, which fell from 4,19% in December 2023 to 3,20% in December 2024, representing a decrease of 0,99 percentage points.

This trend towards lower financial costs was accompanied by a change in the types of interest rates contracted, with 74% of new loans being contracted at a mixed rate, compared to 66% at the end of 2023, reaching a peak of 80% in August 2024. As a result, the weight of mixed-rate mortgage contracts in the total stock of mortgage loans increased by 16 percentage points in 2024, totalling 33% at the end of the year.

Credit renegotiations decreased to €7,8 billion, representing 29% of new mortgage transactions, down from 46% in 2023, signalling greater market stabilisation.

In the business segment, new credit operations totalled €26,7 billion, an increase of €2,1 billion compared to 2023. The average interest rate on new business credit operations fell by 1,36 percentage points to 4,30%, in line with the general decline in interest rates. Growth was driven by micro-enterprises, which recorded an increase of 7,2%, and large companies, which grew by 0,3%, while small and medium-sized enterprises saw their financing reduced by 1,5% and 5,2%, respectively.

Asset quality remained stable, with the non-performing loan ratio at 2,6%, the lowest since 2015.

In terms of debt securities, domestic banks increased their balance sheet position to €151 billion at the end of 2024, an increase of €21,3 billion compared to December 2023, representing the largest annual change in more than a decade. Exposure to debt securities issued by non-resident public administrations increased to €53,5 billion, reflecting an increase of €15,2 billion. In the corporate debt segment, the amount reached €17,1 billion, representing an increase of €2,3 billion.

On the liabilities side, customer deposits grew by €15,3 billion, reflecting confidence in the banking system. Deposits from individuals increased by €12,9 billion to €192,7 billion, while deposits from companies grew by €5,3 billion to €69,4 billion. The increase in deposits was accompanied by a reduction in average interest rates, with term deposits from individuals falling from 3,08% to 2,16%, while corporate deposits fell from 3,46% to 2,66%. The trend towards greater concentration of deposits in shorter terms was evident, with 97% of new term deposits from individuals having a term of less than one year.

Corporate deposits also grew significantly, with the total amount of new corporate deposit operations reaching €86,9 billion, €10,8 billion more than in 2023. Greater Lisbon remained the region with the highest concentration of corporate deposits, followed by the North region, reflecting the distribution of business activity in the country.

The banking sector's liquidity remained robust, with the liquidity coverage ratio (LCR) at comfortable levels, ensuring the banking sector's ability to absorb financial shocks and ensure the stability of credit granting.

It should also be noted that, during 2024, there was an increase in the stock market valuation of one of the institutions in the national banking sector of close to 70%.

For 2025, the banking sector is expected to continue to adjust to the new monetary reality, with lower interest rates putting pressure on the financial margin. The evolution of inflation and economic growth will be decisive for the sector's profitability, requiring efficient liquidity and credit risk management. It will be a year of transition, in which the Portuguese banking sector should consolidate the gains recorded in recent years, maintaining stability in an environment of economic transformation.

VI. BANCO BNI EUROPA BACKGROUND

BUSINESS IN 2024

In 2024, in the context described in **Chapter III – Key Indicators and Highlights**, the process of discontinuing consumer credit products and reverse mortgage products (only marketed in Spain) continued, as did the suspension and termination of investments in credit platforms.

In 2024, the Board of Directors continued to implement the strategic plan outlined, which included developing a relationship bank with its customers, developing new products, greater flexibility to support customers, especially in the corporate segment and new areas of activity (e.g. investment services) and dynamic treasury management. This strategy led to an increase in lending in the corporate segment, a significant increase in direct customer deposits, more dynamic cash management, and investments in debt instruments for the Bank's own portfolio. The Bank also continued to offer mortgage loans to private customers, with adjustments to the risk acceptance process, attracting customers with lower risk levels.

In terms of the Bank's human resources, 2024 was a year of consolidation of the structure maintained at the end of 2023. Although the number of employees fell from 73 at the end of 2023 to 70 at the end of 2024, this reduction was temporary, with the structure expected to be restored and slightly reinforced throughout 2025. It should be noted that the strengthening of the workforce came in the wake of organisational restructuring, with balanced investment in the business areas, control areas and support areas.

In terms of Information Technology, the Bank continued to invest in improving existing systems and in partnerships with leading digital banking entities offering innovative solutions, and continues to intensify its investment in mechanisms and systems for controlling and managing information technology risk, cybersecurity and data governance.

In terms of brand promotion, Banco BNI Europa, together with its sole shareholder and within the scope of a previously established long-term partnership (until 2025), continued to be present at the Alvalade XXI stadium as a sponsor of Liga NOS football matches, in addition to having permanent static advertising at the stadium and at the Sporting Clube de Portugal academy.

ACTIVITY FORECAST FOR 2025

Once again, as a result of the strategy and guidelines described in **Chapter III – Key Indicators and Highlights**, the PdN 25-27 maintained the growth and diversification of the activity already initiated with the two previous business plans (2023-2025 and 2024-2026), always with the natural rebalancing and adjustments of the activity to the new reality.

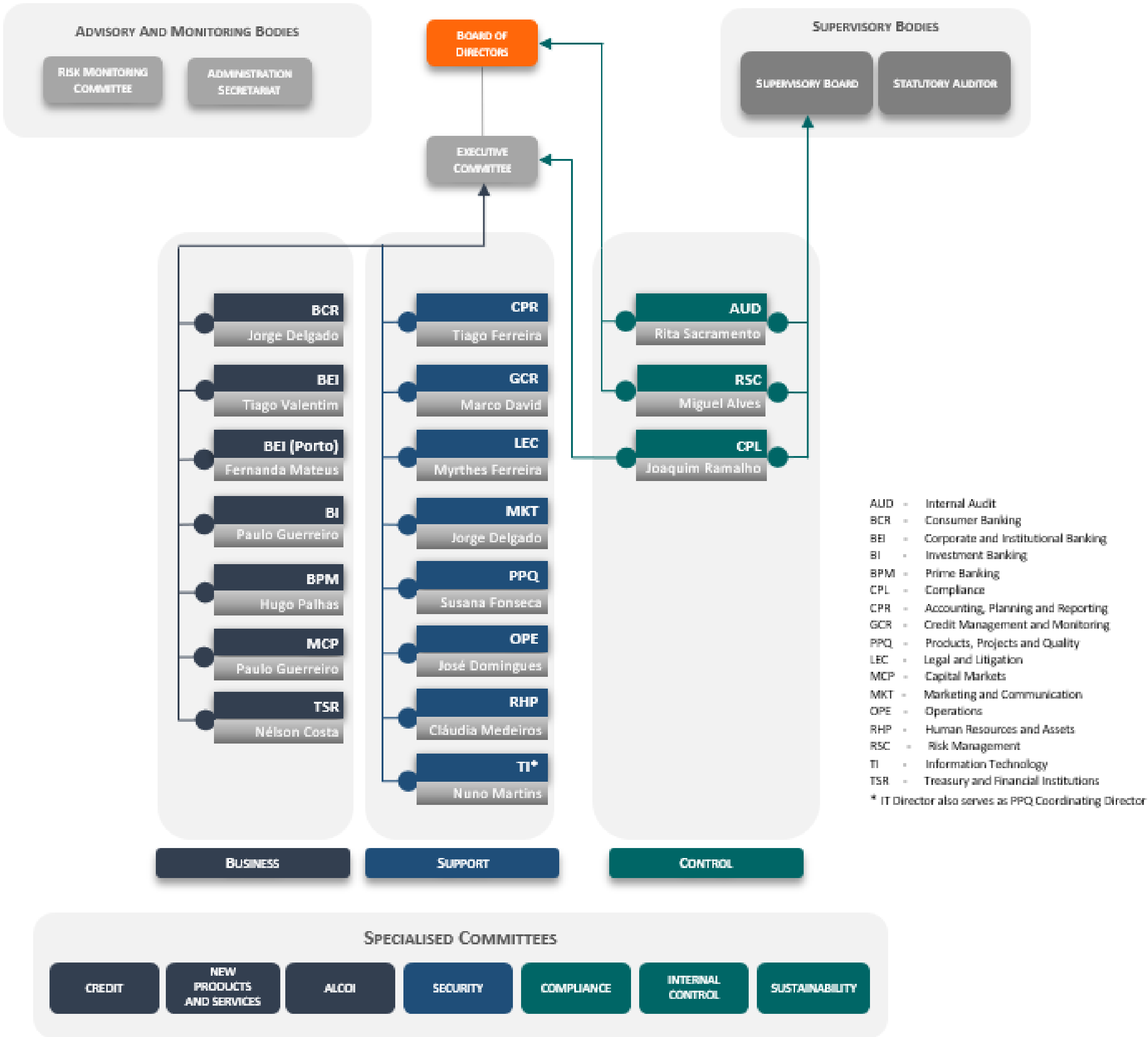
In addition to the growth of activities already developed, the main changes introduced by PdN 25-27 are essentially based on:

- a stronger focus on the business sector, with evolving products and services that are tailored to current initiatives and contexts (e.g. PRR and ESG) and customer needs,
- in the area of trade finance and Prime Banking, through financial products and services that are increasingly customised and evolving in nature,
- reinvigorating mortgage lending to retail customers, and
- rebalancing the provision of investment services to customers, with the continued availability of transactions, custody and other securities-related services to non-professional customers, and a greater emphasis on specific services for professional and specialised counterparties.

The Bank's organisational structure will essentially remain unchanged throughout the 2025-2027 three-year period, with insignificant growth during this period and optimisation of the structure for the planned activities, maintaining greater investment in initiatives to strengthen risk management and control and in the area of information technology, with a special focus on the aforementioned risks of information technology and cybersecurity, data governance and the prevention of money laundering and terrorist financing.

ORGANIZATIONAL AND HUMAN STRUCTURE

In line with its strategic guidelines, Banco BNI Europa's organisational structure has been configured as follows since 2023, including specialised committees:



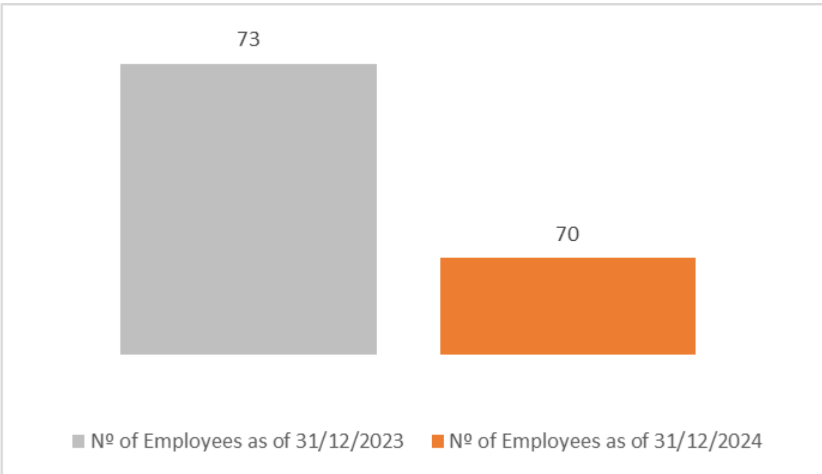
Human resources represent one of the Bank's main pillars, as a key factor in its differentiation and success. For this reason, the Bank recognises that the continuous development of skills and the retention and attraction of talent are crucial to achieving the objectives outlined in its strategic plan. To this end, high standards are applied in recruitment and performance evaluation processes, and an organisational culture that promotes the personal and professional growth of all employees is also fostered.

In 2024, the Bank continued to promote Summer/Curricular Internship Programmes, lasting from 1 to 3 months, and 9-month Professional Internships, in partnership with leading schools and universities in education and training, offering employment opportunities at the Bank after completion of the internship.

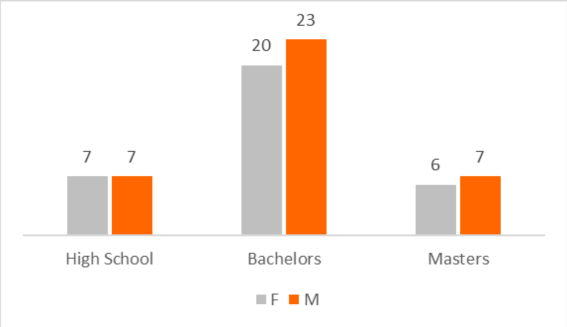
The Bank continues to value the internal mobility system, recognising it as a proven mechanism for the development, motivation and retention of employees, while also responding to organisational needs. External recruitment is only used when the identified need cannot be met internally.

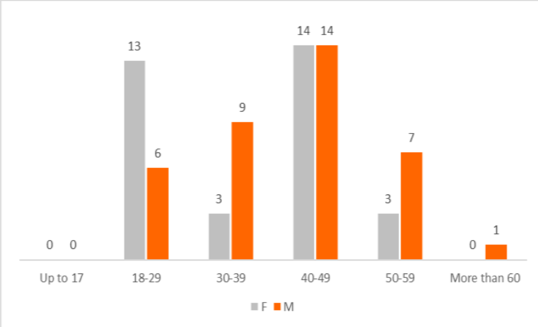
Recruitment processes are carried out by the Human Resources and Assets (RHP) area, using internal, active and passive recruitment methodologies, with the collaboration of external recruitment agencies in specific cases.

In this context, the Bank continued the process of consolidating the skills of its teams, with a total of 70 employees as at 31 December 2024:



The breakdown by age, gender and educational qualifications of BNI Europa's staff is as follows:





In the area of human capital management, Human Resources and Assets (RHP) also sought to boost employee motivation and enhance talent attraction and retention through engagement and skills development initiatives that promote growth in both human capital and the organisation itself, contributing directly to the implementation of the Bank's strategy.

Throughout the year, the Bank has studied and adjusted the benefits offered to employees according to their individual needs, ensuring a more inclusive, motivating and sustainable work environment.

Considering the challenges inherent in balancing professional and family responsibilities, BNI Europa Bank has maintained flexible practices, with work-life balance support, through the maintenance of a work system called the "Hybrid System - Flex Day / Short Friday", which consists of a combination of partial individual adaptability and partial teleworking arrangements:

- Remote working (Flex Day): employees can work remotely up to four times a month, preferably once a week.
- Adaptability (Short Friday): employees can increase their normal working hours (eight hours a day) by one hour per day, from Monday to Thursday, deducting these hours from their normal working hours on Friday.

The Bank continued to offer employees the benefit of subsidising the cost of public transport passes, a measure that not only facilitates commuting between home and work, but also contributes significantly to promoting more sustainable mobility, in line with responsible environmental practices.

The performance management process continued to prioritise the personal and professional development of employees, considering continuous training to be a strategic pillar for the Bank, in order to ensure that fundamental skills are acquired in their respective areas of activity, with a special focus on cross-functional and mandatory training.

The onboarding process is one of the crucial strategies for the successful integration and adaptation of new employees into the organisation, also contributing to talent retention. In this regard, and with a view to strengthening this process, in addition to integration training, actions and awareness-raising are carried out on regulatory matters, with particular attention and emphasis on the Bank's code of conduct, cybersecurity, internal control, and data protection, aiming not only to facilitate adaptation but also to ensure that employees acquire the necessary knowledge to perform their duties in accordance with the Bank's governance principles and values.

In 2024, specific technical and/or regulatory training courses were held, namely in the areas of money laundering and terrorist financing prevention, credit marketing, life and non-life insurance marketing, MiFID II, cybersecurity, and Environmental, Social and Governance (ESG). The training was conducted in person, online and/or via e-learning, using internal resources as well as external entities.

The Bank also provided training to all employees on protective measures in natural disaster situations, recognising the importance of this topic for individual and collective safety and for strengthening the Business Continuity Plan, ensuring that employees are prepared to deal with unforeseen events and protect the organisation's essential resources.

The cost of training incurred in 2024 amounted to nearly €45,000, corresponding to approximately 1.736 participants and around 4.519 hours of training.

During the year, several internal communication initiatives were implemented, maintaining the practice of cross-functional and effective communication within the organisation, which enabled the alignment and greater involvement of the Bank's employees, thus contributing to the strengthening of the organisational culture.

In this context, we highlight the holding of events to celebrate commemorative dates, solidarity actions, sports and health promotion initiatives, as well as the presentation of new features and partnerships, and moments dedicated to sharing experiences among employees, all with the aim of strengthening team spirit and employee engagement with the Bank.

FINANCIAL INFORMATION

Considering the facts referred to in **Chapter III – Key Indicators and Highlights** relating to the assumptions and guidelines set out in the business plan described, the evolution of Banco BNI Europa's activity in 2024 reflects this strategic change in the allocation of assets and the evolution of the Bank's profitability indicators.

Figures in thousands of euros

	Dec 2024	Dec 2023	Absolute Change	%
Assets				
Cash and Cash Equivalents in Central Banks	101 985	37 862	64 123	169%
Investments and Cash on Hand at Credit Institutions (*)	14 628	16 238	-1 609	-10%
Loans to Customers	139 127	124 447	14 680	12%
Own Portfolio	10 246	32 322	-22 076	-68%
Tangible Assets	775	769	6	1%
Intangible Assets	788	1 077	-289	-27%
Taxes	9 940	10 268	-328	-3%
Other Assets	740	876	-136	-16%
Total Assets	**278 230**	**223 859**	**54 371**	**24%**
Liabilities				
Credit Institution Resources	16 163	9 365	6 798	73%
Customer Funds	225 933	175 998	49 935	28%
Provisions	378	346	32	9%
Taxes	102	136	-34	-25%
Other liabilities	4 910	5 432	-522	-10%
Total Liabilities	**247 486**	**191 278**	**56 209**	**29%**
Equity				
Total Equity	**30 744**	**32 582**	**-1 838**	**-6%**

Balance Sheet Indicators

The increase of €54,371 million observed in total assets (slightly similar to that already observed from 2022 to 2023, of €46,763 million), which stood at €278,230 million on 31 December 2024, was mainly driven by the increase in customer deposits (€49,935 million), while in 2024 there was another significant reduction in funding through international deposit platforms, which have higher costs than direct funding, with almost the entire deposit portfolio now originating from direct deposits (96.3%).

The Bank ended 2024 with comfortable liquidity ratios, with regulatory LCR ratios above 270% (close to 260% in 2023) and NSFR above 150% (as in 2003; minimum regulatory limit of 100% for both ratios), in addition to a transformation ratio of 62% (71% in 2022).

The increase in credit (net of impairment) granted to customers, amounting to €14,680 million, includes changes in the composition of the credit portfolio: i) credit granted through platforms, net of impairment, decreased by €353 million to €274 million; ii) credit granted to companies increased by around €12,394 million, reaching €46,029 million in December 2024, of which around €31,853 million is secured by mortgages; iii) mortgage credit granted to individuals in 2024 amounted to €91,567 million, reflecting an increase of €2,758 million compared to 2023.

The reduction in the own portfolio (-€22,076 million) resulted from the maturity and repayment of a significant part of the own portfolio, mainly public debt, but also corporate debt, which was not reinvested.

The significant increase in tangible assets (€6 million) is due to the change in assets under operating leases, and the reduction in intangible assets (-€289 million) was mainly due to accounting amortisation, although there was an increase in gross investment of €146 million in 2023, mainly in technological platforms to support payment systems and in the new AML application, which is expected to go live in 2025.

The reduction in the Taxes item (-€328 million) is mainly due to deferred tax assets, more specifically the change introduced by the State Budget for 2025, which reduced the corporate income tax rate from 21% to 20%. This change had a reduction impact of €487 million on these assets, with a direct impact on the result for the year in the same amount.

On the liabilities side, the increases in Customer Resources and Credit Institution Resources stand out, which are the reason for the increase in liabilities.

Results Indicators

Figures in thousands of euros

	Dec 2024	Dec 2023	Absolute Change	%
Banking Product	**8 243**	**11 292**	**-3 049**	**-27%**
Financial Margin	7 191	6 825	365	5%
Fees	963	386	577	149%
Financial Transaction Results	174	4 354	-4 179	-96%
Other Results	-85	-273	188	-69%
Operating Costs	**-10 119**	**-10 576**	**457**	**-4%**
Staff Costs	-4 449	-4 803	354	-7%
General Administrative Costs	-4 355	-4 490	135	-3%
Amortization and Depreciation	-1 315	-1 284	-31	2%
Operating Result	**-1 876**	**716**	**-2 592**	**-119%**
Provisions and Impairement	**458**	**46**	**412**	**>200%**
Loan Impairement	142	-313	455	145%
Impairement for other Financial Assets	364	342	22	7%
Other Provisions	-49	17	-66	-388%
Result Before Taxes	**-1 419**	**762**	**-2 181**	**71%**
Taxes	**-420**	**-340**	**-80**	**123%**
Current Taxes	-102	-136	34	-25%
Deferred Taxes	-318	-204	-114	56%
Net Income	**-1 839**	**421**	**-2 260**	**-536%**

The year 2024 was again marked by significant improvements in all performance indicators, with the exception of financial operations, which in 2023 had an extraordinary impact of €4.118 million. In 2024, the results for the financial year are not influenced by materially relevant extraordinary events.

Despite a reduction of €3.049 million (-27%) compared to 2023, the Banking Product recorded improvements in its main components, namely Net Interest Income, which increased by €365 million (+5%), and Commissions, which increased by €577 million (+149%).

The sharp reduction in gains recorded under Income from Financial Operations in 2024 (€4.179 million) is due to the value generated by the closure of derivative positions in 2023, which was not repeated in 2024.

The reduction in operating costs (4%) was mainly due to the reduction in personnel costs (7%) and the consolidation of the human resources structure, as well as in general administrative expenses (3%) – despite the aforementioned measures to strengthen the environment and internal control mechanisms, with the hiring of consultants, services and specialised platforms for this purpose, which is reflected in this item.

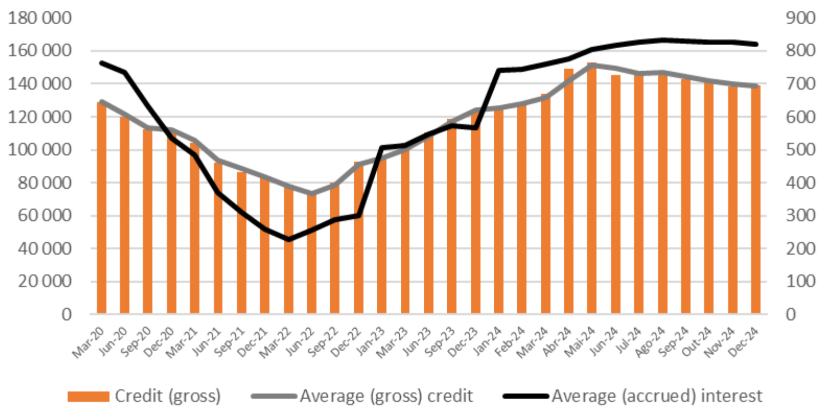
The Bank estimates impairment for its loan portfolio as detailed in **note 34** of the Notes to the Accounts for 31 December 2024. As in previous years, in 2024 the loan portfolio remained mostly classified as stage 1, with a modest increase in stage 2 loans and a one-off increase in stage 3 loans, inflated by two credit operations that began in 2024, involving a PER (Special Revitalisation Process) and a restructured operation, which as at 31 December 2024 did not show any default values.

The net gain from impairment reversal for credit (+€142 million) recorded in 2024 was mainly concentrated in the mortgage-backed retail customer segment, given that in the corporate segment, due to the increase in the Non-Performing Loans ratio, specified below, which originated in this segment, there was a net increase in impairment (in this segment).

The gain on impairment for other financial assets (€364 million) continues to originate mainly from the net reversal of impairment of intangible assets, offset in the amortisation item for the year, thus having a combined zero impact on the results for the year.

The following chart highlights the inflections in the downward trends in the credit portfolio and interest rates on this portfolio previously observed, inflections that began in 2022 and continued in 2023, with progressive management and rebalancing throughout 2024.

Monthly evolution of gross loans, average gross loans and interest on loans:



(1) Includes credit granted through structured bonds.

(2) The non-linear evolution of Credit Interest is the result of the volatility in expectations of interest receipts from these structured bonds.

Capital Indicators

Figures in thousands of euros

	Dec 2024	Dec 2023	Absolute Change	%
Weighted Assets	112 139	116 239	-4 099	-4%
Total Assets	278 230	223 859	54 371	24%
Weighted Assets/Total Assets	40,3%	51,9%		
Common Equity Tier I	22 878	24 375	-1 497	-6%
Phasing in Common Equity Tier I Ratio	20,4%	21,0%		
Total of Own Funds	22 878	24 375	-1 497	-6%
Phasing in Solvency Ratio	20,4%	21,0%		

In terms of capital indicators, maintaining the improved quality of the loan portfolio, replacing less profitable loans with higher risk weightings with lower risk loans with higher profitability, combined with investment in a low-risk securities portfolio, were key factors in improving the ratio [Risk-weighted assets/Total assets] from 52% to 40%.

It should be noted that since 2021, and as determined by the Bank of Portugal, the risk weight (RW) of credit granted through credit platforms has been increased to 150%, and the continued reduction of this credit in the Bank's assets contributed, albeit to a lesser extent than in previous years, to the aforementioned improvement in the quality of the credit portfolio.

In terms of own funds, the reduction of €1.497 million is mainly due to the loss for the year (-€1,839 million), offset by the incorporation of the positive net result for 2023 (+€421 million).

The Bank thus ended the 2024 financial year with a solvency ratio and Common Equity Tier I ratio of 20.40%. The changes resulting from the approval of Regulation (EU) No. 1623/2024 (CRR 4), which introduced profound changes to Regulation (EU) No. 575/2013, will mainly impact the Bank from 2025 onwards, with an improvement in this ratio expected due to a reduction in risk-weighted assets.

BUSINESS AREA ACTIVITY

As mentioned in the **Organisational and Human Structure** section, at the end of 2022, the Bank underwent an organisational restructuring, which resulted in an increase in the number of Bank Areas.

These changes were most significant in the Business Areas, with the creation of the following new Areas:

- **Corporate and Institutional Banking** (CIB),
- **Prime Bank** (PMB),
- **Capital Markets** (CPM) and
- **Investment Banking** (IB).

Consumer Banking

The Consumer Banking area is responsible for managing private customers in the mass market segment in the digital channel, managing the Broker channel (credit intermediaries), as well as managing digital business support platforms, namely home banking and mobile app.

Throughout 2024, the area focused its activity on attracting funds, developing campaigns in digital media and practically doubling the deposit portfolio under its management.

This growth resulted largely from funds from new customers, complementing the increased involvement of existing customers who, over the period, strengthened their confidence in the Bank.

Of particular note is the increase in customers opting for digital onboarding, with over 75% of customers choosing the videoconferencing format for opening accounts.

Mortgage loans continued to be the main credit product marketed by the area, with origination remaining at a sustainable pace and in line with the business plan, despite risk appetite being revised throughout the year with the adoption of a more conservative matrix.

The year was also marked by a major effort to collect and update customer information contained in the Bank's database, using various direct contact initiatives.

Prime Banking

The Prime Banking Area (BPM), created in 2022, remains a business unit focused on relationship banking and proximity to its customers, through the assignment of dedicated account managers and the provision of a set of exclusive investment and/or financing solutions tailored to each customer's profile.

This business unit focuses on serving medium and high-income customers involved in financial investments and/or mortgage loans.

The year 2024 was marked by continued growth in the Prime customer base, with a net increase of 23% in the customer base and greater customer loyalty to the Bank, with a 58% increase in account plan subscriptions.

In terms of investment services, there was a 16% increase in the volume of funds in Term Deposits, with a notable increase in Securities Custody, which rose by 81% compared to the previous year.

In terms of mortgage lending to individuals and companies, the focus was on business origination through direct customer acquisition, without the use of credit intermediaries or partners, with net growth of 25% in mortgage lending to individuals and 5% in mortgage lending to companies compared to the previous year.

In terms of customer acquisition, there continued to be growth in the non-resident customer base seeking to invest and/or reside in Portugal, with customers from 50 different nationalities being served.

Corporate and Institutional Banking

The main objective of the Corporate and Institutional Banking (BEI) area is to provide a comprehensive service to customers in the corporate segment.

Focusing on a specialised offering to support each customer's international activity, based on customised import and export trade finance solutions, the Bank supports its customers' international flows.

Through this business area, the Bank also offers corporate customers short- and medium-term structured financing solutions, as well as instruments for the daily management of their cash flow.

The Bank's commitment is based on high standards of service, through the promotion of lasting commercial relationships, in order to establish the Bank as a business partner for companies in their day-to-day activities.

In addition to prioritising high-quality service, the Bank's offering aims to promote and diversify a range of products and services, with a focus on boosting products associated with imports/cash flow support for payments to suppliers, as well as financing products to support exports/cash flow support for anticipating customer revenues, among other initiatives in this area.

With regard to the granting of credit, it is worth highlighting the promotion of a conservative policy, which favours operations associated with Trade Finance, International Trade and operations to support companies' commercial flows.

As a result of the revitalisation of these operations, the Bank has been strengthening the level of resources of its corporate customers, as well as in financial counterparties associated with letter of credit operations, justified by the adjusted profile of operations with our customers.

Porto Business Centre

With the aim of supporting businesses and being closer to the productive fabric of the north of the country, recognising its dynamism and strong export orientation, the Bank created the Porto Business Centre (CNP) in 2023.

This new hub is a strategic milestone for the Bank, strengthening its presence in the region and providing innovative financial solutions tailored to market needs.

As the Bank's only physical presence in the North, the CNP was designed to leverage the areas of **Corporate and Institutional Banking and Prime Banking**, allowing for closer, more direct and personalised support for its customers in this region.

The initiative reflects the Bank's commitment to fostering close relationships, understanding the challenges and opportunities of its customers and business partners more closely and effectively.

Since opening its doors and officially inaugurating in May and September 2023, respectively, CNP has sought to provide a modern, welcoming and dynamic environment designed to facilitate service and interaction between customers, potential customers and the bank. This space was designed not only as a service point, but as a true business hub, promoting business development and the creation of strategic partnerships among its partners.

With the aim of strengthening its integration and proximity to the business community, the Bank has promoted several initiatives at the CNP, among which the “Encontros da Marechal” (Marechal Meetings) stand out, a series of events designed to stimulate the debate of ideas, foster networking and encourage the sharing of experiences between customers, potential customers and partners of the Bank. These sessions have become a point of reference for the local business community, providing a space for the exchange of knowledge and the strengthening of commercial relationships.

With this initiative, Banco BNI Europa reaffirms its commitment to supporting and boosting the local economy, strengthening its presence and relevance in the northern region.

The CNP is thus a symbol of the Bank's expansion and proximity strategy, actively contributing to the development and strengthening of Portuguese companies.

Capital Markets and Investment Banking

On 6 July 2023, BNI Europa was authorised by the Portuguese Securities Market Commission to carry out the following activities:

- Receipt and transmission of orders on behalf of third parties
- Execution of orders on behalf of third parties
- Underwriting and placement, with or without guarantee
- Trading on own account
- Registration and deposit of financial instruments, as well as services related to their custody, such as cash management or collateral management

- Consultancy on capital structure, industrial strategy and related issues, as well as on mergers and acquisitions
- Assistance in public offerings of securities

After the Bank completed the implementation of internal systems in 2023 that enable it to offer its customers a service for receiving and transmitting orders for securities and units in collective investment undertakings (CIUs), in 2024 the Bank intensified and greatly expanded negotiations with various CIU managers to market a wide range of investment products, which will substantially increase the range of options available to the Bank's customers and have been in implementation since the end of 2024.

In summary, the capital markets and investment banking area focuses on the following activities:

- Coordinating the offering of non-bank financial products to investors,
- Structuring non-bank financing solutions for companies, and
- Advisory services for mergers and acquisitions.

At the end of 2024, the total value of advisory mandates for mergers and acquisitions and capital structuring amounted to nearly €258 million, a figure that has already seen a significant increase during the first two months of 2025.

Treasury and Financial Institutions

The Treasury and Financial Institutions (TSR) department focuses on managing liquidity and the proprietary investment portfolio, as well as managing relationships with other financial institutions and interacting with Peer-to-Peer (P2P) platforms to attract deposits.

In 2024, TSR continued the process of divesting from P2P credit platforms (secured and unsecured), with net exposure reduced from just over €600,000 in 2023 to less than €300,000 in 2024. Exposure is increasingly residual and aligned with a more efficient capital management strategy.

2024 was once again a year of growth in deposit collection, concentrated in the direct channel, with an increase of 28% compared to 2023. Deposits from other financial institutions grew more significantly, by 73% year-on-year, continuing a policy of greater proximity and quantitative and qualitative improvement of the solutions and services offered.

With regard to deposit-taking platforms, in line with the strategy of prioritising the direct channel and more efficient control of funding costs, these deposits fell by 73% compared to 2023.

On 31 December 2024, direct customer deposits represented 96,3% of total customer deposits (83,6% on 31 December 2023). It is important to bear in mind that deposits raised via platforms, as they allow for greater geographical diversification of the funding base, are an important mechanism for accessing liquidity in contingency scenarios. Given that they are non-mobilisable deposits, they contribute to greater stability in the Bank's funding, making them a useful funding instrument that should always be taken into consideration in this context.

During 2024, the Bank maintained comfortable levels of liquidity at all times, not only once again not requiring financing from the Bank of Portugal, but on the contrary, allowing it to remain a daily depositor in the permanent deposit facility, with deposits growing steadily throughout 2024.

The Bank maintains an active participation in the money market, both through borrowing and lending funds, as well as through foreign exchange operations in euros and dollars, as instruments of its strategy to ensure efficient liquidity management.

Trade finance activity, including the confirmation of letters of credit, showed further growth, but was still affected by the circumstances of the economies and particular situations of the Bank's counterparties in this business, which reduced this activity in the last quarter of 2024. However, this did not prevent a further increase in confirmed annual volumes.

The year 2024 saw the continuation of the process of revitalising investments in the Bank's own securities portfolio, with an investment of close to €6 million in short- to medium-term Italian, Spanish and Portuguese government bonds, as well as close to €5 million in domestic corporate debt, which would allow the Bank, as at 31 December 2024, to have available, a credit line with the Eurosystem of close to €6 million. The number of approved limits for investment in commercial paper programmes (PPC) also increased.

In summary, 2024 was marked by a further general increase in Treasury activity across all areas, with proactive management of interest rate, foreign exchange, liquidity and concentration risk.

Credit Management and Monitoring

The Credit Management and Monitoring (GCR) Department aims to ensure the recovery of irregular amounts owed by individuals, in order to prevent and minimise customer defaults on own credit products and ensure compliance with PARI (Action Plan for Default Risk) and PERSI regulatory standards (Extrajudicial Procedure for the Regularisation of Default Situations).

The area aims to ensure that the ratio of overdue credit (to the total credit portfolio) is maintained at controlled and adjusted levels, presenting the most appropriate solutions to customers so that they can regularise the amounts in default and contribute to the recovery of credits and reduction of Non-Performing Loans (NPL) indicators.

In 2024, the recovery strategy remained unchanged from 2023 with regard to the management of customers with defaults of up to 30 days (Early Collections), with GCR responsible for handling consumer credit customers and Consumer Banking responsible for handling mortgage customers. As for customers designated as Late Collections, GCR was responsible for handling both products.

The main responsibility of the Credit Management and Monitoring Area (GCR) is to ensure contact with all customers in default in order to guarantee the regularisation of payments and provide support for all administrative tasks related to recovery.

In 2024, the sale of a consumer credit portfolio was decided and carried out.

For 2025, GCR aims to continue to contribute decisively to one of the Bank's objectives, namely the reduction of the level of NPLs.

OTHER INFORMATION

During 2023 and 2024, and to date, the following events resulting from the activity stand out, among others:

- At the General Meetings held in 2024, the following were reviewed and approved:
    - Remuneration of the members of the Company's Board of Directors and Supervisory Board;
    - Change in the Organisational Structure and Distribution of Responsibilities;

- Business Plan for the 2024-2026 three-year period;
- Policy for the Selection and Election or Appointment of Statutory Auditors or Statutory Audit Firms for the Company;
- Annual review of the Remuneration Policy;
- Annual review of the Policy for the Selection and Assessment of the Suitability of Members of the Management and Supervisory Bodies and Holders of Key Functions within the Company;
- Amendment of the Articles of Association;
- Appointment of Statutory Auditors, permanent and alternate, for the 2024/2025 term of office;
- Succession Policy;
- Review of the Regulations of the Board of Directors and the Executive Committee of BNI - Banco de Negócios Internacional (Europa), S.A.;

- With regard to strengthening the Internal Governance System and related internal regulations, the Board of Directors decided:
    - Internal Policies (introduced or updated)
        - Anti-corruption;
        - Risk appetite;
        - Performance evaluation;
        - Classification and measurement;
        - Classification and treatment of information;
        - Granting of personal credit to employees;
        - Control of Transactions with Related Parties;
        - Cookies;

- Travel and Representation Expenses;
- Financing;
- Training (including Co-funded Training);
- Business Continuity Management;
- Internal Regulatory Management;
- Risk Management;
- Remuneration (including Remuneration of Employees Involved in Credit Granting);
- Liquidity Risk;
- Interest Rate Risk;
- Occupational Health and Safety;
- Selection and Assessment of the Suitability of Members of the Management and Supervisory Bodies and Holders of Key Functions;
- Selection and Election or Appointment of Statutory Auditors and Independent Statutory Auditors;
- Succession;
- Valuation of Own Portfolio;

o Internal Regulations (introduced or updated)

- Risk Monitoring Committee;
- Internal Audit Function;
- Internal Audit;
- Security, Quality and Data Protection Committee;

o Manuals and Plans (introduced or updated)

- Internal Audit Manual;
- Internal Audit Procedures Manual;
- Regulatory and Tax Reporting Manual;
- Control Function Performance Assessment Model;
- Liquidity Contingency Plan;
- Corruption Risk Prevention Plan;

- General improvements in management information produced on the topics of Internal Control, Operational Risk, Regulatory Management, Global Risk Management and Credit Risk monitoring;

- Also noteworthy is the new update of the Organisational Structure and Distribution of Responsibilities, reassessment of Employees with Material Impact on the Bank's Risk Profile 2024, Appointment of Company Secretary and Reassessment of employees holding essential functions.

VII. RISK MANAGEMENT AND INTERNAL CONTROL

The Bank's Board of Directors is responsible for defining, implementing and periodically reviewing the Internal Control System to ensure that it is appropriate to the nature, size and complexity of its activity and that it is properly aligned with the Bank's risk profile, with the aim of safeguarding:

- business continuity through the efficient allocation of resources and execution of operations, effective monitoring and control of risks, prudent assessment of assets and liabilities, and security and control of access to information and communication systems,
- the existence of complete, reliable and timely accounting and management information, both financial and non-financial, to support decision-making and control processes, and
- compliance with legal provisions, internal guidelines and ethical and conduct rules in relations with customers, counterparties, shareholders and supervisors/regulators.

The relevant functions of the Internal Control System – Risk Management, Compliance and Internal Audit – are equipped with adequate human and material resources to fulfil their mission, with the independence, status and effectiveness necessary for the proper exercise of the Bank's current activity.

Risk Management Function

The Risk Management Area (RSC) represents the Risk Management function and has the following responsibilities:

a. Ensuring that all risks to which the institution is or may be exposed are identified, assessed, monitored and controlled appropriately and that they are duly reported to this function by all structural units;

b. Providing the management body with relevant information regarding risks;

c. Advise the management and supervisory bodies before decisions involving significant risks are taken, with a view to ensuring a timely and appropriate assessment of their impact on the institution's overall risk;

d. Support the determination of the Bank's risk appetite and assess its soundness and sustainability in relation to the strategy, ensuring that it translates into appropriate risk limits;

e. Develop and implement timely warning mechanisms for situations of deviations or breaches of risk tolerance limits;

f. Participate in the approval process for new products and services, by assessing in advance the risks associated with their launch and the Bank's ability to manage those risks;

g. Analyse in advance transactions with related parties, identifying and adequately assessing the inherent actual or potential risks to the institution;

h. Ensure that all decision-making support systems associated with credit granting processes are properly documented and updated, proving to be adequate for the defined risk appetite and in view of the results demonstrated in terms of performance;

i. Ensure the adequacy and updating of an Internal Reporting structure that allows for the monitoring of the different types of risk managed by the area, including the Internal Control system;

j. Assume responsibility before the management body for adopting guidelines for the proper management of risks associated with subcontracting, manage and supervise the risks of subcontracting agreements within the Internal Control framework, and supervise the documentation of agreements;

k. Promote actions that increase the focus on an appropriate Risk Culture;

l. Evaluate, monitor, promote and ensure the maintenance of the Internal Control System, namely:

i. Ensure that adequate controls are in place to mitigate the risks identified in each process and monitor their effectiveness;

ii. Ensure the maintenance of the historical repository of all the Bank's deficiencies, requesting the respective follow-up from the Internal Control Interlocutors (“ICI”) defined for the remediation actions; and

iii. Prepare the applicable regulatory reports.

m. Ensure the performance of the ICI's functions, namely:

i. Promote the necessary support to ensure the proper performance of the ICI's functions and responsibilities, including the adequate allocation of human and technical resources for this purpose, and an efficient and effective management model, responding to all relevant needs;

ii. Promote actions that increase focus on the need to maintain the effectiveness of the controls implemented, to develop existing controls or to create controls to address the risks to which the Bank is exposed; and

iii. Delegate to the ICI the reporting to the Internal Control Function and interaction with the Organisation and Project Management, Compliance and Internal Audit Areas on matters of Internal Control.

n. Ensure the control of the various risks relevant to the Bank, namely Credit Risk, Counterparty Credit Risk, Market Risk, Liquidity Risk, Interest Rate Risk, Exchange Rate Risk, Operational Risk, Information and Communication Technology Risk, Concentration Risk, Business Model Risk, Compliance Risk, Internal Governance Risk and Reputation Risk;

o. Develop and maintain an up-to-date control structure for regulatory and internal limits, in line with the defined risk management strategy, and ensure appropriate internal reporting in terms of detail, granularity, frequency and recipients, ensuring that this contributes to the proper performance of the management and supervisory functions of the governing bodies;

p. Define and implement a stress testing programme covering the most relevant aspects of the Bank's activity, paying particular attention to the business activities that are most representative of the Bank's business model, complying with the guidelines issued by the regulators and best practices relating to risk management, validating and publishing the results obtained, and advising the management body;

q. Document the policies, means and procedures for defining, implementing and monitoring a Risk Management System, ensuring that all internal regulations associated with the risk management framework are up to date;

r. Ensure the development and submit for approval by the management body, after prior opinion from the supervisory body, policies and procedures to support the risk management system and its application in the institution;

s. Promote the adoption of appropriate guidelines for proper data quality management, with particular emphasis on data used in regulatory reports and management information, ensuring the construction, adequacy and updating of appropriate data structures to safeguard the data needed to feed internal reporting and model development processes; and

t. Promote the handling of detected cases of suspected fraud that require further analysis by the Compliance and Internal Audit Functions (in the latter case, specifically for cases that may involve internal fraud).

The Risk Management Function is performed by an autonomous and independent organisational and functional unit whose head reports hierarchically and functionally to the Board of Directors and functionally to the Supervisory Board, in accordance with regulatory requirements and best practices in this area.

Compliance Function

The Compliance area (CPL) has four sub-areas of activity (Compliance, Prevention of Money Laundering and Terrorist Financing, Customer Ombudsman and Data Protection). The CPL is responsible for promoting compliance by the Bank and its employees with laws, regulations, the Code of Ethics and Conduct and applicable rules, as well as preventing the practice of money laundering and terrorist financing crimes and acting in matters of personal data protection, as provided for in applicable legislation and regulations, through:

a. Support the Bank's Board of Directors in implementing a Compliance Policy, with the aim of promoting a culture of compliance within the Bank, namely:

    i. Ensure compliance with the legal and regulatory standards that govern the Bank's activities;

    ii. Ensuring that internal rules and procedures are adapted to legislative and regulatory changes that impact the Bank's activity, disseminating them and advising the various areas of the Bank on their implementation;

    iii. Advising on the implications of regulation on business line strategies;

    iv. Collaborating on proposals for public consultations on legal instruments that impact the Bank;

    v. Develop, promote and implement a culture of compliance within the Bank;

    vi. Advise the Board of Directors, the Executive Committee and other Bank bodies on the scope and implications of the Bank's Compliance Policy;

    vii. Ensure the existence and standardisation of compliance solutions to be adopted by the Bank's various bodies; and

    viii. Promote the necessary actions to ensure compliance with the Code of Conduct by all Bank employees.

b. Monitor and evaluate internal control procedures for the prevention of money laundering and terrorist financing, centralise information and communicate it to the competent authorities, namely:

    i. Identify, assess, report and propose and/or implement measures to mitigate the risks of money laundering and terrorist financing associated with the Bank's activities;

ii. Ensure the development and maintenance of the Anti-Money Laundering and Counter-Terrorist Financing Policy, Sanctions Policy, and Correspondent Banking Policy; and

iii. Ensure compliance with the principles of managing the risks of money laundering, terrorist financing, and market abuse defined in the Code of Conduct.

c. Provide information to the Board of Directors on any evidence of violation of legal and regulatory obligations, rules of conduct and rules of customer relations or other duties that may result in sanctions and/or administrative offences for the Bank or its employees and/or may represent a reputational risk or financial loss;

d. Identify, adopt or propose the adoption of appropriate measures to remedy any non-compliance and prevent similar situations from occurring, and keep a record of such measures;

e. Promote the training of Bank employees with the aim of fostering a more present control culture and increasing understanding of compliance risk, particularly in areas considered to be of greater risk, liaising with Human Resources in the following tasks:

i. Ensure that employees in the Function maintain technical and up-to-date competence in compliance matters, in particular by identifying training needs;

ii. Ensure that Bank employees are aware of the legal and regulatory duties applicable to the activities carried out by the Bank, namely by promoting and conducting mandatory training (AML) and other training activities;

iii. Providing training (directly or indirectly) to all areas of the Bank, as well as promoting awareness-raising activities, whenever necessary, on the prevention of money laundering and terrorist financing;

iv. Ensuring that Bank employees have adequate training in data protection, providing training when necessary;

v. Participate in training programmes and other curriculum enrichment activities that enable the acquisition and development of the knowledge, skills and experience necessary not only for the performance of the Compliance Function itself, but also for understanding the Bank's business in its various aspects, and

vi. Ensure the performance of the Internal Control Liaison Officer's duties in matters arising from their responsibilities, by reporting detected Control Events, Operational Risk Events, Reputational Risks and Non-compliance whenever applicable.

f. Participate in the approval process for new products, from a compliance and regulatory perspective, and monitor the risks inherent in the implementation and marketing of products and services;

g. Follow up and monitor the application of governance procedures on the marketing of products, by conducting periodic analyses of these procedures and preparing proposals for the Board of Directors and other members of senior management with a view to changing established procedures if there are current or potential risks of legal or regulatory non-compliance;

h. The Compliance Function is also responsible for monitoring the Bank's compliance risk assessment, carrying out control actions to assess the degree of compliance with legal and regulatory requirements and the recommendations of supervisory authorities, as well as the Code of Conduct and internal regulations, and proposing the implementation of new standards, advising the various areas on any issues relating to compliance with the above-mentioned elements;

i. Carrying out compliance tests with legal and regulatory provisions, through a specific and structured compliance verification programme, regularly reviewed and adapted to the processes with the highest compliance risk;

j. Document the policies, means and procedures aimed at disseminating a culture of compliance, namely:

    i. A manual with operational rules for the performance of the Function;

    ii. Policies and Procedures that integrate the internal control system in the context of the prevention of money laundering and terrorist financing;

iii. Prepare and keep up to date the Customer Ombudsman Procedures Manual, the Complaints Handling Policy and the information to be made available to the public (namely on the Bank's website).

iv. Prepare (when necessary) and approve the regulatory framework (manuals, policies, etc.), ensuring that it complies with the Data Protection Regulation;

v. Prepare the information to be provided to the Attorney General's Office, as well as to the Judicial Authorities and/or Criminal Police Bodies in response to requests or on the Bank's initiative, namely for reporting entities or operations suspected of constituting crimes of money laundering and terrorist financing;

vi. Participate in the implementation of structural projects, integrating the respective working groups; and

vii. Contribute to the definition and implementation of the Bank's Internal Control System.

k. Through the Customer Ombudsman sub-area, ensure the quality and effectiveness of customer complaint handling, periodically monitor the quality of these procedures, and keep the Board of Directors, the Executive Committee, and the Supervisory Board informed about the number, nature, and implications of customer complaints;

l. Through the Data Protection Officer, part of the Data Protection sub-area, ensure the quality and effectiveness of customer complaint handling, periodically monitor the quality of these procedures and keep the Board of Directors, the Executive Committee and the Supervisory Board informed about the number, nature and implications of customer complaints;

m. Ensure that internal rules and procedures comply with data protection legislation and regulations, in particular by:

i. Support the Board of Directors and other areas of the Bank with regard to obligations under data protection regulations;

ii. Cooperate with supervisory authorities;

iii. Conduct Data Protection Impact Assessments;

iv. Manage communications and notifications in the event of a data protection breach;

v. Record all personal data processing activities;

vi. Monitor data protection risk management;

vii. Provide training to employees on data protection; and

viii. Manage data subject rights requests.

The Compliance Function is performed by an autonomous and independent organisational and functional unit whose head reports directly to an executive director, as well as functionally to the Board of Directors and the Supervisory Board.

In addition, as authorised by the Bank of Portugal, taking into account the small size of the Bank's Board of Directors, responsibility for the Compliance function is shared between two executive directors, with the Chairman of the Board of Directors being responsible for compliance matters relating to the Treasury and Financial Institutions area. Measures are in place to monitor potential conflicts of interest that may arise from this accumulation of responsibilities, and mitigating measures are provided for situations where they prove necessary.

Internal Audit Function

In performing its duties, the Internal Audit department has the following responsibilities:

a. Carry out its mission in accordance with international principles and standards for the professional practice of internal auditing;
b. Recommend the use of best practices from a risk perspective based on an assessment of the effectiveness of the risk management systems implemented.
c. Prepare and update a strategic plan, a multi-year audit action plan, and an annual audit action plan to examine and evaluate the adequacy and effectiveness of the organisational culture and governance and internal control systems of the institution as a whole, as well as of its individual components, including governing bodies and their respective support committees and commissions. Any of the aforementioned documents shall be approved by the Board of Directors, after prior opinion of the Supervisory Board.

d. Promote the performance of audits in accordance with the annual internal audit plan and others requested on a case-by-case basis by the Board of Directors, the Supervisory Board or the Supervisor. For each audit action, a work programme is drawn up which includes, in particular, the objectives of the audit, the procedures to be carried out in relation to the activities, policies, procedures and controls under review, and the resources necessary for its execution;
e. Issue recommendations based on the results of the assessments carried out. The recommendations are presented to the respective owners and subsequently shared with the Board of Directors and the Supervisory Board;
f. Promote continuous monitoring of identified deficiencies, at intervals appropriate to the associated risk, in order to ensure that measures to correct them are adequate and implemented in a timely manner;
g. Report periodically to the Bank's Board of Directors and Supervisory Board on the level of compliance with the annual internal audit plan and the activities carried out;
h. Communicate to all members of the institution's governing bodies any irregularities detected during the performance of an audit;
i. Prepare and submit to the management body and the supervisory body an activity report, at least once a year, in accordance with the provisions of paragraph 1 of Article 10 of these Regulations.
j. Prepare and submit to the management body and the supervisory body an annual independence report, with reference to November 30 of each year, to be signed by the Head of Internal Audit, in accordance with the provisions of Article 10, number 2, of these Regulations;
k. Ensure that the human resources assigned to the performance of the function are adequate and sufficient. Whenever there are no specialists within the IAF to carry out audits, the head of the IAF may propose to the Board of Directors the hiring of specialists in this field;
l. Contribute to the coordination of internal audit work with external audit work, avoiding duplication and maximizing coverage of material risks;
m. Ensure the performance of the functions of the Internal Control Interlocutor (“ICI”), namely:
    - Promote the necessary support to ensure the proper execution of the functions and responsibilities of the ICI;

- Delegate to the ICI the reporting to the Risk Management Function – subarea of Organization, Internal Control, and Operational Risk and the interaction with that area as well as with the CPL area in matters of Internal Control, highlighting the following functions and responsibilities:
    - Report internal control events, improvement actions, and actions to be taken that have been detected, following up on them (where applicable) and ensuring their remediation;
    - Timely report Operational Risk events, ensuring their follow-up and promoting their remediation;
    - Report Process Risks and Controls, ensuring that they are up to date and that they are periodically assessed;
    - Report Reputational Risks and Non-compliance whenever applicable;
    - Report relevant suppliers/service providers and ensure that the reported list is up to date;
    - Communicate the need for process mapping as well as the need to update those already in place;
    - Communicate the need to create and review regulations;
    - Communicate planned or ongoing developments in your area of activity that may constitute projects or initiatives;
    - Communicate to the CPL the applicable regulations that must be analyzed, as well as ensure that the analysis and implementation of the applicable regulations is carried out.

n. Ensure that internal auditors have the knowledge, skills, and other competencies necessary to fulfill their responsibilities effectively and efficiently;

o. Promote an appropriate training program tailored to the fulfillment of the FAI's responsibilities, considering training obtained internally and externally;

p. Support professional training initiatives proposed by internal auditors, whenever these are relevant and fall within the scope of internal audit activity; and

q. Ensure the existence of a manual and operating procedures for the performance of the function.

The independence of the Internal Audit Function is ensured through an autonomous and independent organizational and functional unit—the Internal Audit area—which has, in the exercise of its functions, direct, unrestricted, and unlimited access to all information, documentation, records, personnel, and assets necessary for the performance of its duties, and whose head reports to the Board of Directors and the Supervisory Board.

Specialised Committees and Advisory and Monitoring Bodies

In addition to the management of internal control functions, Internal Control Committees (ICC) are held at intervals appropriate to the Bank's activity, usually on a monthly basis, attended by members of the Board of Directors, those responsible for the control areas and those responsible for other areas most involved in this matter, as well as the Supervisory Board. This Committee has associated regulations that promote best practices for holding these forums, including the formalisation, validation and approval of minutes, as well as adherence to a pre-set agenda, notwithstanding the discussion of other matters that require attention.

Compliance Committees are also held, subject to rules established in their own internal regulations, set up with the aim of monitoring the Bank's activity in order to ensure adequate compliance with the objectives and duties of the compliance and AML function, and held at least once every quarter. The Committee's work is based on a general annual programme of activities that describes the regular work to be carried out and defines the scope of the results to be achieved. As in the case of the CCI, minutes are validated and approved by all members of the Committee, and a pre-set agenda is followed, with discussion of other unplanned matters requiring attention, in accordance with the general operating terms set out above. The Board of Directors and the control areas are permanent members of this committee, with the Supervisory Board being invited to attend.

Also within the scope of internal control functions, it is important to note the work of the Data Security, Protection and Quality Committee, which is the main forum for presenting and discussing developments in the Bank's exposure to information security and cybersecurity risks. The permanent members of this committee are the Board of Directors, the control areas and the Information Technology area, with members of the Supervisory Board invited to participate in each session. In addition, in February 2025, the Bank formalised the creation of a Sustainability Committee at a meeting of the Board of Directors. Like the other committees, the Sustainability Committee has its own regulations and was designed with the main purposes of centralising the

Bank's initiatives on the various dimensions of ESG factors and monitoring the implementation of the Sustainability Risk Management Policy.

The Bank also has a Capital Planning and Allocation and Asset, Liability and Investment Management Committee (ALCOI), which is subject to rules and standards defined in specific regulations. This committee brings together members of the Board of Directors, as well as managers from the areas most closely related to this particular component of the Bank's activity, as well as the Supervisory Board and the control areas. The frequency of this Committee's meetings is also appropriate to the Bank's activity, being at least quarterly or more regularly if necessary. As with the other Committees, there are minutes that are validated and approved by all members of the Committee, as well as adherence to a previously set agenda and discussion of other unplanned matters that require attention.

In addition to the committees mentioned above, the Bank has implemented a Risk Monitoring Committee (CAR), in force since 2019, and a Credit Committee (CC), which, governed by their own regulations and complying with the same operating criteria as the Committees, constitute forums for internal debate between the management/administration body, control functions and other areas.

The CAR is a general forum for risk analysis, with responsibilities including assessing policies, methodologies and global risk control, as well as being the body where regulatory reports such as the Internal Capital Adequacy Assessment Process (ICAAP) are presented and where the limits defined in the Risk Appetite Policy and Recovery Plan are monitored. To this end, the CAR meets as often as required, with the participation of the Supervisory Board.

In addition to being a forum for debate, in 2022 the CC also became the main body for approving new credit operations, with powers delegated by the EC. The CC is also responsible for monitoring credit risk, particularly in areas such as non-performing exposures, impairment, credit recovery and restructuring. Like the CAR, the CC meets as often as required to assess these issues.

Given the development of the Bank's activity, it is considered that the main risks to which the Bank is exposed, as identified by the Board of Directors, remain unchanged and are presented in greater detail below.

CREDIT RISK

General Principles

This risk materialises in losses recorded in the loan portfolio due to the inability of borrowers (or their guarantors, if any) to meet their credit obligations. Credit risk control and mitigation are ensured through a solid and reliable structure for risk analysis, assessment and monitoring and models, supported by internal systems.

As this is the most significant risk for the Bank, there is a constant search for the acquisition and applicability of best practices in the local and international market. During 2024, one of the main priorities of the Risk Management area was to strengthen the Credit Risk team with an additional analyst in order to support the projected levels of credit origination and strengthen monitoring, particularly in the Corporate segment. This reinforcement took place in the last quarter of 2024.

Quantitative data as at 31 December 2024

As at 31 December 2024, exposure subject to credit risk amounted to €266 million (excluding impairments), reflecting an increase of 26% compared to the end of 2023. The main drivers of this increase were Direct Credit and Cash and Investments in Central Banks and Other Financial Institutions, whose current exposure is €139 million and €116 million, respectively, representing increases of 12% and 117% compared to 2023.

Details of credit risk exposure are presented in the following table, together with the value of the respective impairments:

Figures in thousands of euros

Item	Gross Exposure	Impairment	Impairment Rate	Net Exposure
Credit granted directly	142 604	3 546	2,5%	139 059
P2P Structured Bond Credit	920	629	68,4%	290
Debt Securities	10 253	7	0,1%	10 246
Cash Equivalents and Investments at OIC's and Central Bank	116 400	8	0,0%	116 392
Total Balance Sheet	**270 177**	**4 190**	**1,6%**	**265 987**
Total Non-Balance Sheet	**54 251**	**192**	**0,4%**	**54 059**

Cash in credit institutions and deposits with central banks are analysed as follows:

Figures in thousands of euros

	Cash Equivalents and Investments at OIC's and Central Banks		
Item	**Gross Exposure**	**Impairment**	**Net Exposure**
Cash and cash equivalents in central banks	101 994	-	101 994
Cash and cash equivalents in OICs	1 593	0	1 593
Investments in OICs	12 813	8	12 806
Total	**116 400**	**8**	**116 392**

In terms of off-balance sheet accounts, with regard to commitments to third parties associated with the granting of credit, Banco BNI Europa recorded €54 million, with this commitment being associated with reverse mortgages, revocable credit lines and guarantees provided.

Analysis by segment

Total gross credit to customers, including investments through structured bonds, amounted to €143 million as at 31 December 2024, comprising credit granted directly to customers and investments in credit assets through structured bonds, covering mortgage credit, consumer credit, corporate credit and invoice discounting. The breakdown of credit and impairments based on this segment view, which includes only the amounts of credit agreements and accrued interest on the balance sheet and their respective impairments and does not include deferred commissions (assets and liabilities) associated with credit, among other effects included in the accounting item of credit to customers, is as follows:

Credit Segments	Credit	Total Impairment	Impairment Rate
Total Credit	**143 523 684**	**4 174 780**	**2,91%**
Private Mortgages	93 093 720	1 395 049	1,50%
Consumer Credit	1 364 217	888 564	65,13%
Companies - Medium/Long Term	34 174 056	691 660	2,02%
Companies - Short Term	14 891 690	1 199 506	8,05%
of which P2P Platforms	***1 566 387***	***1 068 156***	***68,19%***

Mortgage lending consists of three direct lending products for individuals: Flex credit, Reverse Mortgages and Prime Mortgages. The total amount of credit granted in this segment is €93.0 million, broken down as follows:

Credit Segments	Credit	Impairment	Impairment Rate
Private Mortgages	**93 093 720**	**1 395 049**	**1,50%**
Family Flex	48 666 090	1 036 168	2,13%
Reverse Mortgage	34 151 458	284 662	0,83%
Prime Mortgages	10 276 173	74 220	0,72%

Consumer credit is only available to private customers, and the respective products have been discontinued since 2021. As of 31 December 2024, this segment is divided into the following products:

Credit Segments	Credit	Impairment	Impairment Rate
Consumer Credit	**1 364 217**	**888 564**	**65,13%**
Family Puzzle	444 704	259 427	58,34%
P2P Platforms	919 513	629 137	68,42%

Corporate lending has been one of the Bank's main focuses, particularly since 2022, with a range of products centred on mortgage lending, investment support, invoice discounting and export financing. This segment also includes a small volume of loans originated by peer-to-peer platforms, which are also being phased out.

The corporate credit segment with longer maturities had the following breakdown as at 31 December 2024:

Credit Segments	Credit	Impairment	Impairment Rate
Companies - Medium/Long Term	**34 174 056**	**691 660**	**2,02%**
MLP Financing	18 135 863	388 626	2,14%
Prime Companies	15 794 715	66 728	0,42%
P2P Platforms	243 478	236 306	97,05%

The shorter-term corporate loan segment consists mainly of exposure to the bank's own products, as shown below:

Credit Segments	Credit	Impairment	Impairment Rate
Companies - Short Term	**14 891 690**	**1 197 475**	**8,04%**
Invoice Discounting	10 568 826	622 842	5,89%
Export Pre-Financing	2 655 209	357 587	13,47%
Letter of Credit Discounting	1 264 259	16 363	1,29%
P2P Platforms	403 396	200 682	49,75%

It should be noted that loans to individuals represent 66% of total loans, with the remaining 34% corresponding to loans to companies, in addition to a distribution across different segments that allows for adequate diversity in terms of risk and maturities.

In terms of non-performing exposures (NPEs), as defined in the EBA guidelines on the disclosure of non-performing or forborne exposures (EBA/GL/2018/10) of 17 December 2018, Banco BNI Europa has a gross amount of €12,2 million. The table below shows the distribution of the outstanding loan portfolio to customers, including debt securities, between performing exposures (PE) and non-performing exposures (NPE).

Credit Performance	Credit	Balance Sheet Impairment	Impairment Rate
Total Credit	**143 523 684**	**4 174 780**	**2,91%**
Productive Exposures	131 355 948	1 200 928	0,91%
Non-Productive Exposures	12 167 736	2 973 852	24,44%

It is important to note that the amount of non-performing exposures increased compared to 2023, when exposures amounted to €10,9 million. Nevertheless, the NPE ratio reflected a slight decrease, from 7,86% to 7,78%, due to the increase in the overall volume of credit. In addition, the impairment rate associated with non-performing exposures decreased compared to 31 December 2023, from 31% to 24%, as a result of a higher incidence of real collateral (mortgage and financial) on the bank's credit portfolio, particularly on NPL exposures.

In addition, credit impairment recorded on the balance sheet amounted to €4,2 million in 2024, corresponding to a reduction of 18% compared to 2023, which is due to:

- evolution of customer performance and risk quality;
- developments and recalibrations of risk parameters in impairment calculation models;
- write-off of non-performing loans; and
- disposal of credit investment portfolios in the form of structured bonds.

The process for assessing and quantifying impairment on Banco BNI Europa's loan portfolio is defined in policy and the calculation methodology is formalised in the Impairment Manual, in accordance with the provisions of IFRS 9 – Financial Instruments.

As at 31 December 2024, the breakdown of total impairment recorded in the balance sheet, by classification stage of the customer loan portfolio, is as follows:

Impairment by Stage	Stage 1	Stage 2	Stage 3	Total
Total Impairment - Credit	**935 488**	**265 439**	**2 973 852**	**4 174 780**
Private Mortgages	629 850	227 347	537 852	1 395 049
Consumer Credit	6 769	2 638	879 157	888 564
Companies - Medium/Long Term	161 626	17 025	513 009	691 660
Companies - Short Term	137 243	18 428	1 043 834	1 199 506

In addition to calculating impairment, the Bank has a recurring process for assessing the quality of its loan portfolio, seeking to i) maintain adequate risk diversification, ii) ensure compliance with the limits set for concentration risk control purposes, and iii) assess the profitability indicators of its operations.

The following tables highlight other credit quality indicators that the Bank considers for the purpose of monitoring credit risk.

Parameters	Volume (EUR)
Exposures with Credit Past Due > 90 days	6 476 023
Exposures with Credit Past Due > 30 days	9 445 920
Restructured Exposures	4 019 659
Non-Performing Exposures	12 167 736
Non-Performing Loans	11 248 223
Credit Impairment	4 174 780

Parameters	Ratio
Credit past due > 90 days / Credit to customers	4,51%
Credit past due > 30 days / Credit to customers	6,58%
Restructured credit / Credit to customers	2,80%
NPL ratio	7,24%
ENP ratio	7,78%

The following impairment coverage ratios are also noteworthy:

Impairment Coverage Ratio (gross collateral ratio)	31/Dec/24	31/Dec/23
Coverage of credit past due > 90 days	64,47%	94,12%
Coverage of credit past due > 30 days	44,20%	61,15%
ENP coverage	34,31%	46,71%

It should be noted that the reduction in impairment coverage is due to the greater significance of credit agreements with mortgage collateral, both for private and corporate customers, and with conservative loan-to-value ratios.

Investments in credit assets are regularly monitored and subject to risk control processes carried out by the Risk Management, Business, Credit Management and Monitoring, and Legal and Litigation departments, in order to reduce the value of non-performing loans.

Country Risk

Country risk is associated with specific political, economic or financial changes or disruptions in the locations where counterparties operate, which may compromise their ability to fully meet their contractual obligations, regardless of their willingness to do so.

The distribution by country of the exposures in Banco BNI Europa's credit risk portfolio is shown in the following table:

Country	Net Exposure	%
Portugal	218 375 754	82,1%
Spain	35 689 090	13,4%
Luxembourg	4 358 448	1,6%
Angola	2 257 599	0,8%
Italy	1 010 361	0,4%
Israel	978 041	0,4%
Denmark	842 944	0,3%
Colombia	648 916	0,2%
Poland	513 806	0,2%
Others	1 312 127	0,5%
Total	**265 987 087**	**100,0%**

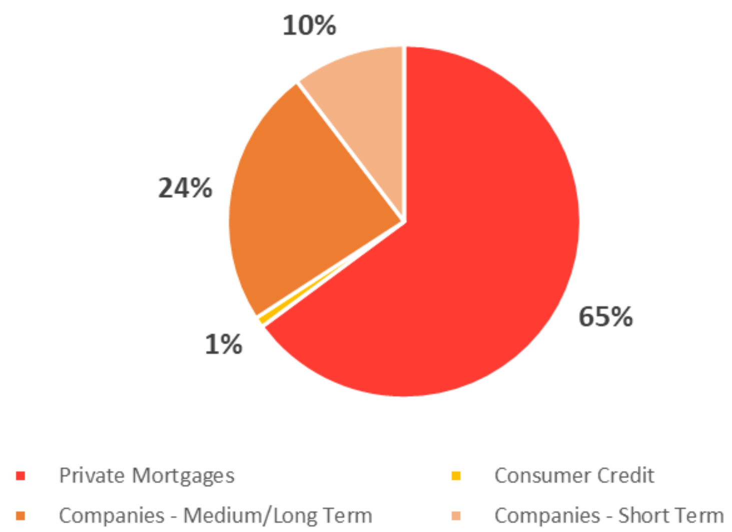
The highest concentration is in Portugal, with 82,1% of exposures as at the reference date of 31 December 2024, followed by Spain, where the Bank has 13,4% of its portfolio exposed. The exposure to Portugal stems from cash holdings with the Bank of Portugal and the granting of mortgage loans and corporate loans under the brands developed by Banco BNI Europa, while the exposure to Spain stems mainly from mortgage lending (reverse mortgages).

Concentration Risk

Concentration risk results from the potential capacity of a given exposure or group of exposures to cause significant losses that jeopardise the Bank's solvency. Concentration risk may be associated with credit, liquidity, market or operational risk. This risk may arise from inadequate diversification policies and practices.

Although Banco BNI Europa is still a relatively new bank, diversification has been a concern since its inception. In this regard, the Bank has been promoting adequate levels of diversification for its investments, both in terms of financial institutions and through the granting of credit to customers and investments in its investment portfolio.

With regard to the type of credit, it can be seen that total customer credit, including investments through structured bonds, is distributed in a fairly diversified manner. In fact, the chart below shows that mortgage loans to individuals represent 66% of the portfolio, while loans to companies account for 34%.



On the liabilities side, Banco BNI Europa's largest source of funding is retail, private and institutional customers from different geographical areas.

Liquidity Risk

Liquidity risk arises from the Bank's potential inability to finance its assets, to meet its liabilities on the due dates, from potential difficulties in liquidating positions in its portfolio and from the inability to access financing under acceptable market conditions (spreads).

The Bank has internal processes for managing liquidity risk that enable its identification, assessment and control, including specific procedures for monitoring the maturity of contractual commitments. During the 2024 financial year, the Bank continued to boost its market position in terms of diversifying its sources of financing, namely by advertising competitive offers for term deposits in appropriate media with high market visibility.

The management of these sources of funding is essentially ensured by the Treasury and Financial Institutions area and by the business areas that seek to boost funding from companies and individuals, always in coordination with the Risk Management area.

It is also important to note that the Bank has a Liquidity Contingency Plan, monitored by Risk Management, which integrates various procedures and mechanisms that enable BNI Europa to identify warning indicators in a timely manner and take preventive action.

Market Risk

Market risk is characterised by the probability of negative impacts on results or capital due to unfavourable movements in the market price of instruments in the trading portfolio, caused by fluctuations in share prices, commodity prices, interest rates and exchange rates. Market risk is mainly associated with holding short-term positions in debt and equity securities, currencies, commodities and derivatives.
As at the reporting date of this report, Banco BNI Europa did not hold any financial assets held for trading.

Exchange Rate Risk

Exchange rate risk consists of the probability of negative impacts on results or capital due to adverse movements in exchange rates caused by changes in the price of instruments corresponding to open positions in foreign currency or by changes in the institution's competitive position due to significant variations in exchange rates.

As at 31 December 2024, in addition to transactions denominated in euros, Banco BNI Europa has residual positions in US dollars (USD) and pounds sterling (GBP).

It is part of Banco BNI Europa's policy not to maintain materially relevant open foreign exchange positions, hedging transactions or positions whenever the internally established risk level is exceeded. To this end, the Bank may resort to foreign exchange hedges contracted with financial counterparties.

Interest Rate Risk

The interest rate risk of the bank portfolio is characterised by the probability of negative impacts on results or capital due to adverse movements in interest rates, through maturity mismatches or interest rate reset periods, the absence of perfect correlation between the rates received and paid on different instruments, or the existence of embedded options in financial instruments on the balance sheet or off-balance sheet items.

The Bank's strategy aims at a balance sheet approach with balanced mismatches between liabilities and assets, and in the most representative currencies, seeking to ensure that interest rate-sensitive assets have equivalent counterparts in liabilities.

Investments made for the Bank's own portfolio at a fixed rate have short durations (less than 2 years), which mitigate the interest rate risk of these instruments. On 31 December 2024, the remuneration of part of the credit granted through the Reverse Mortgage product is refixed for a term of more than 3 years, this being the only product under these conditions.

Internal Control

BNI Europa Bank's internal control functions promote and ensure the maintenance of an adequate Internal Control Environment and System, as well as a sustained risk culture, across the Bank's various organisational units. To this end, all processes are subject to risk identification, in accordance with the risk matrix in use, and the respective controls implemented for their mitigation.

In addition, the Bank maintains a repository of all identified deficiencies and opportunities for improvement, which is monitored on an ongoing basis between the Risk Management area and the various areas where they apply. This monitoring results in a report that is shared monthly with the management, administration and supervisory bodies, and is the subject of further discussion by the Internal Control Committee, which met on average once a month throughout 2024.

In order to raise awareness of internal control matters, each area of the Bank appoints an employee who is responsible for all communication with internal control functions, covering various topics, from risks, controls, identification of incidents (deficiencies, opportunities for improvement and operational/reputational risks) to regulation, standards and processes or new products/services, projects and/or initiatives, as well as quality control aspects.

BNI Europa Bank has an internal application where all the Bank's processes and regulations are safeguarded, duly associated with the respective risks and controls. This application enables communication between the various areas and internal control functions, namely through the aforementioned internal control liaisons, maintaining their traceability.

During 2024, the Bank produced its Annual Self-Assessment Report, in accordance with Bank of Portugal Notice No. 3/2020, in December 2024. In this area, there are procedures established and formalised in the Internal Control Manual, which sets out the principles and responsibilities for ensuring an adequate control environment. All the Bank's structures are involved in identifying deficiencies or areas for improvement that contribute to the efficiency of its operations and the limitation of operational risks.

VIII. SUSTAINABILITY

CONTEXT

The management of ESG (Environmental, Social and Governance) factors has gained significant importance in the financial industry, and BNI Europa is no stranger to this importance. The adoption of best practices at the environmental, social and internal governance levels contributes to the robustness and resilience of financial institutions, and measures such as reducing the carbon footprint, investing in renewable energy, promoting diversity and inclusion in the workplace, and implementing anti-corruption standards are examples of effective control of the risks associated with this issue. The Bank considers it vital to prioritise these factors, given their impact on its activity, reputation and commitment to the sustainability of society.

In this regard, 2024 was a period of acceleration for initiatives related to sustainability, culminating in the formalisation of a centralised management structure in the Risk Management area and the creation of the Sustainability Committee.

Nevertheless, it is important to note the most relevant measures implemented by the Bank in relation to the three pillars of action in this area, as described below.

ENVIRONMENT AND CLIMATE RISKS (E)

The Bank approved the Sustainability Risk Management Policy, with the expectation that this regulation will become the centrepiece in the management of indicators related to climate and environmental risks. Although the policy is still in its early stages, the Bank has already outlined short, medium and long-term objectives, including the development of several indicators that will monitor the implementation of the guiding principles set out in the document. Some of these indicators, albeit in a qualitative form, are already an integral part of decision-making in the process of granting credit to companies, such as highlighting urban regeneration projects, energy efficiency improvement initiatives or waste management. In addition, ESG indicators represent one of the risk categories whose materiality assessment is carried out at the level of internal capital adequacy exercises (ICAAP) and are monitored quarterly by the Risk Monitoring Committee. The latest version of the Risk Appetite Policy, approved in 2024, has already imposed monthly monitoring of relevant sustainability indicators, which reinforces the importance of this issue for the Bank's management.

SOCIAL IMPACT (S)

One of the Bank's main strategic vectors focuses on its human resources, with skills development, retention and renewal of talent being essential to the pursuit of its objectives. In this regard, the Bank promotes a highly flexible organisational structure, reflecting development opportunities in terms of onboarding, through internship programmes, and also in the context of internal mobility. As guiding principles in this human resources strategy, the Bank promotes gender and racial equality and a balance between family and professional life. Details of the procedures implemented in this area are reflected in Chapter VI of this document.

In terms of initiatives for 2024, training content in various areas stands out, such as cybersecurity, sustainability, money laundering prevention and MiFID II, which together accounted for around 4.500 hours of effective training.

In addition, the involvement of employees in social actions, commonly promoted by the Human Resources and Heritage (RHP) area, is noteworthy.

Throughout the year, several initiatives were promoted, notably actions to collect goods to support animal protection institutions, volunteer firefighters, blood donation campaigns and volunteer work in private social solidarity institutions in the area of health support. These actions were intended not only to support socially relevant charitable causes, but also to reinforce the Bank's commitment to social responsibility, promoting the active involvement of employees in causes that contribute to well-being and social cohesion.

As part of this commitment, an initiative was launched to donate goods to the Volunteer Fire Department, with the aim of supporting firefighting efforts in the summer of 2024. This action reflects the commitment to contributing to environmental sustainability and social well-being, reinforcing the importance of responsible and collaborative management in supporting causes that are essential for safety and social protection.

During the week celebrating World Animal Day, a campaign was launched to collect food, blankets and other items for dogs and cats, for delivery to BIANCA - Association for the Protection of Homeless Animals in the Municipality of Sesimbra, whose main mission is to save abandoned and at-risk animals. This association's priority is to raise awareness of the enormous problem of animal overpopulation, the importance of animal sterilisation and environmental protection.

In terms of health, aware of the importance of blood donation, the Bank promoted an internal campaign to encourage blood donation, with the aim of mobilising employees for this cause of solidarity and social responsibility, reaffirming its commitment to health and social well-being.

Still in the area of health, the Bank promoted a volunteer initiative to create ‘Laço Dourado’ bracelets at Acreditar – Association of Parents and Friends of Children with Cancer, whose mission is to treat children and young people with cancer and not just the cancer itself, promoting their quality of life and that of their families.

With the aim of encouraging healthy habits, the Bank invited its employees to participate in the São Silvestre races, encouraging them to adopt a healthy lifestyle, promoting well-being, unity and commitment to practices that respect the environment and contribute to a more sustainable future.

These actions highlight BNI Europa's commitment to creating social value, aligning itself with ESG principles by supporting social protection and strengthening sustainable actions.

INTERNAL GOVERNANCE (G)

The Bank has effectively strengthened its corporate governance and internal control structure over the last few years, as mentioned in greater detail throughout this document. This has been a cross-cutting movement across most financial institutions, given the significant increase in the regulatory structure promoted by the Bank of Portugal in this area, with particular emphasis on Notice No. 3/2020. BNI Europa considers that its organisational structure is tailored to these needs, promoting the existence of adequate resources and bodies for the execution of its strategy and the management of all risks associated with it.

Noteworthy in this regard are the framework for the actions of corporate bodies, committees, commissions and other collegiate bodies, internal control functions, and the policies and regulations that support them. The Bank also highlights, in this regard, the activities to strengthen the institution's internal control system, based on the three lines of defence model, which is assessed annually, in a structured manner, in the form of a self-assessment report.

Finally, on this subject, it is important to mention the establishment of the Sustainability Committee as the latest step towards strengthening internal governance. The Sustainability Committee, like the other forums, has its own regulations and was designed with the main purposes of centralising the bank's initiatives on the various dimensions of ESG factors and monitoring the implementation of the Sustainability Risk Management Policy.

IX. CORPORATE GOVERNANCE

In accordance with the Bank's statutes, the governing bodies of the Bank are the General Meeting, the Board of Directors, the Executive Committee, the Supervisory Board and the Statutory Auditor.

GENERAL MEETING

- Shareholders deliberate at the General Meeting on matters assigned to it by law and by the articles of association and on all matters that are not within the remit of other bodies.
- The powers of the General Meeting are those resulting from the law and those provided for in the Articles of Association, with the General Meeting being responsible, in particular, for:
  - Electing:
- The Board of the General Meeting;
- The members of the Board of Directors;
- The members of the Supervisory Board; and
- The Statutory Auditor.
  - To set up the Remuneration Committee and elect its members;
  - To decide on the Remuneration Policy for the Governing Bodies;
  - Reviewing the report of the Board of Directors, discussing and voting on the balance sheet, accounts and other legally required documentation;
  - Deliberating on the application of the results for the financial year;
  - Deliberating on any amendments to the articles of association and capital increases; and
- Dealing with any other matter for which it has been convened or for which it is legally competent.

Voting Rights

As at 31 December 2023, the Bank's capital is represented by 14.200.000 ordinary shares, with a nominal value of five euros each.

Under the Articles of Association, voting rights are allocated at a ratio of one vote per two hundred shares held. Shareholders holding fewer than the minimum number of shares required to confer voting rights may group together to reach the minimum requirement and be represented by any member of the group. There are no restrictions on voting rights.

COMPANY MANAGEMENT

The Board of Directors, elected at the General Meeting for four-year terms and eligible for re-election, is responsible for the administration and representation of the Company.

The Board of Directors' decisions are taken by majority vote, with the Chairman having the casting vote.

The Board of Directors is responsible for exercising the powers of management and representation of the Company and for performing all acts necessary for the pursuit of the activities included in its corporate purpose, namely:

- Manage the Company's business and perform all acts and operations related to the corporate purpose that do not fall within the competence assigned to other bodies of the Company;
- Represent the Company, in and out of court, actively and passively, being able to withdraw, settle and confess in any lawsuits, as well as enter into arbitration agreements;
- Acquire, sell or, in any way, dispose of or encumber rights, namely those relating to shareholdings, movable and immovable property;
- Establish the Company's technical and administrative organisation and its internal operating rules;
- Appoint legal or other representatives with the powers it deems appropriate, including the power to sub-delegate;
- Replace, by co-optation, any directors who are permanently absent, with the term of office of the co-opted directors lasting until the end of the period for which the replaced directors were elected, without prejudice to ratification at the next General Meeting; and
- Exercise any other powers assigned to it by law or by the General Meeting.

To ensure its regular functioning, the Board of Directors delegates the day-to-day management of the Company to an Executive Committee, composed of a minimum of two members, within the limits set out in the resolution granting this delegation.

SUPERVISION OF THE COMPANY

The supervision of the Company is assigned to the Fiscal Council and the Statutory Auditor.

Supervisory Board

The supervision of corporate affairs is carried out in accordance with the law by a Supervisory Board, composed of three permanent members and one alternate member. The members of the Supervisory Board, including its Chairman, are elected by the General Meeting for a term of four years.

The following duties of the Supervisory Board are noteworthy:

- Overseeing the process of preparing and disclosing financial information;
- Overseeing the effectiveness of internal control, internal audit and risk management systems;
- Receiving reports of irregularities submitted by shareholders, company employees or others;
- Overseeing the statutory audit of the accounts; and
- Assessing and supervising the independence of the statutory auditor, particularly when he provides additional services to the company.

STATUTORY AUDITOR

The Company's accounts shall be audited by a Statutory Auditor, who may be a natural person or a company with the status of statutory auditor, appointed by the General Meeting, upon proposal by the Supervisory Board. The Statutory Auditor shall carry out all examinations and verifications necessary for the audit and certification of the accounts.

COMPANY SECRETARY

The company has a secretary appointed by the Board of Directors, whose term of office coincides with that of the Board of Directors that appointed him/her. The Secretary's powers are those provided for by law.

RELATIONS BETWEEN THE COMPANY AND THE MANAGEMENT

During 2024, there were no transactions between the Company and its Directors.

X. REMUNERATION POLICY

In order to comply with legal and regulatory requirements, the Board of Directors proposed to the General Meeting the approval of the Remuneration Policy ("RP") and subsequent amendments, which are included in the supporting documentation for the agenda of the respective meetings. The information contained in this section also complies with the disclosure requirements set out in Articles 46 and 47 of Notice No. 3/2020 of the Bank of Portugal.

The amount of fixed remuneration allocated to the Management Bodies in the 2024 financial year amounted to €358.236 (€850.173 in 2023). In the same period, the remuneration of the Supervisory Body amounted to €201,099 (€194,220 in 2024).

In the 2024 financial year, no variable remuneration was allocated to the Management and Supervisory Bodies. In this financial year, there were also no unpaid deferred remuneration, nor deferred remuneration, paid or subject to reductions resulting from adjustments made based on the individual performance of the Management and Supervisory Bodies. The fixed component of remuneration for members of the Management Bodies, in addition to monetary compensation, includes benefits in kind, namely meal allowances and insurance, and may also include contributions to pension funds and other benefits, to be approved by the competent body.

Amounts in euros

			Fixed Remuneration
Member	**Position**	**Duty Time**	**Gross Amounts**
Vitor José Barosa Carvalho	Chairman	Full Year	183 255
Bruno Miguel Esperança Batista	Member	Full Year	174 981
		Total of Board of Directors	**358 236**

Amounts in euros

			Fixed Remuneration
Member	**Position**	**Duty Time**	**Fees**
Telmo Francisco Salvador Vieira	Chairman	Full Year	77 342
Isabel Gomes de Novais Paiva	Member	Full Year	61 880
João Carlos Espanha Pires Chaves*	Member	Full Year	61 877
		Total of Supervisory Board	**201 099**

The aggregate remuneration of internal employees, recorded as personnel costs, by area of activity is shown in the following table:

Amounts in euros

Area	Gross Remuneration		
	Fixed	Variable	Total
Business Units	828 705	98 359	927 065
Support Areas	1 181 942	98 967	1 280 909
Control Areas	742 553	56 054	798 607
Areas of Governance and Monitoring	146 414	2 953	149 367
Total	**2 899 614**	**256 333**	**3 155 947**

Fixed remuneration includes amounts paid as a result of termination of employment contracts, covering any compensation associated with such situations.

The amounts detailed in the table above included the remuneration of a group of 14 employees whose professional activity has a significant impact on the bank's risk profile ("CISPR"). The aggregate remuneration of these 15 CISPRs was:

Valores em euros

Titulares de cargos com impacto significativo no perfil de risco	Número de Titulares	Remuneração Bruta		
		Fixa	Variável	Total
Áreas de Negócio	5	346 581	67 714	414 294
Áreas de Suporte	4	376 807	37 552	414 359
Áreas de Controlo	5	329 452	38 753	368 206
Total	**14**	**1 052 840**	**144 019**	**1 196 859**

Amounts in euros

Holders of positions with a significant impact on the risk profile	Number of Holders	Gross Remuneration		
		Fixed	Variable	Total
Business Units	5	346 581	67 714	414 294
Support Areas	4	376 807	37 552	414 359
Control Areas	5	329 452	38 753	368 206
Total	**14**	**1 052 840**	**144 019**	**1 196 859**

The information presented in the table above includes the categories of employees stipulated in paragraph 2 of Article 115. C of the General Regime for Credit Institutions and Financial Companies, in accordance with the breakdown contained in the Annual Report on the Self-Assessment of the Adequacy and Effectiveness of the Organisational Culture and Governance and Internal Control Systems, reported on the reference date of 30 November 2024.

As such, no CISPR member benefited from any allocation of shares, options, benefits in kind or deferred remuneration (paid or payable in the future). No subsidies were paid or allocated for the hiring or termination of any CISPR member.

No CISPR member or member of the governing bodies received remuneration equal to or greater than one million euros.

Given that the Remuneration Committee appointed by the Sole Shareholder has not yet taken up its duties, the PR was submitted by the Board of Directors to the General Meeting for approval. The PR seeks to ensure that the remuneration paid by the Bank is aligned with the Bank's business objectives, risk strategy, corporate culture and values, and the long-term interests of the Bank and its shareholders. The Board of Directors (or the Executive Committee, under the terms of the delegation of powers approved by the Board of Directors) is responsible for setting the remuneration of CISPR members.

The Bank also provides members of the Management Bodies and CISPR with a set of work tools, including the use of a company car and/or reimbursement of travel expenses incurred on business, use of remote working tools, including a laptop, and use of mobile communication tools and/or reimbursement of communication expenses incurred on business.

Fixed remuneration is established on the basis of differentiated salary levels, taking into account the level of responsibility, market practices and complexity associated with each function.

The maximum limit of the variable remuneration component is set as a percentage of the fixed remuneration component or as an absolute amount, which may not exceed the value of the fixed remuneration component.

The variable remuneration component is intended to motivate and reward employees who demonstrate high levels of performance, beyond what is required, and who contribute to strengthening relationships with customers and investors, generate results for the Bank, increase shareholder value and ensure compliance with internal control rules, through the assessment of compliance with previously established objectives and the existence of competency profiles associated with each function. Objectives are defined according to the Bank's strategic objectives and their annual and multi-annual fulfilment, based on previously determined time horizons appropriate to the Bank's stage of maturity.

XI. OUTLOOK

Although this has been a recurring theme in this section over the last few years, the factors mentioned in **Chapter V – Macroeconomic Framework**, and especially the degree of uncertainty reached at the beginning of 2025 regarding the balance of power between the main global political and economic blocs, both diplomatically and in terms of defence, with the main Western alliances being widely questioned and redefined, and economically, with the tariffs introduced by the United States of America and the reactions that have been observed worldwide, are already affecting not only the stock markets, but also exchange rates and foreign exchange markets, not to mention the inflationary pressures that this scenario brings.

The current prospect of a potential negotiated solution to the conflict in Ukraine is having the counterproductive effect of increasing uncertainty as to whether this is a real solution to the conflict or rather a focus for greater divisions in the West, given the recent decisions by the European Union to significantly increase investment in defence, with the express aim of making Europe autonomous from the United States of America, and the absence of its involvement in this solution – and potential non-alignment with it – is also noteworthy.

The rebalancing of the European Union's political and economic priorities, particularly with the planned heavy investment in defence and the potential emergence of deeper alliances with countries such as Canada, Japan, South Korea and others, may force cutbacks in investment in social policies and shift the focus of economic and financial stimulus to key sectors of the European economy.

The European Central Bank's response to these expected realignments and the participation of the European banking sector in this effort may already be reflected in the sector's activity in 2025. The materialisation of inflationary pressures and their impact on interest rates in this sector's financial margin, changes in international trade patterns and the impact on trade finance activity, not to mention potential stimuli for financing currently less active sectors, are factors that will inevitably influence, on a more global level, the activity of Banco BNI Europa in 2025, and the Bank will remain attentive and adjust accordingly.

More specifically, Banco BNI Europa will continue to develop its activity in the areas already detailed in this report, maintaining its focus on lending, but seeking to continue to expand its range of specialised financial services tailored to the specific needs of its customers in this activity. For savings customers, the Bank will continue its efforts to provide competitive and secure solutions for its customers, and will also continue the investment it has been making since 2023 in offering a wider range of investment services. For customers involved in the export sector, in addition to its lending activities, the Bank will continue to offer competitive trade finance solutions that we are confident will meet expectations in this area.

As always, the Board of Directors of Banco BNI Europa keeps a close eye on the situation so that, if needed, it can adjust the business model and risk matrix based on changes in the market in terms of demand, risk/return ratio, and the risk profile adopted in the Bank's management.

On a more organic level, and in view of the actions and processes currently underway, the Board of Directors is convinced that, with the support of the current Shareholder, the Bank will continue on a path of growth and risk control of its balance sheet, with the essential purpose of preserving the Bank's capitalisation and making it profitable and sustainable, by carrying out operations in line with the institution's risk appetite and continuing to discontinue and suspend the marketing of products that are not strategic.

The Shareholder remains interested in selling its position, and relevant actions to this end are at an advanced stage. The possibility of selling the Bank's capital to another investor will inevitably have an impact on the strategy to be followed; however, the Board of Directors considers that this strategy will not differ significantly from the path followed by the Bank's management.

Nevertheless, even in this context, the Bank will continue to promote the essential and distinctive values of its activity and positioning in the financial sector, through a continued and coordinated focus on differentiation from the market, maintaining the brand's visibility and reputation, based on the efficiency of processes in customer relations.

XII. SUBSEQUENT EVENTS

2025-2027 Business Plan

On 28 March 2025, the Board of Directors approved the 2025-2027 Business Plan, which was also approved by the Sole Shareholder. This Plan was prepared based on the Bank's most recent financial position at the date of its preparation and considers a set of assumptions, specified in section III. KEY INDICATORS AND HIGHLIGHTS of the management report.

Based on this Business Plan, an assessment of the recoverability of deferred tax assets was carried out, which maintained the assumptions made therein, as well as the projections of the Bank's income statement and balance sheet for the years between 2028 and 2034.

XIII. PROPOSAL FOR THE APPLICATION OF RESULTS

The Board of Directors proposes to the General Meeting that the net loss recorded in the financial year ended 31 December 2024, in the amount of 1.838.189,53 euros (one million, eight hundred and thirty-eight thousand, one hundred and eighty-nine euros and fifty-three cents), be fully applied to retained earnings.

XIV. ACKNOWLEDGEMENTS

The Board of Directors would like to express its gratitude to all those who collaborated with the Bank during the 2024 financial year, namely its employees, suppliers, service providers, partners and other corporate bodies.

XV. OTHER INFORMATION

In accordance with Article 64 of Notice No. 3/2020 of the Bank of Portugal, the Bank shall ensure the full disclosure of this report and accounts to the public on its website, at https://bnieuropa.pt/banco/informacao-financeira/, within a maximum period of 30 days after approval by the competent corporate body.

Lisbon, 28 March 2025

Bruno Miguel Batista	Vitor Barosa Carvalho
(Member)	(Chairman)

FINANCIAL STATEMENTS

BNI – BANCO DE NEGÓCIOS INTERNACIONAL (EUROPA), S.A.

Balance Sheet on 31 December 2024 and 2023

	Notes	Dec 2024 Euros	Dec 2023 Euros
Assets			
Cash and cash equivalents in central banks	5	101 993 750	37 862 129
Cash on hand at other credit institutions	6,30	1 592 671	7 191 628
Financial assets not held for trading mandatorily at fair value through profit or	7	1 143 026	4 023 600
Financial assets at amortised cost			
Investments at credit institutions	8,30	12 805 701	8 627 387
Loans to customers	9,30	139 058 559	124 107 484
Debt securities	10,30	9 393 380	29 056 535
Tangible assets	11	774 771	769 057
Intangible assets	12	788 189	1 077 262
Current tax assets	13	32 917	2 353
Deferred tax assets	14	9 908 546	10 265 543
Other assets	15,30	827 220	876 507
Total Assets		**278 318 730**	**223 859 485**
Liabilities			
Resources of other credit institutions	16	16 162 709	9 365 004
Resources from customers and other loans	17	225 933 441	175 998 245
Provisions	30	377 986	346 372
Current tax liabilities	13	101 975	136 000
Deferred tax liabilities	14	-	38 895
Other liabilities	18	4 998 963	5 393 124
Total Liabilities		**247 575 074**	**191 277 640**
Equity			
Capital	19	71 000 000	71 000 000
Other reserves and retained earnings	20	(38 418 155)	(38 839 551)
Net result for the year		(1 838 189)	421 396
Total Capital		**30 743 656**	**32 581 845**
Total Liabilities and Equity		**278 318 730**	**223 859 485**

THE CHARTERED ACCOUNTANT

THE BOARD OF DIRECTORS

The attached explanatory notes are an integral part of the financial statements

BNI – BANCO DE NEGÓCIOS INTERNACIONAL (EUROPA), S.A.

Income Statement on 31 december 2024 and 2023

	Notes	Dec 2024 Euros	Dec 2023 Euros
Interest and similar income	21	14 535 531	10 868 977
Interest and similar expenses	21	7 344 886	4 043 627
Strict financial margin	**21**	**7 190 645**	**6 825 350**
Income from equity instruments		-	-
Financial margin		**7 190 645**	**6 825 350**
Income from services and fees	22	1 089 999	534 041
Service and commission expenses	22	127 157	148 078
Asset and liability results at fair value through profit or loss	23	37 542	4 213 887
Currency revaluation results	24	115 612	184 411
Result of derecognition of financial assets and liabilities at amortized cost	25	21 333	(44 385)
Other operating income	26	(84 864)	(272 778)
Banking product		**8 243 110**	**11 292 448**
Staff costs	27	4 449 383	4 803 218
General administrative expenses	28	4 354 317	4 489 589
Amortisation and depreciation	29	1 315 027	1 283 530
Operating costs		**10 118 727**	**10 576 337**
Operating result		**(1 875 617)**	**716 111**
Impairment of financial assets at amortized cost	30	(142 036)	313 183
Impairment of other assets (net)	30	(364 074)	(341 815)
Other provisions	30	48 605	(16 902)
Impairments and provisions		**(457 505)**	**(45 534)**
Result before taxes		**(1 418 112)**	**761 645**
Current taxes	31	101 975	136 000
Deferred taxes	31	318 102	204 249
Taxes		**420 077**	**340 249**
Net result for the year		**(1 838 189)**	**421 396**
Basic earning per share	32	(0,13)	0,03
Diluted earnings per share	32	(0,13)	0,03

THE CHARTERED ACCOUNTANT

THE BOARD OF DIRECTORS

The attached explanatory notes are an integral part of the financial statements

BNI – BANCO DE NEGÓCIOS INTERNACIONAL (EUROPA), S.A.

Statement of Changes in Equity on 31 December 2024 and 2023

			Other Reserves and Results Carried Forward			
	Equity	Capital	Legal Reserve	Results Carried Forward	Total	Net Result For the Year
31 December 2022	**32 160 450**	**71 000 000**	**228 619**	**(36 562 953)**	**(36 334 333)**	**(2 505 217)**
Allocation of income						
Results carried forward	-	-	-	(2 505 217)	(2 505 217)	2 505 217
Net result for the year	421 396	-	-	-	-	421 396
31 December 2023	**32 581 846**	**71 000 000**	**228 619**	**(39 068 170)**	**(38 839 550)**	**421 396**
Allocation of income						
Results carried forward	-	-	-	421 396	421 396	(421 396)
Net result for the year	(1 838 189)	-	-	-	-	(1 838 189)
31 December 2024	**30 743 657**	**71 000 000**	**228 619**	**(38 646 774)**	**(38 418 154)**	**(1 838 189)**

THE CHARTERED ACCOUNTANT

THE BOARD OF DIRECTORS

The attached explanatory notes are an integral part of the financial statements

BNI – BANCO DE NEGÓCIOS INTERNACIONAL (EUROPA), S.A.

Comprehensive Income Statement on 31 December 2024 and 2023

	Dec 2024 Euros	Dec 2023 Euros
Items subject to reclassification to results		
Change in the fair value of financial assets:		
Change in the year	-	-
Disposal of financial assets during the financial year	-	-
Tax effect	-	-
Other comprehensive income for the year after taxes	-	-
Net result for the year	(1 838 189)	421 396
Total comprehensive income for the year	**(1 838 189)**	**421 396**

THE CHARTERED ACCOUNTANT

THE BOARD OF DIRECTORS

The attached explanatory notes are an integral part of the financial statements

BNI – BANCO DE NEGÓCIOS INTERNACIONAL (EUROPA), S.A.

Cash Flow Statement on 31 December 2024 and 2023

	Notes	Dec 2024 Euros	Dec 2023 Euros
Cash flow from operating activities			
Interest, fees and other income received		15 980 167	11 322 142
Interest, fees and other income paid		(6 546 008)	(4 095 637)
Payments to suppliers and employees		(9 625 614)	(8 691 430)
Other payments and receipts		385 680	(123 010)
		194 225	**(1 587 935)**
Change to operating assets and liabilities			
Loans to customers - amortized cost		(15 117 140)	(28 775 345)
Debt securities - amortized cost		19 675 868	3 773 694
Deposits by credit institutions and central banks		6 798 342	2 195 805
Customer funds		49 090 017	47 532 551
Derivatives		-	152 985
		60 447 087	**24 879 690**
Cash flow net of operating activities, before income tax		**60 641 312**	**23 291 755**
Income tax paid		(166 564)	(102 745)
		60 474 748	**23 189 010**
Cash flow from investment activities			
Investments at credit institutions		(4 161 207)	(2 216 287)
Other financial assets at fair value through other comprehensive income		-	-
Available-for-sale financial assets		-	-
Acquisitions of tangible and intangible assets		(698 993)	(800 979)
Sale of tangible and intangible assets		-	-
Financial assets not held for trading mandatorily at fair value through profit or loss		2 918 116	97 528
Other financial assets at fair value through profit or loss		-	-
Investments held to maturity		-	-
Cash flow net of investment activities		**(1 942 084)**	**(2 919 738)**
Cash flow from financing activities			
Capital raise		-	-
Cash flow net of financing activities		**-**	**-**
Cash flow from financing activities			
Capital Raise		-	-
Cash flow net of financing activities		**-**	**-**
Net change in cash and cash equivalents		58 532 664	20 269 272
Cash and cash equivalents at the start of the year		45 053 757	24 784 485
Cash and cash equivalents at the end of the year		**103 586 421**	**45 053 757**
Cash and cash equivalents include:			
Cash and cash equivalents in central banks	15	101 993 750	37 862 129
Cash on hand at credit institutions	16	1 592 671	7 191 628
Total		**103 586 421**	**45 053 757**

THE CHARTERED ACCOUNTANT

THE BOARD OF DIRECTORS

The attached explanatory notes are an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS

INTRODUCTORY NOTE

BNI – Banco de Negócios Internacional (Europa), S.A. ("Bank" or "BNI Europa Bank") is a public limited company with its registered office in Portugal at Av. Eng. Duarte Pacheco, CC das Amoreiras Torre 1 – Piso 7, incorporated by public deed on 2 June 2009. The Bank resulted from the change in the name and corporate purpose of Sociedade BIT – TITANIUM, Consultoria de Banca e Seguros, S.A., which was transformed into a bank by public deed on 9 April 2012.

When the company was first established, its main activity consisted of providing strategic and economic consulting services to the banking and insurance sectors, accounting services, consulting and management of companies, technical consulting support for the creation, development, expansion and modernisation of financial and non-financial companies, promotion, marketing and prospecting of financial markets. The company may also participate in the incorporation or acquisition of shares in companies with a purpose other than that mentioned above, in companies regulated by special laws and in complementary groups of companies.

Currently, Banco BNI Europa's corporate purpose is limited to banking activities, including all ancillary, related or similar operations compatible with this activity and permitted by law. The Bank commenced its banking activities on 16 July 2014.

NOTE 1

PRESENTATION BASES

Within the scope of Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002, transposed into Portuguese law by Decree Law No. 35/2005 of 17 February and Notice No. 5/2015 of 20 December of the Bank of Portugal, the Bank's financial statements are prepared in accordance with International Accounting Standards (IAS) as adopted in the European Union.

International Accounting Standards translate into the application to individual financial statements of International Financial Reporting Standards (IFRS) as adopted, at any given time, by European Union Regulation and in accordance with the conceptual framework for the preparation and presentation of financial statements that underlies those standards.

IFRS includes the accounting standards issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC) and their predecessor bodies.

The Bank's financial statements refer to the financial year ended 31 December 2024 and were prepared in accordance with IAS, which include the IFRS in force as adopted by the European Union until 31 December 2024, with the most recent changes and those expected for the coming financial years detailed in note 39.

These financial statements were approved at a meeting of the Board of Directors on 28 March 2025. The Board of Directors expects them to be approved at the General Meeting without significant changes.

The financial statements are expressed in Euros and have been prepared in accordance with the historical cost principle, with the exception of assets and liabilities recorded at fair value. Note 36 details the fair value of financial assets and liabilities recorded in the Balance Sheet at amortised cost. The totals presented in the financial statements and respective notes may show slight differences resulting from rounding to the nearest unit.

The preparation of financial statements in accordance with IAS requires the Bank to make judgements and estimates and to use assumptions that affect the application of accounting policies and the amounts of income, costs, assets and liabilities. Changes in such assumptions or differences between them and reality may have an impact on current estimates and judgements. The areas involving a higher level of judgement or complexity, or where significant assumptions and estimates are used in the preparation of the financial statements, are analysed in note 3.

The financial statements were prepared in accordance with the going concern principle, as the Board of Directors considers that the Bank has the means and capacity to continue its activities in the foreseeable future.

In reaching this conclusion, the Board of Directors took into account the various information available on current conditions and future projections for profitability, cash flows and capital, as presented in the Bank's Business Plan for the 2025-2027 three-year period.

On 1 July 2022, the Board of Directors of Banco BNI Europa took office for the 2022-2025 term, composed of three executive directors, which became two executive directors on 1 January 2024, following the resignation of one of the executive directors.

Since taking office, this Board of Directors has sought to understand and analyse all of the Bank's activities and its organisational, functional and internal control structures, with a view to addressing specific deficiencies and needs identified and identifying new business development opportunities that will enable the Bank to be sustainable and profitable in the short/medium term.

In this context, the accounting policies remain consistent with those used in the preparation of the financial statements for the 2023 financial year and the information contained in the report and accounts for that financial year. No previously disclosed information has been restated and there are no changes to report.

NOTE 2

KEY ACCOUNTING POLICIES

The accounting policies used by the Bank in preparing its financial statements for 31 December 2024 are consistent with those used in preparing the financial statements for 31 December 2023.

The main accounting policies used in preparing the financial statements as at 31 December 2024 are presented below. The information included in the notes to the financial statements for the comparative year corresponds to that disclosed in the previous year.

2.1 FINANCIAL ASSETS (IFRS 9)

Financial assets are recorded in accordance with IFRS 9. Adjustments to assets on the date of transition to IFRS 9 were recognised in equity with reference to 1 January 2018.

2.1.1 CLASSIFICATION, INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT

Upon initial recognition, financial assets are classified into one of the following categories:

- Financial assets at amortised cost;
- Financial assets at fair value through other comprehensive income; or
- Financial assets at fair value through profit or loss.

The classification is made taking into account the following aspects:

- The Bank's business model for managing the financial asset;
- The characteristics of the contractual cash flows of the financial assets, assessing the pattern of their occurrence on specific dates and which correspond only to payments of principal and interest on the amounts owed (SPPI - Solely Payments of Principal and Interest).

When assessing whether contractual cash flows correspond only to the receipt of principal and interest (SPPI), the principal component corresponds to the fair value of the financial asset on the date of initial recognition, and the interest component corresponds to the consideration for the temporary application of capital, the credit and liquidity risks associated with this application, and the profit objectives intended for the purpose of developing this activity.

Also in this context, and in the analysis of the cash flow-generating financial instruments for which contractual cash flows are assessed, the original contractual terms of the financial instrument are considered, namely the possibility of events occurring that could change the timing and amounts of cash flows in such a way that they do not comply with the SPPI conditions, namely:

- provisions for early repayment or maturity extension, including embedded derivatives,
- provisions that may prevent or limit the right to access or claim cash flows,
- contingent events that may change the timing or amount of cash flows, including the agreed remuneration,
- provisions that allow leverage to be incurred.

A contract or financial instrument with early payment provisions may comply with the SPPI conditions, namely if the early payment amount corresponds to the unpaid amounts of principal and interest, in this case on the outstanding principal amount (accrued amount), and if it includes reasonable compensation for early payment (administrative and operating costs necessary for this purpose).

Similarly, an advance payment may comply with SPPI conditions if:

- the contract or financial instrument that gave rise to it was acquired or originated with a premium or discount relative to the contractual nominal value,
- the prepayment essentially corresponds to the nominal amount of the contract plus accrued and unpaid contractual interest, possibly plus reasonable compensation for the prepayment, and
- the fair value of the prepayment is irrelevant in the initial recognition.

2.1.1.1 BUSINESS MODEL

The classification of financial instruments in terms of business model is the first step in classifying them, by analysing their purpose. Thus, IFRS 9 defines three distinct business models:

- *Hold to collect contractual cash flows (Hold to Collect);*
- *Hold to collect contractual cash flows and sell (Hold to Collect & Sell);*
- *Trading*.

The business model should reflect how the Bank manages a set of assets to achieve its objectives. This activity considers an aggregate perspective, not depending on management's intentions for individual financial instruments.

The analysis is developed based on scenarios considered plausible and likely to occur, thus excluding worst-case or stress-case scenarios.

The concept of a business model is comprehensive and does not depend on a single factor. In addition, there may be more than one business model in place per entity, considering that the portfolio of financial instruments may be managed in a heterogeneous manner.

2.1.1.2 HOLD TO COLLECT CONTRACTUAL CASH FLOWS (HOLD TO COLLECT)

The main specific characteristics of Hold to Collect portfolios include:

- Aiming to receive contractual cash flows;
- Financial instruments are measured at amortised cost (SPPI positions);

- Past sales information is relevant for including assets in these portfolios, with the assessment of the strategy and/or expectations for future sales being key to confirming this business model. Significant or frequent sales of financial instruments included in these portfolios should not be expected.

To determine the source of contractual cash flows from financial instruments, the following factors must be considered:

i) The frequency and value of sales in previous periods;

ii) Whether the financial instruments sold were close to maturity;

iii) The reason for the sale; and

iv) Expectations regarding future sales.

Sales of financial instruments that occur due to a significant increase in credit risk or that take place very close to maturity, at a value close to the balance sheet value, do not call into question the business model, regardless of the magnitude and frequency of the sales.

The Bank's portfolios defined as Hold to Collect are classified according to one of the following costing methods, considering the results of the SPPI Tests:

- Amortised Cost (in the case of SPPI positions)

  Financial instruments held for the collection of contractual cash flows are managed exclusively to obtain these payments until the maturity of the instrument in question and are measured at amortised cost.
- Fair Value through Profit or Loss (“FVTPL) (in the case of non-SPPI positions)

  Without prejudice to the defined business model, if, subsequently and during the SPPI test, contractual clauses are detected that result in cash flows that exceed the payment of principal and interest, the instrument will be classified at fair value, moving directly to profit or loss.

2.1.1.3 HOLD TO COLLECT CONTRACTUAL CASH FLOWS AND SELL (HOLD & SELL)

The main specific characteristics of Hold to Collect & Sell portfolios include:

- They represent a larger - and more frequent - sales volume;
- The objective is broken down into the collection of contractual cash flows and the collection of cash flows from the sale of the instrument.

One of the scenarios that could support this business model may be related to daily liquidity management to sustain a certain interest yield or to match the duration of financial assets to that of the liabilities they finance.

Compared to the Hold to Collect business model, the Hold to Collect & Sell model typically involves a higher frequency and volume of sales, considering that disposal is seen as an integral part of the business model and not as a sporadic event. However, IFRS 9 does not define specific thresholds for the frequency or value of sales that determine whether a particular model applies.

The Bank's portfolios, defined as Hold to Collect & Sell, are classified according to one of the following costing methods, considering the results of the SPPI Tests:

- Fair value through other comprehensive income ("FVTOCI"), with recycling of results (in the case of SPPI positions)
  Financial asset portfolios that fall under a business model based simultaneously on the collection of contractual cash flows and their sale (subject to approval under SPPI tests) should be measured at fair value through other comprehensive income (FVTOCI).

- Fair value through profit or loss ("FVTPL") (in the case of non-SPPI positions)
  Similar to the Hold to Collect model, regardless of whether the instrument/portfolio fits the business model in question, failure to pass the SPPI tests will result in measurement at FVTPL.

2.1.1.4 TRADING

The main specific characteristics of trading portfolios include:

- Aiming to generate cash flows through the disposal of assets;
- Financial instruments are held for trading and managed based on their fair value;
- Based on the fair value of financial instruments or the management of these assets, with a view to realising their fair value.

Financial assets held for trading are measured at fair value through profit or loss (FVTPL). The entity manages its portfolio with a view to realising cash flows through its sale, basing the underlying decisions on the fair value of the respective assets. This management generally involves active purchases and sales of the instruments in question.

The Bank may also choose, at the time of initial recognition and irrevocably, to designate any financial asset for accounting at fair value through profit or loss, if such designation eliminates or significantly reduces any inconsistency in the valuation or recognition (accounting mismatches) that would otherwise arise in the measurement of financial assets and liabilities or in the recognition of the respective gains or losses.
If these accounting mismatches occur, this option may be exercised regardless of the business model adopted or the characteristics of the contractual cash flows.

2.1.1.5 CRITERIA FOR DEFINING BUSINESS MODELS

The Bank has defined criteria to classify its activity into business models.

The defined business model will be reviewed if the quantitative thresholds are cumulatively met to assess whether sales become materially significant or frequent in portfolios managed under the Hold to Collect business model.

In addition, apart from infrequent sales, insignificant sales or sales of assets close to maturity, sales resulting from an increase in the credit risk of the assets or deterioration in the credit quality of the issuer are considered to be compatible with the Hold to Collect business model, provided that the Bank's investment policy is complied with.

In analysing sales to assess the consistency of the business model, the following specific situations are taken into account:

- Securitisation of loans: securitisation transactions involving debt instruments that result in derecognition are taken into account in the sales test because they are treated as actual sales;
- Regulatory imposition: sales made due to regulatory imposition are taken into account for this past sales test;
- Risk management: the management of debt financial instrument risk may trigger the need to sell certain assets in order to comply with risk limits defined and approved by the Bank. As in the above situations, these sales are considered for the past sales test. However, since there may be a significant time lag between the decision to sell and the actual sale of the financial instruments, it is important to identify, at the time of the sale decision, the financial instruments and the respective quantity to be sold in order to comply with the risk management limits established by the Bank.

The qualitative criteria considered are based on the objectives and strategies adopted in portfolio management. These criteria seek to assess how portfolio performance is monitored and whether fair value is a focus of this monitoring. If so, this is an indicator that the hold-to-collect model is not appropriate for that portfolio.

Another aspect to consider is related to the risks associated with the portfolio in question. If the risks are typical of a credit portfolio, the hold-to-collect model may be appropriate; however, if the risks are primarily derived from market variables (other than interest rates or exchange rates), this model is likely to be less appropriate.

The assessment and compensation of managers is also considered when defining the business model. Managers have a fixed component and possibly a variable component as the basis for their remuneration. The compatibility of the compensation of portfolio managers within the hold-to-collect business model is assessed, on the understanding that a remuneration policy compatible with a hold-to-collect business model is one in which the fixed component represents a high percentage of total remuneration and in which the variable component is not indexed to the fair value performance or capital gains of the portfolio.

Similarly, in the manager's performance evaluation criteria, no relevance is given to the fair value performance of the portfolio.

2.1.1.6 BNI EUROPA BANK BUSINESS MODELS

In this sense, the Bank's activity focuses on credit investment, currently primarily through its own origination, although also, essentially by legacy, through investment in credit securities or the acquisition of credit originated by third parties.

In addition, part of this activity is dedicated to generating cash flows until maturity, while the remainder may be used to obtain capital gains (Hold to Collect and Hold to Collect and Sell).

At the same time, the Bank has its own securities portfolio, which aims to contribute to cash, liquidity and capital management. This portfolio may consist of sovereign and/or corporate securities and be used to obtain cash flows until maturity and/or capital gains.

Considering the criteria defined above, the different portfolios associated with the different business models are detailed below:

1) Credit and receivables (Hold to Collect)
    a. Securities portfolio
    b. Credit portfolio
2) Hold to Collect & Sell (no assets or balances currently)
    a. Securities portfolio
    b. Credit portfolio
3) Trading (no assets or balances currently)

The definition of the business model is the responsibility of different areas according to the type of portfolio.

FINANCIAL ASSETS AT AMORTISED COST

An asset is classified in this category if it cumulatively meets the following conditions:

- The financial asset is held in a business model whose main objective is to hold assets to collect their contractual cash flows; and
- Its contractual cash flows occur on specific dates and correspond only to principal and interest payments on the amount outstanding (SPPI).

This category includes investments in credit institutions, loans to customers and debt securities (sovereign bonds, corporate bonds and commercial paper).

Financial assets at amortised cost are initially recognised at fair value plus transaction costs and are subsequently measured at amortised cost. These assets are subject to impairment testing for expected credit losses.

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

Gains or losses generated at the time of derecognition are recorded under the heading "Result of derecognition of financial assets and liabilities at amortised cost".

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

A financial asset is classified under this heading if the business model defined for its management or the characteristics of its contractual cash flows do not meet the conditions for assets measured at amortised cost or fair value through other comprehensive income.

The Bank may classify "Financial assets at fair value through profit or loss" under the following headings:

i) Financial assets held for trading
ii) Financial assets not held for trading that are mandatorily measured at fair value through profit or loss
iii) Financial assets designated at fair value through profit or loss

These assets are initially recognised at fair value, with transaction costs recognised in profit or loss at the initial measurement date. Subsequent changes in fair value are recognised in profit or loss.

Accrued interest and premiums/discounts are recognised under 'interest and similar income' based on the effective interest rate, as is accrued interest on derivatives. Dividends are recognised in profit or loss when the right to receive them is established.

On 31 December 2024, financial assets not held for trading correspond solely to the units held in the Fasanara II fund (Euros 1.1463.026), which invests primarily in invoice discounting (factoring and other similar credits), and which are valued using the net asset value (NAV) reports published quarterly by the management entity (level 3 – see note 36).

RECLASSIFICATION BETWEEN CATEGORIES OF FINANCIAL ASSETS

Financial assets are reclassified between categories only when the business model used in their management changes.

The reclassification is applied prospectively from the date of reclassification.

The reclassification of equity instruments measured at fair value through other comprehensive income and financial assets designated at fair value through profit or loss is not permitted.

MODIFICATION AND DISCONTINUATION OF FINANCIAL ASSETS

The Bank derecognises a financial asset only when:

- The contractual rights to the cash flows from the financial asset expire;
- It transfers the contractual rights to receive the cash flows from the financial asset;
- It transfers the risks and rewards associated with the financial asset. This assessment is made by comparing the Bank's exposure before and after the transfer.

IMPAIRMENT LOSSES

CONCEPT OF CREDIT IMPAIRMENT AND RECEIVABLES

In accordance with International Financial Reporting Standard 9 (hereinafter referred to as IFRS 9), the Bank recognises impairment for expected credit losses in relation to a financial asset that is:

- measured at amortised cost or fair value through other comprehensive income; or
- a lease receivable; or
- an asset arising from a contract; or
- a loan commitment;
- or a financial guarantee contract that is not measured at fair value.

The Bank applies impairment requirements for the recognition and measurement of impairment losses on financial assets that are measured at fair value through other comprehensive income, with the provision for losses recognised in other comprehensive income, which should not reduce the carrying amount of the financial asset in the balance sheet.

MEASURING EXPECTED CREDIT LOSSES

As provided for in IFRS 9, on each reporting date, the Bank measures the expected credit losses (ECL) relating to a financial instrument, in order to consider:

- expected credit losses over a 12-month period, if the credit risk associated with that financial instrument has not increased significantly since initial recognition,

- expected credit losses over the respective term, if the credit risk associated with that financial instrument has increased significantly since initial recognition,
- expected credit losses if the financial instrument is in default.

For this purpose, the definition of default corresponds to the concept of default set out in EBA guidelines GL/2016/07 on the application of the definition of default under Article 178 of Regulation (EU) No 578/2013.

In this context, default identification is carried out at the borrower level, based on criteria for counting days in arrears and classifying customers as unlikely - or less likely - to pay, with detailed indicators established for each of these criteria in order to determine exposures in default.

Given that the measurement of expected credit losses is closely related to the significant increase in credit risk (SICR), there is a need to allocate each financial instrument to a stage that reflects the measurement to be applied. Thus, expected losses according to the stages are defined by:

- Stage 1 - the ECL used is 12 months and interest is recognised based on the effective interest rate on the gross balance sheet amount. The 12-month ECL is defined by the expected credit losses resulting from default events that are possible within 12 months after the reporting date. It is not the expected cash shortfalls over the 12-month period, but rather the loss of all credit on an asset weighted by the probability that such loss will occur in the next 12 months.
- Stage 2 – ECL is recognised over the life of the financial instrument, but interest is recognised in the same way as in stage 1. ECL over the life of the financial instrument is defined by the expected losses resulting from all possible default events over the expected life of the financial instrument. Expected credit losses are defined by weighted average credit losses, with the weighting being the probability of default.
- Stage 3 – For these assets, ECL is recognised over the life of the financial instrument and interest is recognised based on the net interest on the balance sheet (i.e. net of impairment), except in cases where the customer has defaulted and interrupted the established payment of principal and/or interest, in which case interest is not recognised.

In the specific case of Platforms whose credit rights are represented by debt securities (securitised Platform), if it is determined that the book value of the debt securities is lower than the estimated value of the credits, liquidity and other assets and rights held by the Platform, ECL is recognised corresponding to the entire difference determined.

In addition, the stage assigned to the debt securities of the Platform results from consideration of i) the distribution by stages, and respective relative weight, of the credits held by the Platform, ii) the holistic profitability of the Platform, and iii) the estimated future profitability of the Platform. On 31 December 2024, all debt securities under review were in stage 3.

With regard to restructured credit, the Bank proceeds, as soon as events warrant it, identifies and marks in its information systems the credit agreements of a customer in financial difficulty, whenever there are changes to the terms and conditions of those agreements resulting from the identification of “customer financial difficulties”. These credits are classified in stage 3 and subject to cure periods under the following terms:

- If the situation that led to the stage 3 classification is related to restructuring due to financial difficulties, the cure period to be applied before a potential stage 2 classification is 12 months;
- If the situation that led to the stage 3 classification is not related to restructuring due to financial difficulties, the cure period to be applied before a potential stage 2 classification is 3 months.

In terms of the reverse mortgage loan portfolio, the absence of regular principal or interest payments affects the calculation of the probability of default for this portfolio. To overcome this constraint, a specific methodology was implemented to calculate the expected loss of this portfolio, based on the expected loss at maturity of these contracts, regardless of the existence of a significant increase in credit risk, using a specific estimation methodology for this purpose.

DISCOUNT RATES

The discount rate applied in calculating impairment is determined by the interest rate charged by the Bank for a given credit transaction on the date of granting or renewal (in the case of revolving credit facilities), i.e. the original effective rate of the contract.

For variable-rate loans, the effective interest rate is based on the last index reset, plus the spread applied on the date of granting, whereas for fixed-rate loans, the original rate of the contract must be considered. The Bank will use the nominal rate for discounting purposes.

POLICIES FOR TERMINATING CREDIT AGREEMENTS

Regardless of the type of credit, the Bank maintains a resolution policy that consists of transferring all of a Customer's exposure to past due credit as soon as one of the credits or positions at risk held by that Customer is in a situation of resolution of the respective credit agreement. This measure will be applied at the Customer level, and all exposure held by that Customer with the Bank will be considered past due.

In the particular case of loans whose maturity coincides with a single capital payment, accompanied or not by the respective interest (bullet loans, with payment of the total interest on the loan at the beginning of the contract or at maturity), the loan becomes fully overdue as soon as a borrower defaults, as there is no concept of instalments.

The process of terminating a Customer's credit agreements will result in the termination of the commercial relationship between the Bank and the Customer, and the latter will be blocked in the core banking system to ensure that no future risk positions are taken with this customer or entities related to this customer, unless the criteria established in the context of commercial policies followed are met.

CREDIT WRITE-OFF POLICIES

A credit is written off when it is determined that its collectability is considered nil (without economic value) and the impairment recorded covers 100% of the total value of the exposure on the date of the write-off, regardless of whether all of the Bank's contractual rights relating to the respective cash flows have expired. It must be ensured that, prior to the write-off of credits, all collection efforts deemed appropriate are made.

A staging policy for obligations representing indirectly granted credit has been implemented and applied to all financial statements since 31 December 2021. This policy establishes a methodology for analysing the assets underlying these obligations and, based on criteria based on the distribution and relative weight of exposures in stages 1, 2 or 3, and on the historical profitability of these assets, defines the stage in which the obligation should be classified. This policy also provides for measures to derecognise impairment if, based on the analysis performed, the obligation is classified as stage 3.

FINANCIAL ASSETS ACQUIRED OR ORIGINATED IN IMPAIRMENT

Financial assets acquired or originated under credit impairment (POCI) are assets that show objective evidence of credit impairment at the time of their initial recognition. An asset is credit impaired if one or more events have occurred that have a negative impact on the estimated future cash flows of the asset.
The reversal of credit impairment consists of the reduction or cancellation, in a given reporting period, of impairment amounts recorded in previous periods. The amount resulting from the reversal may not exceed the accumulated impairment amounts previously recorded.

The Bank may reverse impairment losses under the following conditions:

- payment by the customer (without resorting to new credit from the Bank) of interest and/or principal due;
- reduction of specific provisions;
- improvement in the risk class, in the context of the applicable qualitative table;
- obtaining new collateral or revaluing existing collateral (except for real estate, as specified below);
- increase in the value of existing collateral received as security, provided that its valuation is less than 1 year old and has been carried out by an independent valuer (in the case of real estate); and
- in the case of real estate project financing, when the value of the project underlying the financing evolves favourably and improves the loan-to-value (LTV) ratio or more favourable conversion factors are applied to the guarantees and commitments assumed by the Bank, under the terms of the project.

COLLATERAL

In assessing the risk of a transaction or set of transactions, the associated credit risk mitigation elements are taken into account in accordance with internal rules and procedures. The relevant collateral is essentially as follows:

- Real estate, where the value considered corresponds to the last available appraisal;
- Financial pledges, where the value considered corresponds, in the case of listed assets, to the price on the last day of the month, and in the case of financial investments or cash, to the value of the pledge.

Collateral is periodically revalued at defined intervals, and in the specific case of the reverse mortgage loan portfolio, additional procedures are carried out to monitor the properties received as collateral and the respective borrowers.

COLLECTIVE IMPAIRMENT CALCULATION

Credit portfolios are still in a relatively early stage of development. Nevertheless, the Bank applies a collective impairment calculation model. To this end, a forward-looking exercise is carried out, and this section describes the model to be applied, in addition to the specific calculations to be applied when credit portfolios are relatively new.

DEFINITION OF STAGES

At the date of origination – initial recognition – each financial instrument is in stage 1, given that all contracts always present a probability of default in the future (even if it may be quite low). For subsequent reporting dates, it is necessary to define the procedures for each financial asset to be allocated to one of the stages (as indicated below).

Stage 1	Stage 2	Stage 3
Financial assets which have not had a significant increase in credit risk from the time of their initial recognition, or which have low credit risk on the reporting date. This stage includes loans which are meeting their payment deadlines (DPD<=30) and have no other factor of higher credit risk.	Financial assets which have had a significant increase in credit risk from the time of their initial recognition (except for those with low credit risk on the reporting date), but which have no objective evidence of impairment.	Financial assets with objective evidence of impairment on the reporting date.

TRANSITION FROM STAGE 1 TO STAGE 2

The transition of a financial instrument from stage 1 to stage 2 is justified by a significant increase in credit risk, which must be compared with the credit risk assumed at initial recognition.

A significant increase in credit risk (SICR) of a financial instrument at a given point in time is defined as the occurrence of at least one of the following characteristics, taking into account the materiality levels defined for this purpose:

1. non-performing loans in the banking system; or
2. number of days of non-performance of the asset between 30 and 90.

If an asset has a low credit risk (e.g. investment grade), it can be allocated, for simplicity, throughout its useful life, in stage 1.

TRANSITION FROM STAGE 2 TO STAGE 3

The transition of an asset from stage 2 to stage 3 (i.e. default) is justified by objective evidence of impairment. This evidence arises in particular from:

1. number of days in default exceeding 90 days; or
2. customers with serious defaults in the banking system (credit status higher than type "003" in the Bank of Portugal's Credit Risk Centre); or
3. insolvent customer.

Once classified as stage 3, a loan can only be reclassified as stage 1 if the borrower settles all outstanding principal and interest without resorting to a significant restructuring process, and after a minimum period of 12 months has elapsed since the settlement (cure period), without incurring any new defaults during this period.

Assets resulting from significant restructuring, once classified as stage 2 or stage 3, cannot return to stage 1, i.e., they never return to the 'cured' status, and a minimum period of verification of the absence of new default events must still be complied with during the cure period, prior to any reclassification from stage 3 to stage 2.

CRITERIA FOR CALCULATING IMPAIRMENT ON AN INDIVIDUAL BASIS

As defined in note 34, loans with the following characteristics are analysed individually:

- Exposure exceeding 500.000 euros;
- Exposure exceeding 100,000 euros that is in stage 2 or 3.

All exposures that do not meet at least one of the above criteria will be subject to collective impairment calculation. Credit portfolios should be grouped according to similar risk characteristics that are sufficiently granular to allow for an adequate assessment of changes in credit risk and, thus, the impact on the estimate of expected credit losses for this segment.

In the case of exposures exceeding 500.000 euros which, after individual analysis, show no signs of impairment, they are subject to collective impairment testing.

2.2 FINANCIAL LIABILITIES

An instrument is classified as a financial liability when there is a contractual obligation for its settlement to be made through the delivery of cash or another financial asset, regardless of its legal form.

Non-derivative financial liabilities include resources from central banks and credit institutions, customer resources and other loans.

These financial liabilities are recorded i) initially at their fair value less transaction costs incurred and ii) subsequently at amortised cost, based on the effective interest rate method.

2.3 DERIVATIVE FINANCIAL INSTRUMENTS

The Bank has designated derivatives and other financial instruments to hedge interest rate and foreign exchange risk arising from financing and investment activities since December 2018. Derivatives that do not qualify for hedge accounting are recorded as trading.

Hedging derivatives are recorded at fair value, and gains or losses resulting from revaluation are recognised in accordance with the hedge accounting model adopted by the Bank. A hedging relationship exists when:

- At the inception of the relationship, there is formal documentation of the hedge, including identification of the hedged item and the hedging instrument, the nature of the risk being hedged, and the assessment of effectiveness.
- The hedge is expected to be highly effective.
- The effectiveness of the hedge can be reliably measured.
- The hedge is assessed on an ongoing basis and effectively determined to be highly effective throughout the financial reporting period;
- When there is an economic relationship between the hedged instrument and the hedging instrument that is not affected by the effect of credit risk;

- The effectiveness of the hedge can be measured at the inception date and throughout the life of the hedge; and
- With regard to the hedge of a forecast transaction, the transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect results.

When a derivative financial instrument is used to hedge exchange rate fluctuations on monetary assets or liabilities, no hedge accounting model is applied. Any gain or loss associated with the derivative is recognised in profit or loss for the period, as are changes in the exchange rate risk of the underlying monetary items.

2.4 OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and liabilities are presented in the balance sheet at their net value when there is a legal possibility of offsetting the recognised amounts and there is an intention to settle them at their net value or to realise the asset and settle the liability simultaneously.

2.5 TANGIBLE ASSETS

Tangible assets are recorded at acquisition cost, less accumulated depreciation and impairment losses, if any. The cost includes expenses that are directly attributable to the acquisition of the assets.

Subsequent costs related to tangible assets are recognised only if it is probable that they will result in future economic benefits for the Bank. All maintenance and repair expenses are recognised as costs in accordance with the accrual principle.

Depreciation of tangible assets is calculated using the straight-line method at the following rates, which reflect the expected useful life of the assets:

	Number of years
Real estate:	
Works in rented properties	5

	Number of years
Equipment:	

Furniture and materials	4 to 8
Machinery and tools	5 to 8
IT equipment	3 to 7
Interior fittings	5
Safety equipment	5 to 8
Other equipment	5 to 8

Whenever there are indications that an asset may be impaired, IAS 36 requires that its recoverable amount be estimated, and an impairment loss must be recognised whenever the net value of an asset exceeds its recoverable amount.

Impairment losses are recognised in the income statement and are reversed in subsequent reporting periods if the reasons that led to their initial recognition cease to exist.

For this purpose, the new depreciated amount shall not exceed that which would have been recorded if no impairment losses had been charged to the asset, taking into account the depreciation it would have suffered.

The recoverable amount is determined as the higher of its net selling price and its value in use, which is calculated based on the present value of the estimated future cash flows expected to be obtained from the continued use of the asset and its disposal at the end of its useful life.

2.6 INTANGIBLE ASSETS

The costs incurred with the acquisition, production and development of software are capitalised, as are the additional expenses incurred by the Bank necessary for its implementation. These costs are amortised on a straight-line basis over the expected useful life of these assets, which ranges from 3 to 8 years, with a growing preponderance around 3 years.

In cases where the requirements defined in International Accounting Standard 38 – Intangible Assets are met, direct internal costs incurred in the development of software, which are expected to generate future economic benefits beyond one financial year, are capitalised and recorded as intangible assets.

All other charges related to IT services are recognised as costs when incurred.

When there is an indication that an asset may be impaired, IAS 36 – Impairment of Assets requires that its recoverable amount be estimated, and an impairment loss must be recognised whenever the net value of an asset exceeds its recoverable amount. Impairment losses are recognised in the income statement for assets recorded at cost.

The recoverable amount is determined as the higher of its net fair value and its value in use, which is calculated based on the present value of the estimated future cash flows expected to be obtained from the continued use of the asset and its disposal at the end of its useful life.

2.7 RENTALS

IFRS 16, which came into effect on 1 January 2019, established new requirements regarding the scope, classification/recognition and measurement of leases. From the lessee's perspective, the standard defines a single accounting model for lease contracts, which results in the recognition of a right-of-use asset and a lease liability for all lease contracts, except for leases with a term of less than 12 months or leases of low-value assets, in which case the lessee may opt for the exemption from recognition provided for in IFRS 16, in which case, the lessee must recognise the lease payments associated with these contracts as expenses.

The Bank has opted not to apply this standard to short-term leases (less than or equal to one year) and to leases where the underlying asset has an immaterial value, considering for this purpose the amount of 5,000 euros, having used the option not to apply this standard to leases of intangible assets.

DEFINITION OF LEASE

A contract constitutes or contains a lease if it conveys the right to control the use of an identified asset, i.e., obtaining substantially all the economic benefits of its use and the right to direct the use of that identified asset, for a certain period of time in exchange for consideration.

IMPACT FROM THE BANK'S PERSPECTIVE (LESSEE)

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

a) an asset under right of use, initially measured at cost, taking into account the Net Present Value (NPV) of the lease liability, plus payments made (fixed and/or variable) less lease incentives received, penalties for termination (if reasonably certain), as well as any estimates of costs to be borne by the lessee for dismantling and removing the underlying asset and/or restoring the site where it is located. Subsequently, it is measured in accordance with the cost model (subject to depreciation/amortisation in accordance with the lease term of each contract and impairment tests);

b) a lease liability, initially recognised at the present value of the future cash flows of the lease (NPV), which includes:

    (i) fixed payments, less lease incentives receivable;
    (ii) variable lease payments that depend on an index or rate, measured initially and using the index or rate at the inception date of the contract;
    (iii) amounts that must be paid by the lessee as residual value guarantees;
    (iv) the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option;
    (v) penalty payments for termination of the lease, if the lease term reflects the exercise of a termination option by the lessee.

Given that it is not possible to easily determine the interest rate implicit in the lease (paragraph 26 of IFRS 16), lease payments are discounted using the lessee's incremental borrowing rate, which incorporates the risk-free interest rate curve (swap curve), plus a risk spread associated with the Bank, applied over the weighted average term of each lease agreement. For fixed-term contracts, this date is considered the end date of the lease; for other contracts without a fixed term, the term during which the contract will be enforceable is assessed. In assessing enforceability, the specific clauses of the contracts are considered, as well as the legislation in force regarding urban leases.

Subsequently, it is measured as follows:

a) by increasing its carrying amount to reflect the interest on it;
b) by decreasing its carrying amount to reflect lease payments;

c) the carrying amount is remeasured to reflect any revaluations or changes in the lease, as well as to incorporate the revision of fixed lease payments in substance and the revision of the lease term.

The Bank revalues a lease liability and calculates the respective adjustment related to the right-of-use asset whenever:

a) there is a change in the lease term or in the assessment of a purchase option for the underlying asset, the lease liability is remeasured, discounting the revised lease payments and using a revised discount rate;
b) there is a change in the amounts payable under a residual value guarantee, or in future lease payments resulting from a change in an index or rate used to determine those payments, the lease liability is remeasured, discounting the revised lease payments using an unchanged discount rate (unless the change in lease payments results from a change in variable interest rates, in which case a revised discount rate shall be used);
c) a lease is amended, but that amendment to the lease is not accounted for as a separate lease, the lease liability is remeasured, discounting the revised lease payments using a revised discount rate.

Assets under right of use are depreciated from the effective date until the end of the useful life of the underlying asset, or until the end of the lease term, whichever is earlier.

If the lease transfers ownership of the underlying asset, or if the cost of the right-of-use asset reflects the fact that the Bank will exercise a purchase option, the right-of-use asset should be depreciated/amortised from the commencement date until the end of the useful life of the underlying asset. Depreciation begins on the commencement date of the lease.

The recording of lease agreements in the income statement affects the following items:

- Financial margin, for interest expense related to lease liabilities which, where available, is based on the implicit interest rate communicated by the lessor or, in the absence of this information, is based on the market interest rate applied in financing agreements of a similar nature;
- Other administrative expenses, for amounts relating to short-term lease agreements, lease agreements for low-value assets and indirect expenses of lease agreements,

namely insurance premiums, administrative charges levied by lessors and specific taxes on leased assets; and

- Depreciation and amortisation for the year, for the depreciation cost of assets under right of use.

2.8 TAXES ON PROFITS

Income taxes comprise current taxes and deferred taxes. Income taxes are recognised in profit or loss, except when they relate to items that are recognised directly in equity, in which case they are also recorded as a contra entry to equity.

Tax is recognised in each financial reporting period based on management estimates of the expected average annual effective tax rate for the entire fiscal year.

Current taxes are those expected to be paid based on taxable income calculated in accordance with current tax rules and using the approved or substantially approved tax rate.

Deferred taxes are calculated, based on the balance sheet, on temporary differences between the carrying amounts of assets and liabilities and their tax base, using the tax rate approved or substantially approved at the balance sheet date and expected to be applied when the temporary differences reverse.

Deferred tax assets and liabilities are recognised for all taxable temporary differences arising from the initial recognition of assets and liabilities that do not affect taxable profit. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised.

In 2020, the Bank adhered to the regime provided for in Law Nº. 98/2019 of 4 September on impairments. This Law established a new applicable regime, which is optional until 2024, the deadline for joining this regime, and irreversible from the year of accession, for the treatment of impairment losses, including those recorded in previous tax periods and not yet accepted for tax purposes.

By virtue of joining this regime, new impairment losses relating to credit recognised since 2020 became immediately deductible and not subject to verification of the conditions for deductibility provided for in the IRC code.

2.9 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

2.9.1 PROVISIONS

Provisions are recognised whenever:

(i) the Bank has a present, legal or constructive obligation;

(ii) it is probable that payment will be required; and

(iii) it is possible to make a reliable estimate of the amount of that obligation.

In cases where the discount effect is material, the provision corresponds to the present value of expected future payments, discounted at a rate that takes into account the risk associated with the obligation.

2.9.2 CONTINGENT ASSETS

Contingent assets are not recognised in the Bank's financial statements, but are disclosed when it is probable that a future inflow of economic resources will occur.

2.9.3 CONTINGENT LIABILITIES

Contingent liabilities are not recognised in the Bank's financial statements, but are classified under IAS 37 and disclosed whenever the possibility of an outflow of resources embodying economic benefits is not remote.

The Bank records a contingent liability when:

a) It is a possible obligation arising from past events, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the Bank's control; or

b) It is a present obligation arising from past events, but is not recognised because:

    (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

    (ii) The amount of the obligation cannot be measured with sufficient reliability.

Identified contingent liabilities are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

2.10 FINANCIAL GUARANTEES

Financial guarantees are contracts that require the issuer to make payments to compensate the holder for losses incurred as a result of defaults on the contractual terms of debt instruments, namely the payment of the respective principal and/or interest.

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

Financial guarantees normally have a defined maturity and a periodic fee charged in advance, which varies depending on the counterparty risk, amount and term of the contract. On this basis, the fair value of the guarantees on the date of their initial recognition is approximately equivalent to the amount of the initial fee received, taking into account that the agreed terms are at market conditions. Thus, the amount recognised on the date of the contract equals the amount of the initial fee received, which is recognised in profit or loss over the period to which it relates. Subsequent fees are recognised in profit or loss in the period to which they relate.

2.11 CAPITAL INSTRUMENTS

An instrument is classified as an equity instrument when there is no contractual obligation for its settlement to be made by delivering cash or another financial asset, regardless of its legal form, evidencing a residual interest in the assets of an entity after deducting all its liabilities.

Costs directly attributable to the issue of equity instruments are recorded as a deduction from the issue value against equity. Amounts paid and received for purchases and sales of equity instruments are recorded in equity, net of transaction costs.

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

2.12 RECOGNITION OF INTEREST

Interest income from financial instruments measured at amortised cost and financial assets at fair value through other comprehensive income is recognised under interest and similar income or interest and similar expenses, using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future payments or receipts over the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or liability.

The effective interest rate is established on initial recognition of financial assets and liabilities and is not reviewed subsequently.

To calculate the effective interest rate, future cash flows are estimated considering all contractual terms of the financial instrument, but not considering any future credit losses. The calculation includes commissions that are an integral part of the effective interest rate, transaction costs and all premiums and discounts directly related to the transaction.

In the case of financial assets or groups of similar financial assets for which impairment losses have been recognised, interest recorded in interest and similar income is determined based on the interest rate used in measuring the impairment loss.

Interest income recognised in profit or loss associated with contracts classified in stage 1 or 2 is calculated by applying the effective interest rate of each contract to its gross carrying amount. For financial assets included in stage 3, interest is suspended and not recognised in profit or loss, being recognised only after it has been effectively collected.

2.13 RECOGNITION OF INCOME FROM EQUITY INSTRUMENTS

Income from equity instruments (dividends) is recognised when the right to receive payment is established.

2.14 RECOGNITION OF INCOME FROM SERVICES AND COMMISSIONS

Income from services and commissions is recognised as follows:

- Income from services and commissions obtained in the performance of a significant act is recognised in profit or loss when the significant act has been completed;
- Income from services and commissions obtained as services are provided is recognised in profit or loss in the period to which it relates; and

- Income from services and commissions that are an integral part of the effective interest rate of a financial instrument are recorded in interest income (net interest income) using the effective interest rate method.

2.15 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing net income by the weighted average number of ordinary shares outstanding during the period (year).
Diluted earnings per share are calculated by adjusting the effect of all potential dilutive ordinary shares to the weighted average number of ordinary shares outstanding and net income.

2.16 CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash and cash equivalents comprise amounts recorded in the balance sheet with a maturity of less than three months from the date of acquisition/contracting, including cash, balances with central banks and balances with credit institutions.

2.17 FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are converted into euros at the exchange rate on the transaction date.

Monetary assets and liabilities denominated in foreign currencies are converted into euros at the exchange rate on the balance sheet date. Exchange differences resulting from this conversion are recognised in profit or loss.

Non-monetary assets and liabilities recorded at historical cost, expressed in foreign currency, are converted at the exchange rate on the transaction date. Non-monetary assets and liabilities expressed in foreign currency recorded at fair value are converted at the exchange rate in effect on the date the fair value was determined.

The resulting exchange differences are recognised in profit or loss, except for differences related to shares classified as financial assets through other comprehensive income, which are recorded in equity.

The exchange rates used by the Bank for currencies in which it held balances on its balance sheet (GBP - British pounds and USD - US dollars) on 31 December 2024 and 2023, for currency conversion purposes, were as follows:

	2024	2023
USD	1,03890	1,1050
GBP	0,82918	0,86905

2.18 EMPLOYEE BENEFITS

The Bank recognises short-term employee benefits for employees who have rendered services during the respective accounting period as an expense and as a liability, after deducting the amount already paid.

PROFIT SHARING AND BONUS PLANS

The Bank recognises the expected expense of profit sharing and bonus payments when it has a present legal or constructive obligation to make such payments as a result of past events, and can make a reliable estimate of the obligation.

HOLIDAY OBLIGATIONS, HOLIDAY ALLOWANCE AND CHRISTMAS BONUS

In accordance with current legislation in Portugal, employees are entitled to one month's holiday and one month's holiday allowance per year, which is acquired in the year prior to payment. In addition, employees are entitled to one month's Christmas allowance each year, which is acquired throughout the year and paid during the month of December of each calendar year.

Therefore, these liabilities are recorded in the period in which employees acquire the respective right, regardless of the date of their respective payment.

The Bank is subject to the general Social Security regime and does not have any defined benefit plan. Therefore, it has no liabilities to pay old-age retirement pensions, disability retirement pensions or surviving pensions to its employees.

NOTE 3

KEY ESTIMATES AND JUDGEMENTS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS

IAS establishes a series of accounting treatments and requires the Board of Directors to make judgements and estimates in order to decide on the most appropriate accounting treatment. The main accounting estimates and judgements used in the application of accounting principles by the Bank are detailed in this note, with the aim of improving understanding of how their application affects the Bank's reported results and their disclosure.

A detailed description of the main accounting policies used by the Bank is presented in note 2 to the financial statements.

Considering that, in some situations, there are alternatives to the accounting treatment adopted by the Board of Directors, the results reported by the Bank could be different if a different treatment were chosen.

The Board of Directors considers that the choices made are appropriate and that the financial statements present fairly the financial position of the Bank and the results of its operations in all material respects.

3.1 CURRENT AND DEFERRED INCOME TAXES

The determination of the amount of income taxes requires certain interpretations and estimates. There are several 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 could result in a different level of current and deferred income taxes recognised in the financial year and disclosed in notes 13 and 14.

Following the changes introduced by Law No. 45-A/2024 of 31 December on the State Budget for 2025, the corporate income tax rate was reduced from 21%, which was in force in 2023 and 2024, to 20% (to take effect from 2025).

This aspect is particularly relevant for the purposes of analysing the recoverability of deferred tax assets, including not only those generated by tax losses, but also those generated by temporary differences due to impairment losses recorded in credit portfolios included in structured bonds and, only with effect until 31 December 2019, as a result of adherence to the regime recommended by Law No. 98/2019 of 4 September (note 2.9) in the direct credit portfolio since 2020, whereby the Bank considers projections of future taxable profits based on a set of assumptions, including the estimate of pre-tax results, adjustments to taxable income and its interpretation of tax legislation.

Thus, the recoverability of deferred tax assets depends on the implementation of the Board of Directors' strategy, namely on the ability to generate the estimated taxable income that will allow these accumulated tax losses to be used.

The Tax Authorities have the power to review the Bank's calculation of taxable income for a period of four to twelve years in the event of tax losses carried forward. As such, corrections to taxable income may be made, mainly as a result of differences in the interpretation of tax legislation. However, the Bank's Board of Directors is confident that there will be no significant corrections to the taxes on profits recorded in the financial statements.

3.2 FAIR VALUE OF DERIVATIVE FINANCIAL INSTRUMENTS AND OTHER FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

Fair value is based on market quotations, when available; in their absence, it is determined based on the use of prices from recent, similar transactions carried out under market conditions or based on valuation methodologies based on discounted future cash flow techniques considering market conditions, the effect of time, the yield curve and volatility factors. These methodologies may require the use of assumptions or judgements in estimating fair value.

Consequently, the use of different methodologies or different assumptions or judgements in applying a particular model could result in valuations different from those reported and indicated in note 7.

3.3 IMPAIRMENT LOSSES ON FINANCIAL ASSETS AT AMORTISED COST AND AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Bank conducts periodic reviews to assess the existence of impairment due to expected losses on financial assets, as referred to in note 2.1.1.6, namely due to a significant increase in credit risk, breach of contractual conditions, credit restructuring, deterioration of the financial situation, among other aspects considered in the risk analysis of these assets.

The credit assessment process, in order to determine whether an impairment loss should be recognised, incorporates various estimates and judgements. The use of alternative methodologies and other assumptions and estimates could result in different levels of impairment losses for expected credit losses recognised and disclosed in notes 9, 10 and 30.

3.4 IMPAIRMENT LOSSES ON INTANGIBLE ASSETS

Expenses incurred with the production and development of internally generated software, which are expected to generate future economic benefits beyond one financial year, are capitalised, as are additional expenses incurred by the Bank necessary for its implementation and entry into operation, in accordance with Paragraph 66 of International Accounting Standard 38 – Intangible Assets (IAS 38).

These expenses mainly include expenses with the Bank's employees or external consultants assigned to the projects in question, as well as the costs of materials used or consumed directly related to those projects.

Whenever there are indications of impairment, the Bank performs impairment tests on these assets, based on the criteria set forth in International Accounting Standard 36 – Impairment of Assets (IAS 36). In determining the value in use of the impairment test performed on intangible assets in use referred to as “Phase 1 Cards” (note 12), the Bank's Board of Directors reviewed the assumptions and judgements considered at the date of the impairment test and, due to the non-completion of the transaction planned for 2020, recorded an impairment loss for this intangible asset.

In addition, in 2022, the assumptions and judgements considered for other assets were also reviewed, as a result of their expected discontinuation in 2023 or 2024, and the Bank recorded an impairment for these intangible assets.

NOTE 4

IFRS DISCLOSURES – NEW STANDARDS AS OF 31 DECEMBER 2024

Below is a summary of new standards and amendments to existing IFRS standards related to the Bank's activity, through summary notes on the main impacts of the amendments published by the International Accounting Standards Board (IASB) and their respective endorsement status by the European Union, with reference to 31 December 2024. **Impact on the Bank**: No significant impacts are expected to arise from the adoption of these new standards or amendments on the Bank's financial statements.

1. Amendments to the Rules that became effective on 1 January 2024:

1.1 IAS 1

Classification of liabilities as "non-current and current" and "Non-current liabilities with covenants"

The published amendments clarify that liabilities are classified as current or non-current balances depending on an entity's right to defer payment beyond 12 months after the financial reporting date.

If an entity estimates, and has the right, at the reporting date, to refinance or roll over a liability negotiated under a credit line for at least twelve months after the reporting period, it classifies the obligation as non-current, even if it would otherwise be due within a shorter period.

However, if the entity does not have the discretionary right to refinance or roll over (e.g., there is no agreement for refinancing), the entity shall classify the liability as current.

The published amendments also clarify that covenants that an entity is required to comply with on or before the reporting date affect the classification of a liability as current or non-current, even if verification by the creditor only occurs after the reporting date (e.g. when the covenant is based on the financial position at the reporting date).

When an entity classifies liabilities arising from financing contracts as non-current and those liabilities are subject to covenants, disclosure of information is required to enable investors to assess the risk of those liabilities becoming repayable within 12 months, such as:

a) the accounting value of liabilities;

b) the nature of covenants and compliance dates; and

c) the facts and circumstances that indicate that the entity may have difficulties in complying with the covenants on the due dates. These changes are applicable retrospectively.

European Union Endorsement Regulation: Regulation (EU) No. 2023/2822 of 19 December.

Effective date: Annual periods beginning on or after 1 January 2024.

1.2 IAS 7 and IFRS 7

Supplier financing agreements

Supplier financing agreements, or reverse factoring, are characterised by the existence of a financier who undertakes to pay the balances that an entity owes to its suppliers and the entity, in turn, agrees to pay in accordance with the contracted terms and conditions, on the same date, or later, on the date of payment to suppliers.

The published amendments require an entity to make additional disclosures about its supplier financing agreements to enable:

a) an assessment of how supplier financing agreements affect the entity's liabilities and cash flows; and

b) an understanding of the effect of supplier financing agreements on an entity's exposure to liquidity risk, and how the entity would be affected if the agreements were no longer available.

These additional disclosure requirements complement the existing presentation and disclosure requirements in IFRS, as established by the IFRS IC in its December 2020 Agenda Decision, such as:

a) the terms and conditions of supplier financing agreements;

b) for existing agreements, at the beginning and end of the reporting period:

i. the net carrying amounts of the financial liabilities that are part of the agreements, together with the net carrying amounts of those financial liabilities for which suppliers have already received payments from the financing entities;

ii. the time horizons of comparable payments and accounts payable that are not part of a supplier financing agreement;

iii. the type and effects of changes with no impact on cash flows on the net carrying amounts of the financial liabilities that are part of the agreement.

European Union Endorsement Regulation: Regulation (EU) No. 2024/1317 of 15 May.

Effective date: Annual periods beginning on or after 1 January 2024.

1.3 IAS 16

Lease liabilities in a sale and leaseback

This amendment to the lease standard introduces guidance on the subsequent measurement of lease liabilities related to sale and leaseback transactions that qualify as a "sale" in accordance with the principles of IFRS 15 – "Revenue from contracts with customers", with a greater impact when some or all lease payments are variable lease payments that do not depend on an index or rate.

When subsequently measuring lease liabilities, sellers-lessors should determine the 'lease payments' and 'revised lease payments' in such a way that they do not recognise gains/(losses) in relation to the right of use they retain. Variable lease payments that do not depend on an index or rate do not meet the definition of "lease payments". This amendment is applicable retrospectively. **European Union Endorsement Regulation**: Regulation (EU) No 2023/2579 of 20 November.

Effective date: Annual periods beginning on or after 1 January 2024.

2. Amendments to standards and new standards that become effective on or after 1 January 2025

2.1 IAS 21

Effects of exchange rate changes: lack of convertibility

IAS 21 defines the exchange rate that an entity should use when reporting foreign currency transactions or translating the results of a foreign operation when its functional currency is different from the group's presentation currency.

IAS 21 includes guidance on the exchange rate to use when the lack of convertibility between two currencies is temporary, but is silent when the lack of convertibility is for a long period.

This amendment aims to clarify.

This amendment aims to clarify:

i) the circumstances in which a currency is considered to be exchangeable (convertible);

ii) how the spot exchange rate should be determined when a currency is not convertible for a long period of time.

IAS 21 also requires disclosure of information that enables an understanding of how the currency that cannot be exchanged for another currency affects, 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 is applied retrospectively without restatement of comparative figures, and the impact of the transposition of financial information must be recorded in retained earnings (if converting from a foreign currency to a functional currency) or in foreign exchange reserves (if converting from a functional currency to a presentation currency).

European Union Endorsement Regulation: Regulation (EU) No. 2024/2862 of 12 November.

Effective date: Annual periods beginning on or after 1 January 2025.

3. Amendments to standards published by the IASB, not yet endorsed by the EU:

3.1 IFRS 9 e IFRS 7

Change to the classification and measurement of financial instruments

The changes made to IFRS 9 result from the post-implementation review process of the “Classification and measurement” chapter, in which the IASB identified some aspects that needed clarification to improve understanding.

The changes made refer to:

(a) clarification of the concept of the date of recognition and derecognition of certain financial assets and liabilities, introducing a new exception for financial liabilities settled through an electronic payment system;

(b) clarification and examples of when a financial asset meets the criterion that contractual cash flows correspond “only to the payment of principal and interest” (‘SPPI’), such as:

i) assets without recourse;

ii) contractually associated instruments; and

iii) instruments with features linked to the achievement of environmental, social and governance (ESG) targets;

c) new disclosure requirements for instruments with contractual terms that may change cash flows in terms of timing and amount; and

d) new disclosures required for equity instruments designated at fair value through other comprehensive income.

European Union Endorsement Regulation: Pending endorsement.

Effective date: Annual periods beginning on or after 1 January 2026. Application on the date the amendments become effective without restatement of comparative information.

3.2 IFRS 9 e IFRS 7

Contracts negotiated with reference to electricity generated from renewable sources

The proposed amendments result from the fact that contracts for the purchase and sale of electricity generated from renewable sources have become dominant in the carbon emissions mitigation strategy.

As their generation depends on uncontrollable natural conditions, these contracts are subject to variability in the amount generated, so there may be differences between the amounts generated and consumption needs, leading to the sale of part of the electricity purchased.

The amendments to IFRS 9 and IFRS 7 include:

a) **clarification of the application of the 'own use' exemption established in IFRS 9**: An entity must apply the 'own use' exemption depending on the purpose of the contract, design and structure. An entity is permitted to apply this exemption if it has been or expects to be a "net purchaser" of electricity obtained from renewable sources;

b) **permission for designation as a hedging instrument:** contracts for the purchase and sale of electricity generated from renewable sources may be designated as hedging instruments for the purposes of applying cash flow hedge accounting, if the hedged item corresponds to the variable nominal volume of electricity in the estimated transactions and this is aligned with the variable volume of renewable electricity expected to be delivered under the contract, assuming that the estimated transactions are highly probable;

c) **new disclosure requirements under IFRS 7:** for contracts accounted for as "own use", requirement to disclose the terms and conditions of contracts that expose the entity to variability in volumes delivered and the risk of having to purchase electricity in periods of non-consumption, the estimated cash flows for commitments entered into and not yet realised, and the financial effects of these contracts on financial performance. Contracts designated as hedging instruments are subject to separate disclosure of information on the associated terms and conditions.

European Union Endorsement Regulation: Pending endorsement.

Effective date: Annual periods beginning on or after 1 January 2026, with retrospective application without restatement of the comparative period, except for the designation of contracts as hedging instruments, which shall be prospective.

3.3 IFRS 18

Presentation and disclosure in financial statements

IFRS 18 replaces IAS 1 and aims to improve the disclosure of entities' financial performance and promote more transparent and comparable reporting.

With a substantial part of the application principles of IAS 1 being maintained and some principles being transferred to IAS 8 and IFRS 7, the main impact of the application of IFRS 18 relates to the presentation of the income statement.

The income statement is now presented with the classification of expenses and income for the year into three categories: operating, investing and financing, with the addition of the income tax category.

This category-based presentation structure is ensured by the requirement to include additional subtotals such as “Operating profit” and “Profit before financing and taxes”.

In addition to these changes, IFRS 18 also establishes requirements for the aggregation and disaggregation of information in the main financial statements and in the respective notes to the financial statements.

IFRS 18 also introduces improvements to the disclosure requirements for management performance measures, requiring disclosure of the calculation bases for the indicators included in reports and accounts and communications made, and reconciliation with the subtotals presented in the financial statements.

European Union Endorsement Regulation: Pending endorsement.

Effective date: Annual periods beginning on or after 1 January 2027, with retrospective application.

3.4 IFRS 19

Subsidiaries not subject to public financial reporting: Disclosures

The purpose of IFRS 19 is to allow entities considered eligible to prepare IFRS financial statements with lower disclosure requirements than those required by the various IFRS, while maintaining the obligation to apply, in general, all the measurement and recognition requirements of the IFRS.

The reduction in disclosures defined by IFRS 19 covers most of the IAS/IFRS, with the exception of IFRS 8 – "Operating segments", IFRS 17 – "Insurance contracts" and IAS 33 – "Earnings per share".

Eligible entities are those that:

(i) are subsidiaries of a group that prepares IFRS consolidated financial statements for public disclosure; and

(ii) are not subject to the obligation to provide public financial information, because they do not have listed debt or equity securities, are not in the process of being listed, nor do they have as their main activity the safekeeping of assets in a fiduciary capacity.

Eligible entities that are intermediate holding companies not subject to public financial reporting requirements may apply IFRS 19 in their separate financial statements, even if they do not apply it in their consolidated financial statements.

European Union Endorsement Regulation: Pending endorsement.

Effective date: Annual periods beginning on or after January 1, 2027, with the requirement to submit comparative information.

3.5 Annual Improvements - Volume 11

The cycles of annual improvements to the IFRS are intended to clarify application issues or correct inconsistencies in the standards. Volume 11 has an impact on the following standards: IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7.

IAS 1 – First-time adoption of IFRS

This improvement clarifies with regard to hedge accounting that hedges already existing under previous GAAP must be eligible and meet the qualifying criteria of IFRS 9 in order to be maintained. Otherwise, the discontinuation of hedge accounting must be recorded. It is not permitted to retrospectively designate transactions that occurred before the date of transition to IFRS as hedge accounting.

IFRS 7 – Financial instruments: disclosures

These improvements are intended to:

a) The alignment of concepts between IFRS 7 and IFRS 13, regarding the designation of "unobservable inputs" in the standard and in the IG14 implementation guide;

b) Clarification that the implementation guide does not cover all the disclosure requirements of IFRS 7, including the disclosure of credit risk for assets acquired or originated with an impairment loss.

IFRS 9 – Financial instruments

These improvements refer to:

a) Clarification on the application of the principles of derecognition of a lease liability, when the contractual cash flows are extinguished, with the calculation of the gain or loss in profit or loss;

b) Elimination of the inconsistency with IFRS 15 regarding the initial recognition of a receivable under IFRS 15 that does not have a significant financing component, which should be recorded at the estimated value of IFRS 15 and not at fair value.

IFRS 10 – Consolidated financial statements

This improvement refers to the simplification of the definition of "de facto agent" and the exemplification of a situation in which such a relationship is established with an investor.

IAS 7 – Cash flow statement

This improvement refers to aligning the designation of measurement methods for investments in subsidiaries, associates and joint ventures with IAS 27, eliminating the reference to the 'cost method' still included in IAS 7.

European Union Endorsement Regulation: Pending endorsement.

Effective date: Annual periods beginning on or after January 1, 2026.

NOTE 5

CASH AND DEPOSITS AT CENTRAL BANKS

The Cash and Deposits at Central Banks heading includes cash on hand and other similar amounts, such as banknotes and coins in legal tender at home and abroad.

This item is broken down as follows:

	Dec 24 Euros	Dec 23 Euros
Cash and cash equivalents		
Cash in national currency	418	1 109
Cash in foreign currency	452	425
Investments at the Bank of Portugal	99 758 313	35 721 904
Total cash and cash equivalents	**99 759 184**	**35 723 438**
Deposits at the Bank of Portugal not available		
Allocated to minimum reserves at central banks	1 463 900	1 463 900
Deposits at the Bank of Portugal	2 234 567	2 138 690
Deposits at the Bank of Portugal not available	**3 698 467**	**3 602 590**
Total cash and cash equivalents	**101 993 750**	**37 862 129**

The item **Deposits with the Bank of Portugal** includes the balance to meet legal minimum cash reserve requirements. As at December 31, 2024 and 2023, the minimum cash reserve calculated with reference to these dates amounts to Euros 2.105.600 and Euros 1.463.900, respectively.

The cash reserve system, in accordance with the guidelines of the European System of Central Banks in the Euro Zone, requires the maintenance of a balance on deposit with the Central Bank, equivalent to 1% of the average amount of deposits and other liabilities, throughout each reserve period.

NOTE 6

DEPOSITS WITH OTHER CREDIT INSTITUTIONS

This item is analysed as follows:

	Dec 24 Euros	Dec 23 Euros
Current Accounts in the Country	563 951	294 224
Current Accounts Abroad	1 029 186	6 907 781
Impairment (Note 30)	(466)	(10 377)
	1 592 671	**7 191 628**

Current accounts in the country refer to accounts that the Bank holds with seven credit institutions in the country, and **current accounts abroad** refer to accounts with four credit institutions abroad based in the Eurozone, broken down by currency as follows:

	Dec 24 Euros	Dec 23 Euros
Current Accounts in the Country		
In Euros	181 996	216 238
In Dollars	381 581	77 629
In Pounds Sterling	375	357
	563 951	**294 224**
Current Accounts Abroad		
In Euros	838 425	810 329
In Dollars	186 169	6 095 576
In Pounds Sterling	4 592	1 876
	1 029 186	**6 907 781**
Impairment	(466)	(10 377)
	1 592 671	**7 191 628**

NOTE 7

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

As at 31 December 2024 and 2023, this item corresponds solely to the units held in the Fasanara II fund (Euros 1.143.026 and Euros 4.023.600, respectively), which are valued (level 3 - see note 36) using the net asset value (NAV) reports published quarterly by the management entity.

In 2024, units totalling Euros 2.880.574 were repaid.

NOTE 8

INVESTMENTS IN CREDIT INSTITUTIONS

This item is broken down as follows:

	Dec 24 Euros	Dec 23 Euros
Investments in national credit institutions	9 878 404	5 490 950
Investments in foreign credit institutions - Eurozone	2 920 260	3 126 686
Interest receivable	14 662	17 113
	12 813 326	**8 634 749**
Impairment (Note 30)	(7 625)	(7 362)
	12 805 701	**8 627 387**

All the investments recorded under this heading have a residual maturity of up to 3 months.

As at 31 December 2024, the Loans and advances to national credit institutions heading includes term deposits totalling 3.500.000 euros which were pledged as financial collateral to guarantee the fulfilment of the Bank's responsibilities associated with the SEPA transfer clearing service outside Portugal.

NOTE 9

FINANCIAL ASSETS AT AMORTISED COST - LOANS AND ADVANCES TO CUSTOMERS

This item breaks down as follows:

	Dec 24 Euros	Dec 23 Euros
Loans falling due:		
Internal		
Corporate		
Loan Accounts	36 553 382	27 500 325
Overdrafts on Current Accounts	1 104	10 857
Current account credits	7 384 053	6 834 549
Personal Clients		
Overdrafts on Current Accounts	60	3 405
Residential	8 193 524	8 741 664
Other Loans	46 342 446	45 569 430
External		
Corporate		
Overdrafts on Current Accounts	7	-
Other Loans	1 331 295	106 867
Personal Clients		
Residential	36 618 827	35 520 798
	136 424 699	**124 287 895**
Interest Receivable	1 098 598	1 118 537
Overdue Credit	4 253 241	1 550 855
	141 776 538	**126 957 287**
Fees at amortised cost	827 665	1 023 498
	142 604 202	**127 980 785**
Credit impairment and provisions (Note 30)		
Internal	(2 765 071)	(2 816 409)
External	(780 572)	(1 056 891)
	(3 545 643)	**(3 873 301)**
	139 058 559	**124 107 484**

The amount recorded under **External - Companies (Other Loans)** essentially relates to financing granted to the commercial activity of non-resident companies.

The amount recorded under **External – Personal Clients (Residential)** refers to the Reverse Mortgage product, marketed only in Spain, and the amount recorded under **Internal - Personal**

Clients (Residential) refers to the Flex product, but only for contracts of this product granted for the purpose of mortgage loans.

The heading **Internal Credit – Personal Clients (Other Loans)** includes the amount of Euros 45.885.461 relating to mortgage credit.

In the context of the Reverse Mortgage product, the Bank had contracted interest rate derivatives (IRS) to hedge the risk in 2019.

In 2022, the Bank terminated part of the derivatives early, and in 2023 it terminated the remaining IRS position early. No positions in these contracts were carried over to 2024 and no new contracts of this nature were subscribed.

NOTA 10

FINANCIAL ASSETS AT AMORTISED COST - DEBT SECURITIES

This item is analysed as follows:

	Dec 24 Euros	Dec 23 Euros
Debt Securities		
National Public Issuers	1 507 937	2 085 258
National Corporate Issuers	4 290 847	7 700 635
Foreign Public Issuers	2 000 745	18 036 948
Foreign Corporate Issuers	2 229 744	2 487 741
Impairment (Note 30)	(635 893)	(1 254 046)
	9 393 380	**29 056 535**

The item "Foreign corporate issuers" includes structured bonds, whose underlying assets are essentially loans, in the amount of Euros 919.513 (31 December 2023: Euros 1.971.235). The underlying of these bonds relating to loans amounts to Euros 716.304 (31 December 2023: Euros 1.542.626), and the underlying of these bonds relating to liquidity amounts to Euros 194.791 (31 December 2023: Euros 478.727). The reduction observed in these bonds is essentially related to the monthly settlement and amortisation of the FINTEX - UPGRADE issue.
These bonds are impaired in the amount of Euros 629.137 (31 December 2023: Euros 1.213.375).

The bonds recorded under the heading "Domestic corporate issuers" include Commercial Paper in the amount of Euros 2.281.611 (31 December 2023: Euros 1.880.936), with the remainder relating to other bonds, and are impaired by Euros 1.139 (31 December 2023: Euros 24.764).

The bonds recorded under "National public issuers" refer only to Portuguese public debt securities, with maturities of less than 1 year (Euros 1.017.053) and 5 years (Euros 490.884).

The bonds recorded under "Foreign public issuers" refer to Italian (Euros 1.001.495) and Spanish (Euros 999.251) public debt securities, with maturities of less than 6 months, and are impaired by Euros 852.

NOTE 11

TANGIBLE ASSETS

This item is detailed as follows:

	Dec 2024 Euros	Dec 2023 Euros
Acquisition Value:		
Real Estate		
Works in rented properties	424 140	424 140
Equipment		
Furniture and materials	253 817	253 817
Machinery and tools	19 553	19 553
IT equipment	109 577	109 577
Interior fittings	164 690	164 690
Safety equipment	60 569	60 569
Other equipment	15 284	15 284
Assets under Operational Lease - Adoption of IFRS16		
Vehicles	821 885	714 238
Facilities	327 479	268 798
IT equipment	96 407	96 407
Ongoing Tangibles		
Ongoing Tangible Assets	-	-
	2 293 401	**2 127 073**
Cumulative depreciation:	(1 518 631)	(1 358 016)
	774 771	**769 057**

As a result of the adoption of IFRS 16, the tangible assets item includes assets under lease.

Disposals involved a range of IT equipment.

The movements in the **Tangible Assets** heading during the year ended 31 December 2024 are as follows:

	Balance at 1 January 2024 Euros	Acquisitions / Allocations Euros	Sales/ Disposals/ Euros	Balance at 31 December 2024 Euros
Acquisition Value:				
Real Estate				
Works in rented properties	424 141	-	-	424 141
Equipment				
Furniture and materials	253 817	-	-	253 817
Machines and tools	19 553	-	-	19 553
IT equipment	109 577	-	-	109 577
Interior fittings	164 690	-	-	164 690
Safety equipment	60 569	-	-	60 569
Other equipment	15 283	-	-	15 283
Assets under Operational Lease - Adoption of IFRS16				-
Vehicles	714 238	225 775	(118 128)	821 885
Facilities	268 798	327 479	(268 798)	327 479
IT equipment	96 407	-	-	96 407
	2 127 074	**553 254**	**(386 926)**	**2 293 402**

	Balance at 1 January 2024 Euros	Acquisitions / Allocations (Note 29) Euros	Sales/Disposals Euros	Balance at 31 December 2024 Euros
Accrued Depreciation:				
Real Estate				
Works in rented properties	393 496	11 427	-	404 923
Equipment:				
Furniture and materials	215 454	19 359	-	234 813
Machines and tools	18 181	898	-	19 079
IT equipment	106 631	879	-	107 510
Interior fittings	164 690	-	-	164 690
Safety equipment	55 770	1 907	-	57 677
Other equipment	14 683	207	-	14 890
Assets under Operational Lease - Adoption of IFRS16				
Vehicles	262 020	192 369	(118 127)	336 262
Facilities	89 599	288 359	(268 799)	109 160
IT equipment	37 492	32 136	(0)	69 628
	1 358 016	**547 541**	**(386 926)**	**1 518 631**
	769 058	**5 713**	**-**	**774 771**

The movements under Tangible assets during the year ended 31 December 2023 were as follows:

	Balance at 1 January 2023 Euros	Acquisitions / Allocations Euros	Sales/ Disposals/ Transfers Euros	Balance at 31 December 2023 Euros
Acquisition Value:				
Real Estate				
Works in rented properties	424 141	-	-	424 141
Equipment				
Furniture and materials	253 817	-	-	253 817
Machines and tools	19 553	-	-	19 553
IT equipment	109 577	-	-	109 577
Interior fittings	164 690	-	-	164 690
Safety equipment	60 569	-	-	60 569
Other equipment	15 283	-	-	15 283
Assets under Operational Lease - Adoption of IFRS16				-
Vehicles	809 561	230 193	(325 515)	714 238
Facilities	257 313	1 108 582	(1 097 097)	268 798
IT equipment	267 565	-	(171 158)	96 407
	2 382 069	**1 338 775**	**(1 593 770)**	**2 127 074**

	Balance at 1 January 2023 Euros	Acquisitions / Allocations (Note 29) Euros	Sales/ Disposals Euros	Balance at 31 December 2023 Euros
Accrued Depreciation:				
Real Estate				
Works in rented properties	382 053	11 443	-	393 496
Equipment				
Furniture and materials	195 109	20 345	-	215 454
Machines and tools	17 290	891	-	18 181
IT equipment	105 330	1 301	-	106 631
Interior fittings	164 690	-	-	164 690
Safety equipment	53 863	1 907	-	55 770
Other equipment	14 090	593	-	14 683
Assets under Operational Lease - Adoption of IFRS16				
Vehicles	365 635	173 012	(276 626)	262 020
Facilities	85 771	261 141	(257 313)	89 599
IT equipment	176 514	32 136	(171 158)	37 492
	1 560 344	**502 769**	**(705 097)**	**1 358 016**
	821 725	**836 006**	**(888 673)**	**769 057**

NOTE 12

OTHER INTANGIBLE ASSETS

This item is detailed as follows:

	Dec 2024 Euros	Dec 2023 Euros
Intangible Assets:		
Software in use	8 636 492	8 378 491
Software in development	194 316	306 579
	8 830 809	**8 685 070**
Accrued Amortization:	(7 690 890)	(6 923 403)
Impairment (Note 30)	(351 730)	(684 405)
	788 189	**1 077 262**

During 2019, the Bank carried out an impairment test on the intangible asset developed internally, called “Cards - 1st Phase”, based on the criteria set out in International Accounting Standard 36 - Impairment of Assets (IAS 36).

In determining the value in use, the Bank's Board of Directors considered the appropriate assumptions and judgements, and these conclusions were reviewed in 2020, due to the suspension of the activity related to these assets, and impairment was recorded corresponding to the entire net balance of amortisation of these assets, corresponding to the items detailed below, “Cards 1st phase”, “Puzzle fits” and “POS point of sale”.

Given that the Bank still has these assets available to be reactivated and reused, and in the event that the new capital investor reactivates these products, these assets will continue to be depreciated and the impairment recognised, in order to maintain the net zero value of these assets pending a definitive decision on the future reuse of these assets.

Movements under **Intangible assets** in the year ended 31 December 2024 were as follows:

	Balance at 1 January 2024 Euros	Acquisitions /Allocations Euros	Transfer. Euros	Disposals/ write-offs Euros	Balance at 31 December 2024 Euros
Acquisition Value:					
Software					
In use	8 378 491	-	306 579	(48 577)	8 636 492
Under way	306 579	194 316	(306 579)	-	194 316
	8 685 070	**194 316**	**-**	**(48 577)**	**8 830 809**
Accrued Amortizations:					
Software in use (Note 29)	6 923 403	767 487	-	-	7 690 890
	1 761 667	**(573 171)**	**-**	**(48 577)**	**1 139 919**
Impairment					
Software in use (Note 13)	684 405	-	-	(332 675)	351 730
	1 077 262	**(573 171)**	**-**	**284 098**	**788 189**

Movements in the **Intangible Assets** item during 2023 were as follows:

	Balance at 1 January 2023 Euros	Acquisitions /Allocations Euros	Transfers Euros	Disposals/ write-offs Euros	Balance at 31 December 2023 Euros
Acquisition Value:					
Software					
In use	8 251 047	127 443	-	-	8 378 491
Under way	83 145	223 434	-	-	306 579
	8 334 192	**350 877**	**-**	**-**	**8 685 070**
Accrued Amortizations:					
Software in use (Note 29)	6 142 641	780 762	-	-	6 923 403
	2 191 551	**(429 884)**	**-**	**-**	**1 761 667**
Impairment					
Software in use (Note 13)	1 017 079	-	-	(332 675)	684 405
	1 174 472	**(429 884)**	**-**	**332 675**	**1 077 262**

NOTE 13

CURRENT TAX ASSETS AND LIABILITIES

Current tax assets and liabilities break down as follows:

	Dec 24 Euros	Dec 23 Euros
Income tax stated in balance sheet		
Assets	32 917	2 353
Liabilities	(101 975)	(136 000)
Current tax stated in profit and loss (Note 31)	101 975	136 000

Current tax recorded in the income statement in the amount of Euros 101.975 (31 December 2023: Euros 136.000) includes autonomous corporate income tax in the amount of Euros 101.975 (31 December 2023: Euros 99.014).

During 2024, the tax burden paid totalled Euros 147.009 (2023: Euros 92.445), essentially corresponding to autonomous corporate income tax.

The estimate for income tax was calculated in accordance with the tax criteria in force on the balance sheet date (see note 31).

NOTE 14

DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities recognised in the balance sheet and the movements during the year are as follows:

	Deferred Taxes					
	Assets				Liabilities	
	Tax losses	Impairment of credit portfolio	Impairment of intangible assets	Provisions	Fair value reserve - Financial assets	Total
At 31 December 2022	**6 401 611**	**3 806 070**	**228 843**	**27 958**	**(33 585)**	**10 430 897**
Movements in 2023:						
Increase / (Reversal) through results (note 31):	(59 881)	(42 022)	(74 852)	(22 185)	(5 310)	(204 249)
Increase / (Reversal) through capital:	-	-	-	-	-	-
At 31 December 2023	**6 341 731**	**3 764 048**	**153 991**	**5 774**	**(38 895)**	**10 226 648**
Movements in 2024:						
Increase / (Reversal) through results (note 31):	1 155 794	(1 454 015)	(78 369)	19 593	38 895	(318 102)
Increase / (Reversal) through capital:	-	-	-	-	-	0
At 31 December 2024	**7 497 524**	**2 310 033**	**75 622**	**25 367**	**-**	**9 908 546**

Deferred tax assets relating to tax losses carried forward are recognised whenever there is a reasonable expectation of future taxable profits. The uncertainty of recoverability of tax losses carried forward is taken into account when calculating deferred tax assets.

Deferred tax was calculated by the Bank on the basis of the tax rate in force or, if future changes are known, the tax rate on the balance sheet dates when the temporary differences are expected to reverse. Accordingly, the tax rate applied on 31 December 2023 was 21% and on 31 December 2024 was 20%.

With reference to the deferred tax assets recorded on 31 December 2024, this 1% rate reduction had a negative impact on the result for 2024 of 374.876 euros in the Deferred tax assets component relating to tax losses carried forward, and 112.141 euros in the Deferred tax assets component relating to temporary differences, for a total aggregate impact of 487.017 euros.

The assessment of the recoverability of deferred tax assets was based on the Business Plans for the 2025-2027 and 2024-2026 periods and the assumptions made therein, as well as the Bank's income statement and balance sheet projections for the years between 2028 and 2034, especially taking into account that, after the 2025 State Budget came into force, the general corporate income tax rate was reduced from 21% to 20%.

The expectation of generating future taxable income stems from the Business Plan for the period 2025-2027 and the activity projections between 2028 and 2034, and may be conditioned, among other effects, by the expected sale of the stake in Banco BNI Europa by its sole shareholder and subsequent changes to the Bank's strategic plan.

NOTE 15

OTHER ASSETS

This heading is analysed as follows:

	Dec 2024 Euros	Dec 2023 Euros
Other debtors	105 135	136 695
Collateral	335 431	319 410
Deferred charges	365 369	543 464
Other income receivable	7 836	7 836
Other operations to be regularised	158 575	45 629
	972 347	**1 053 034**
Impairment of other assets (Note 30)	(145 127)	(176 527)
	827 220	**876 507**

The **Other debtors** item, in the amount of Euros 105.135 (31 December 2023: Euros 136.695), includes invoices issued for the re-invoicing of expenses incurred on behalf of third parties and expenses with debt recovery processes, charged to customers, and in 2023 also includes invoices issued for the re-invoicing of vehicle and insurance charges.

The item **Collateral**, in the amount of Euros 335.431 (31 December 2023: Euros 319.410) refers essentially to a collateral deposit with an international card network of Euros 267.817 (31 December 2023: Euros 251.797), as well as deductions for the Labour Compensation Fund of Euros 45.114 (31 December 2023: Euros 45.114) and a security deposit under a lease contract of Euros 22.500 (31 December 2023: Euros 22.500).

The item **Deferred charges** amounting to Euros 365.369 (31 December 2023: Euros 543.464) includes Euros 193.606 (31 December 2023: Euros 209.505) relating to software licences and operational maintenance costs, Euros 76.718 (31 December 2023: Euros 78.650) relating to insurance, Euros 50.314 (31 December 2023: Euros 142.886).

Impairment of other assets refers to impairment losses associated with invoices overdue by more than 6 months on other debtors and credit recovery expenses.

NOTE 16

RESOURCES FROM OTHER CREDIT INSTITUTIONS

This item is analysed as follows:

	Dec 2024 Euros	Dec 2023 Euros
Credit Institutions Resources		
Deposits	16 161 790	9 363 448
Interest Payable	919	1 556
	16 162 709	**9 365 004**

The heading **Deposits from credit institutions** includes demand deposits in the amount of Euros 10.821.790 (31 December 2023: Euros 5.148.516) and term deposits in the amount of Euros 5.340.919 (31 December 2023: Euros 4.216.488).

The breakdown of resources from credit institutions by contractual maturity is as follows:

	Dec 2024 Euros	Dec 2023 Euros
In Sight	10 821 790	5 148 516
Until 3 months	5 340 919	4 216 488
	16 162 709	**9 365 004**

As at 31 December 2024 and 2023, the heading Credit institutions resources includes the amount of Euros 4.890.160 and Euros 6.648.074, respectively, relating to collateral from letter of credit confirmation operations.

NOTE 17

CUSTOMER FUNDS AND OTHER LOANS

This item is analysed as follows:

	Dec 2024 Euros	Dec 2023 Euros
Deposits		
Current Accounts		
Residents	23 391 708	16 579 234
Non-Residents	13 587 371	3 982 561
	36 979 079	**20 561 795**
Term Deposits		
Residents	170 197 042	120 451 552
Non-Residents	15 464 606	32 545 919
	185 661 648	**152 997 471**
Other customer funds		
Offsetting amounts	8 556	-
Interest payable	3 284 159	2 438 979
	225 933 441	**175 998 245**

The breakdown of contractual maturity deposits is as follows:

	Dec 2024 Euros	Dec 2023 Euros
In Sight	37 667 724	20 698 819
Until 3 months	60 945 932	35 930 504
From 3 months to 1 year	102 783 193	99 211 238
More than 1 year	24 536 593	20 157 684
	225 933 441	**175 998 245**

NOTE 18

OTHER LIABILITIES

This item is analysed as follows:

	Dec 2024 Euros	Dec 2023 Euros
Public Administrative Sector	396 032	231 807
Suppliers	350 012	313 103
Other Accounts Payable	26 633	618 531
Charges Payable for Holidays and Holidays Allowances	403 857	399 532
Other Personnel Costs	95 916	94 889
Other Payable Costs	1 349 142	1 911 716
Other operations to be regularised	2 329 946	1 804 460
Revenue from deferred income	47 425	19 086
	4 998 963	**5 393 124**

The **Public Administrative Sector** heading, totalling Euros 396.032 (31 December 2023: Euros 231.807), includes the amount of Euros 311.411 (31 December 2023: Euros 158.121) relating to withholding income tax (IRS and IRC) and stamp duty, as well as the amount of Euros 72.085 (31 December 2023: Euros 86.087) relating to compulsory social security contributions.

The heading **Other charges payable** essentially refers to accrued costs payable to suppliers and service providers in the amount of Euros 1.149.142 (31 December 2023: Euros 1.463.692), and also includes specialisation of performance incentives and charges not yet invoiced.

The Other operations to be settled heading is essentially made up of the following operations, as at 31 December 2024 and 2023, respectively:

i) Liabilities associated with leases - adoption of IFRS 16 - Euros 703.629 and Euros 662.525,

ii) Other operations, essentially arising from operations carried out by clients and in the process of financial settlement in clearing systems including transfers and payments, Euros 1.641.447 and Euros 1.037.690.

NOTE 19

CAPITAL

As at 31 December 2024 and 2023, the Bank's share capital amounted to 71.000.000 euros, represented by 14.200.000 shares, fully subscribed and paid up, and is wholly owned by Banco de Negócios Internacional, S.A.

NOTE 20

RESERVES AND RETAINED EARNINGS

This item is made up as follows :

	Dec 2024 Euros	Dec 2023 Euros
Legal reserve	270 758	228 619
Retained earnings	(38 688 913)	(39 068 170)
	(38 418 155)	**(38 839 551)**

The **Retained earnings** heading originates from the negative results approved in previous years, totalling 44.746.910 euros, less the coverage of losses made by Banco de Negócios Internacional S.A. in 2012 and 2014, totalling 6.057.997 euros.

NOTE 21

STRICT FINANCIAL MARGIN

This heading is made up of:

	Dec 2024 Euros	Dec 2023 Euros
Interest and similar income:		
Cash equivalents at central banks	9 165	26 671
Loans and advances to credit institutions and central banks	3 107 192	1 371 249
Interest on financial assets at amortised cost		
Loans and advances to customers	10 089 302	7 579 143
Debt securities	1 069 471	956 547
Interest on overdue loans	37 121	27 172
Other financial assets at fair value through other comprehensive income	24 761	31 648
Interest on hedging derivatives	-	801 576
Commissions received associated with amortised cost	198 518	74 971
	14 535 531	**10 868 977**
Interest and similar charges:		
Resources of credit institutions	361 182	38 326
Interest on customer resources	6 390 159	2 714 460
Interest on hedging derivatives	-	652 910
Other loans	38 086	121 448
Commissions paid associated with amortised cost	555 314	509 362
Other	145	7 122
	7 344 886	**4 043 627**
Strict financial margin	**7 190 645**	**6 825 350**

The hedging derivatives relating to loans and advances to customers were terminated in 2023.

NOTE 22

RESULTS OF SERVICES AND COMMISSIONS

This heading is made up of:

	Dec 2024 Euros	Dec 2023 Euros
Services and Commissions Income:		
Guarantees provided	354 263	59 041
For services rendered	669 418	415 414
Other commissions received	66 317	59 586
	1 089 999	**534 041**
Services and Commissions Expenses:		
Other financial instruments' operations	-	7 085
For third part banking services	127 157	140 992
	127 157	**148 078**
Net Services and Commissions Income	**962 842**	**385 963**

The item Income from services and commissions, in the amount of Euros 1.089.999 (31 December 2023: Euros 534.041) reflects a further significant increase compared to the same period last year, essentially due to the increase in the item "**For services rendered**". This item essentially includes commissions from trade finance operations (Euros 357.743), credit operations (not associated with net interest income, Euros 99.332), payment services operations provided to customers (Euros 94.797), insurance intermediation (Euros 67.123) and maintenance of customer bank accounts (Euros 64.350).

Charges for services and commissions, in the amount of Euros 127.157 (31 December 2023: Euros 148.078), are essentially made up of banking services provided by third parties, in the amount of Euros 127.957 (31 December 2023: Euros 140.992), which essentially refer to maintenance costs and the provision of services relating to accounts opened with national (Euros 47.477) and foreign (Euros 47.791) correspondent banks and custodians and securities settlement entities (Euros 29.163).

NOTE 23

RESULTS OF FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE

The gains recognised under this heading in 2023 include the amount of Euros 4.117.999 relating to capital gains realised on the early termination of hedging derivatives.

NOTE 24

EXCHANGE RATE REVALUATION RESULTS

This item recorded a net gain of Euros 115.612 (31 December 2023 - Euros 184.411), essentially relating to the results of foreign exchange transactions brokered between clients, including credit institutions, and financial counterparties.

NOTE 25

RESULTS OF DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES AT AMORTISED COST AND OTHER OPERATING RESULTS

This heading is made up of:

	Dec 2024 Euros	Dec 2023 Euros
Result of derecognition of financial assets and liabilities at amortized cost		
Loans and advances to customers		
Gains	27 954	3 171
Losses	(6 621)	(47 556)
	21 333	**(44 385)**

On 31 December 2024, this item essentially reflects the net gains realised on the sale of part of the credit portfolio relating to the puzzle product, and on 31 December 2023 it reflects losses on the derecognition of credits, essentially from the P2P credit platforms segment.

NOTE 26

OTHER OPERATING RESULTS

This heading is made up of:

	Dec 2024 Euros	Dec 2023 Euros
Other operating income:		
Reimbursement of expenses	42 156	16 916
Others	206 517	62 884
	248 673	**79 800**
Other operating costs:		
Indirect taxes	(275 614)	(200 423)
Others	(57 923)	(152 155)
	(333 537)	**(352 578)**
	(84 864)	**(272 778)**

Other operating income includes **Reimbursement of expenses** in the amount of Euros 42.156 (31 December 2023: Euros 16.916) relating to the re-invoicing of expenses, essentially to related parties (note 35) and **Other** income in the amount of Euros 206.517 (31 December 2022: Euros 62.884) relating essentially to the recovery of overdue loans and interest (Euros 91.077 in 2024 and Euros 20.844 in 2023) and the recovery of costs incurred with suppliers (Euros 89.138 in 2024).

The heading Other operating costs includes **Indirect taxes** in the amount of Euros 275.614 (31 December 2023: Euros 200.423). The most significant cost relates to stamp duty paid by the Bank on behalf of non-resident customers in the amount of Euros 111.407 (31 December 2023: Euros 112.536). The contribution on the banking sector and the solidarity surcharge on the banking sector recorded an aggregate cost of Euros 149.067 (31 December 2023: Euros 57.221).

The caption **Other** costs, in the amount of Euros 57.923 (31 December 2023: Euros 152.155) includes, in 2024, charges with contributions to the Deposit Guarantee Fund and Resolution Fund of Euros 18.555 and charges with fees due to CMVM and SII, of Euros 13.080, and in 2023 includes losses on the sale of loans through P2P platforms, not securitised, and write-offs of credit agreements, in the amount of Euros 50.623, and contributions to the Deposit Guarantee Fund and Resolution Fund, in the amount of Euros 1.000.

NOTE 27

PERSONNEL COSTS

This heading is made up of:

	Dec 2024 Euros	Dec 2023 Euros
Remuneration	3 452 321	3 280 751
Mandatory social charges	720 848	694 254
Other charges	276 213	828 213
	4 449 383	**4 803 218**

The item Other expenses, amounting to Euros 276.213 (31 December 2023: Euros 828.213), is essentially made up of amounts relating to work accident insurance and health insurance costs, training costs, cafeteria costs and occupational medicine costs. The amount for 2023 also includes indemnities or compensation for termination of employment.

The number of employees working for the Bank on 31 December 2024 and 2023, broken down by main professional category, was as follows:

	Dec 2024	Dec 2023
Administration	2	3
Heads of business areas	5	5
Heads of support areas	6	6
Heads of control areas	3	3
Technicians	48	48
Secretarial Staff	2	2
Trainees	4	6
	70	**73**

The remuneration paid to the Bank's management and supervisory bodies for the years ended 31 December 2024 and 2023 was as follows:

	Dec 2024 Euros	Dec 2023 Euros
Management Body		
Vitor José Barosa Carvalho	183 255	176 788
João Paulo Jabour Brunet	-	526 097
Bruno Miguel Esperança Batista	174 981	147 288
Supervisory Board		
Telmo Francisco Salvador Vieira	77 342	74 700
Isabel Gomes de Novais Paiva	61 880	59 760
João Carlos Espanha Pires Chaves, Numenor	61 877	59 760
	559 335	**1 044 393**

João Paulo Jabour Brunet's remuneration in 2023 includes 350.000 euros, awarded as compensation in connection with the termination of his duties on 31 December 2023.

NOTE 28

GENERAL ADMINISTRATIVE EXPENSES

This heading is made up of:

	Dec 2024 Euros	Dec 2023 Euros
Supplies	92 365	78 108
Services	4 261 952	4 411 482
Banking Core	600 245	542 712
IT Licences and SAAS	552 467	467 595
HR Outsourcing	525 246	527 992
IT Infrastructure	517 583	437 965
Payment means	404 651	357 284
Real Estate Services	167 668	89 253
Specialised Information Services	158 190	152 597
Regulatory Consultancy	152 037	128 487
Sponsorship	137 307	128 539
Cybersecurity	116 687	71 044
IT Consultancy	110 628	171 821
Certification of Accounts and services required of the Statutory Auditor	109 800	119 296
Regulatory Reporting Services	62 831	35 874
HR Services	55 025	127 425
Legal Consultancy and Legal Services	52 947	317 851
Tax Consultancy	46 428	58 550
Financial and Business Consultancy	23 353	110 861
Insurance	22 675	12 576
Servicing Platforms	17 705	50 976
Mobile Communications	10 913	19 698
Other	417 566	483 084
	4 354 317	**4 489 589**

The **Supplies item**, in the amount of Euros 92.365 (31 December 2023: Euros 78,108) refers essentially to costs with fuel, electricity and current consumption material.

The fees invoiced (excluding VAT) by the Bank's Statutory Auditors, included under the heading Certification of Accounts and services required from the Statutory Auditor, were as follows for the years 2024 and 2023:

	Dec 2024 Euros	Dec 2023 Euros
Mazars		
Legal review services	74 400	74 380
Reliability assurance services	24 100	14 050
	98 500	**88 430**

Reliability assurance services essentially refer to assessing the adequacy of the process for quantifying the impairment of the loan portfolio (Instruction n.º 5/2013, amended by Instruction n.º 18/2018 of the Bank of Portugal).

NOTE 29

AMORTISATION AND DEPRECIATION

This heading is made up of:

	Dec 2024 Euros	Dec 2023 Euros
Tangible Assets:		
Real estate:		
Works in rented properties	11 427	11 443
Equipment:		
Furniture and materials	19 359	20 345
Machinery and tools	898	891
IT equipment	879	1 301
Security equipment	1 907	1 907
Other equipment	207	593
Leased assets (IFRS 16):		
Cars	192 369	173 012
Facilities	288 359	261 141
IT equipment	32 136	32 136
	547 540	**502 769**
Intangible Assets:		
Software	767 487	780 762
	767 487	**780 762**
	1 315 027	**1 283 530**

NOTE 30

IMPAIRMENTS AND PROVISIONS

Movements in impairments and provisions are analysed as follows:

	Impairment							Provisions		
	Cash and Cash Equivalents at credit institutions (Note 6)	Financial assets at amortized cost - loans to customers (Note 9)	Financial assets at amortized cost - debt securities (Note 10)	Financial assets at amortized cost - Investments in OIC (Note 8)	Other Assets (Note 15)	Intangible Assets (Note 12)	Total	Off balance Exposures	Risk and Fees	Total
At 1 January 2023	5 325	4 570 555	1 400 054	18 495	185 668	1 017 079	7 197 176	240	584 032	584 274
Movement in the period:										
Allocation	24 833	1 364 026	147 430	72 580	3 166	-	1 612 035	45 547	38 789	84 336
Reversals	(25 684)	(957 559)	(234 642)	(77 802)	(12 306)	(332 675)	(1 640 667)	-	(101 238)	(101 238)
Exchange rate differences	(376)	6 575	(1 510)	367	-	-	5 056	-	-	-
Transfers	6 278	-	-	(6 278)	-	-	-	-	-	-
Utilization	-	(1 110 297)	(57 285)	-	-	-	(1 167 582)	-	(221 000)	(221 000)
	5 052	(697 254)	(146 008)	(11 133)	(9 140)	(332 675)	(1 191 158)	45 547	(283 449)	(237 902)
At 31 December 2023	10 377	3 873 301	1 254 046	7 362	176 527	684 405	6 006 018	45 787	300 583	346 372
At 1 January 2024	10 377	3 873 301	1 254 046	7 362	176 527	684 405	6 006 018	45 787	300 583	346 372
Movement in the period:										
Allocation	4 416	3 336 964	188 891	66 254	7 526	-	3 604 052	67 144	133 920	201 064
Reversals	(14 630)	(3 343 702)	(312 840)	(67 389)	(38 926)	(332 675)	(4 110 162)	(14 298)	(138 161)	(152 459)
Exchange rate differences	304	(4 707)	(491)	1 398	-	-	(3 496)	9	-	9
Transfers	-	-	-	-	-	-	-	(2 778)	2 778	-
Utilization	-	(316 213)	(493 713)	-	-	-	(809 926)	-	(17 000)	(17 000)
	(9 910)	(327 657)	(618 153)	262	(31 400)	(332 675)	(1 319 533)	50 077	(18 463)	31 614
At 31 December 2024	466	3 545 643	635 893	7 625	145 127	351 730	4 686 485	95 865	282 120	377 986

NOTE 31

TAXES

The tax charge on profits for the year breaks down as follows:

	Dec 2024 Euros	Dec 2023 Euros
Current Taxes:		
For the period	101 975	136 000
	101 975	**136 000**
Deferred taxes:		
Temporary differences		
Movements in the year (Note 14)	318 102	204 249
	318 102	**204 249**
Taxes	**420 077**	**340 249**

The Bank is subject to corporate income tax (IRC) and the corresponding municipal surcharge. The tax rate used to determine the amount of current tax in the Bank's financial statements is as follows:

	Dec 2024	Dec 2023
	Euros	Euros
Tax rate	21,00%	21,00%
Minicipal surtax	1,50%	1,50%
State Surtax:		
- Taxable Profit between €1,5 million and €7,5 million	3,00%	3,00%
- Taxable Profit between €7,5 million and €35 million	5,00%	5,00%
- Taxable Profit in excess of €35 million	9,00%	9,00%
Weighted average rate applicable to the Bank	22,50%	22,50%

In Portugal, annual tax returns are subject to review and possible adjustment by the tax authorities for a period of 4 years. In the event that tax losses are presented, income declarations may be subject to review by the tax authorities until the period in which they can be utilised.

It is therefore possible that corrections to the tax base may occur, mainly as a result of differences in the interpretation of tax legislation. However, the Bank's management is convinced that there will be no significant corrections to the taxes on profits recorded in the financial statements.

As mentioned in note 2.9 and note 3.1, the Bank periodically assesses the likelihood of recovering tax losses by reviewing the level of execution of the Business Plan and the main critical variables and estimates underlying it.

The deferred tax asset recognised and relating to tax losses is detailed in note 14, and already takes into account the effects of the changes introduced by Law 45-A/2024, of 31 December, relating to the State Budget for 2025, and the reduction in the corporate income tax rate from 21% to 20%.

As also detailed in note 14, the negative impact of this rate reduction in the 2024 financial year was €487.017, which means that if it had not occurred, the charge of €318.102 detailed above in terms of **Deferred Taxes** would have been negative (due to an increase in deferred tax assets) by €168.915, the total tax charge would have gone from the €420.077 shown above to €66.915. 915, the total tax charge would have gone from the €420.077 shown above to €66.940 (moving from a situation of a positive tax charge to a negative one, typically associated with years of tax losses, as was the case in 2024), and the Bank's net profit would have been improved by this amount of €487.017, and would have gone from €1.838.189 to €1.351.172.

The reconciliation of the amount of tax for the year is as follows:

	Dec 2024		Dec 2023	
	%	Euros	%	Euros
Result before taxes		(1 418 112)		761 645
Tax calculated based on tax rate	21,00%	297 804	21,00%	(159 945)
Reduction in corporate income tax rate from 21% to 20%	-34,34%	(487 017)	0,00%	-
Use of tax losses	0,00%	-	-35,67%	271 647
Constitution/(reversal) of deferred taxes	4,00%	56 774	26,82%	(204 249)
Corrections relating to previous years	0,00%	(16)	0,74%	(5 625)
Tax impairment already deductible/(non-deductible)	-10,06%	(142 674)	13,78%	(104 955)
Non-deductible costs	-5,14%	(72 916)	8,58%	(65 344)
Tax/accounting capital gains and losses	0,00%	-	-0,65%	4 956
Tax benefits	2,14%	30 378	-3,86%	29 400
Municipal surcharge	0,00%	-	-0,10%	(6 269)
Autonomous taxation	13,39%	(102 017)	-3,80%	(99 865)
Tax (IRC)	**-9,03%**	**(420 077)**	**26,84%**	**(340 249)**

NOTE 32

EARNINGS PER SHARE

Earnings per share are calculated as follows:

	Dec 2024 Euros	Dec 2023 Euros
Net Income	(1 838 189)	421 396
Average Number of Shares	14 200 000	14 200 000
Earnings per share (base)	**(0,13)**	**0,03**
Earnings per share (diluted)	**(0,13)**	**0,03**

Basic earnings per share are calculated by dividing net income by the weighted average number of ordinary shares outstanding during the year. No capital increase was carried out in 2024 and 2023.

Diluted earnings per share are calculated by adjusting the effect of all dilutive potential ordinary shares to the weighted average number of ordinary shares outstanding and net income.

On 31 December 2024 and 2023, there were no dilutive potential ordinary shares issued by the Bank, so diluted earnings per share are equal to basic earnings per share.

NOTE 33

RISK MANAGEMENT

Banco BNI Europa is exposed to the following main risks in the context of the development of its activity:

Credit

Credit risk management involves systematically monitoring the life cycle of transactions, i.e. identifying, measuring, controlling and monitoring them until they are fully settled. The Bank assesses its exposures on a case-by-case basis, identifying the inherent and potential risks, endeavouring to guarantee levels of profitability adjusted to the respective risk of the counterparties and operations, in accordance with the type of product and target market it is aimed at. This decision-making is done in conjunction with the Credit Granting Policy, which defines the acceptance models in production for each business area, as well as the respective delegation schemes and the issuing of decision-making opinions.

When applying for loans to companies or private customers in the “Prime” segment, the analysis is carried out on a case-by-case basis, with a level of scrutiny and depth on the entire credit and customer environment, so that decisions can be made on a properly informed basis.

The loan portfolio is monitored systematically, by monitoring customers' financial capacity to service their debt, their availability with the Bank, checking that their obligations to the Bank and the national banking system are being met on time and monitoring warning signs. In the specific case of the Portuguese market, recourse to the information contained in the Bank of Portugal's Central Credit Register and other public information databases is an indispensable practice for assessing customer creditworthiness.

As part of its mortgage lending activity, the Bank has property as collateral for loans granted both in the Portuguese market and in Spain. With regard to these operations, Banco BNI Europa has the necessary means to ensure the correct valuation of these properties, as well as the maintenance and monitoring of their market value throughout the life of the respective loans.

On the reference date of 31 December 2024, 7,24% of the loans and advances granted were recorded as non-performing (in accordance with the EBA guidelines on the publication of non-performing or deferred exposures - EBA/GL/2018/10). The impairments recorded as at 31 December 2024 on the loan portfolio, not taking into account Cash and Investments in Credit Institutions and Central Banks and the securities portfolio, represent around 4,2 million euros, or 2,91% of the total loan portfolio as at that date.

Market

Market risk reflects the potential loss that may be recorded by a given portfolio as a result of unfavourable movements in the market price of the instruments in the trading portfolio, caused by fluctuations in share prices, commodity prices, interest rates, exchange rates.

At the reference date of this report, Banco BNI Europa does not have any registered positions in any trading portfolio.

Exchange rate

Exchange rate risk consists of the probability of negative impacts on results or capital due to adverse movements in exchange rates.

As at 31 December 2024, Banco BNI Europa's exposure to this risk is essentially associated with the exchange rate exposure shown below.

Figures in thousands of euros

Assets	Currency USD	GBP	Total
Cash and deposits at central banks	0	-	0
Cash on hand at other credit institutions	568	2	569
Investments in other credit institutions	9 302	-	9 302
Loans and advances to customers and securities portfolio	143	-	143
Other financial assets at fair value through profit or loss	-	-	-
Total assets	**10 013**	**2**	**10 014**

Liabilities	USD	GBP	Total
Resources of central banks	-	-	-
Resources of other credit institutions	5 263	1	5 265
Resources of customers and other loans	4 952	-	4 952
Total liabilities	**10 215**	**1**	**10 216**

GAP (Assets - Liabilities)	**(202)**	**0**	**(202)**

On 31 December 2023, the exchange rate exposure was distributed as follows:

Figures in thousands of euros

Assets	Currency USD	GBP	Total
Cash on hand at other credit institutions	6 164	2	6 166
Investments in other credit institutions	5 125	-	5 125
Loans to customers	180	-	180
Total Assets	**11 470**	**2**	**11 471**

Liabilities			
Resources of other Credit Institutions	5 178	1	5 180
Resources from customers and other loans	4 841	-	4 841
Total Liabilities	**10 020**	**1**	**10 021**

Net Position	**1 450**	**0**	**1 450**

Liquidity

Banco BNI Europa's liquidity management policy is defined at the highest level of the management structure. The balance sheet financing structure is based on the systematic assessment of the masses of assets and liabilities, their maturities and the optimisation of funding costs.

As at 31 December 2024 and 2023, the forecast cash flows of the financial instruments, in relation to residual maturity, depending on the contract, are as follows:

- 31 December 2024:

Figures in thousands of euros

	At sight	Up to 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 years	Total
Assets	Euros	Euros	Euros	Euros	Euros	Euros
Cash and cash equivalents in central banks	101 994	-	-	-	-	101 994
Cash on hand at other credit institutions	1 593	-	-	-	-	1 593
Investments in Credit Institutions	-	12 805	0	-	-	12 806
Loans and advances to customers and securities portfolio	3 733	10 066	11 812	21 752	101 089	148 452
Other financial assets at fair value through profit or loss	1 143	-	-	-	-	1 143
Total Assets	**108 462**	**22 871**	**11 812**	**21 752**	**101 089**	**265 987**
Liabilities	Euros	Euros	Euros	Euros	Euros	Euros
Central bank resources	-	-	-	-	-	-
Resources from other credit institutions	10 822	5 341	-	-	-	16 163
Resources from customers and other loans	97 575	47 004	63 468	17 886	-	225 933
Total liabilities	**108 397**	**52 345**	**63 468**	**17 886**	**-**	**242 096**
GAP (Assets - Liabilities)	**65**	**(29 473)**	**(51 656)**	**3 865**	**101 089**	**23 891**

- 31 December 2023:

Figures in thousands of euros

Assets	At sight	Up to 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 years	Total
	Euros	Euros	Euros	Euros	Euros	Euros
Cash and cash equivalents in central banks	37 862	-	-	-	-	37 862
Cash on hand at other credit institutions	7 192	-	-	-	-	7 192
Investments in Credit Institutions	-	8 627	-	-	-	8 627
Loans to customers	2 434	3 978	28 480	23 602	94 639	153 132
Other financial assets at fair value through profit or loss	-	-	-	4 024	-	4 024
Total Assets	**47 487**	**12 605**	**28 480**	**27 626**	**94 639**	**210 836**
Liabilities						
Resources of other Credit Institutions	5 149	4 216	-	-	-	9 365
Resources from customers and other loans	20 699	35 931	99 211	20 158	-	175 998
Total Liabilities	**25 847**	**40 147**	**99 211**	**20 158**	**-**	**185 363**
GAP (Assets - Liabilities)	**21 640**	**(27 542)**	**(70 732)**	**7 468**	**94 639**	**25 473**

Interest rate

As at 31 December 2024 and 2023, respectively, the financial instruments sensitive to interest rate risk exposure are presented as follows according to the remaining period for resetting the respective interest rate:

- 31 December 2024:

Figures in thousands of euros

Assets	Non-Sensible	Up to 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 years	Total
	Euros	Euros	Euros	Euros	Euros	Euros
Cash and deposits at central banks	101 994	-	-	-	-	101 994
Deposits at other credit institutions	1 593	-	-	-	-	1 593
Loans and advances to credit institutions	-	12 805	0	-	-	12 806
Loans and advances to customers and securities portfolio	5 942	53 101	56 654	14 987	17 768	148 452
Other financial assets at fair value through profit or loss	1 143	-	-	-	-	1 143
Total assets	**110 672**	**65 906**	**56 655**	**14 987**	**17 768**	**265 987**
Liabilities	**Euros**	**Euros**	**Euros**	**Euros**	**Euros**	**Euros**
Deposits from other credit institutions	16 163	-	-	-	-	16 163
Deposits from customers and other loans	42 270	98 163	70 079	15 421	-	225 933
Total liabilities	**58 433**	**98 163**	**70 079**	**15 421**	**-**	**242 096**
GAP (Assets - Liabilities)	**52 239**	**(32 257)**	**(13 424)**	**(434)**	**17 768**	**23 891**

- 31 December 2023:

Figures in thousands of euros

Assets	Non-Sensible	Up to 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 years	Total
	Euros	Euros	Euros	Euros	Euros	Euros
Cash and cash equivalents in central banks	37 862	-	-	-	-	37 862
Cash on hand at other credit institutions	7 192	-	-	-	-	7 192
Investments in Credit Institutions	-	8 627	-	-	-	8 627
Loans to customers	2 298	49 309	59 202	24 665	17 690	153 164
Other financial assets at fair value through profit or loss	-	-	-	4 024	-	4 024
Total Assets	**47 352**	**57 936**	**59 202**	**28 689**	**17 690**	**210 868**
Liabilities						
Resources of other credit institutions	9 365	-	-	-	-	9 365
Resources from customers and other loans	23 751	74 952	64 711	12 584	-	175 998
Total Liabilities	**33 116**	**74 952**	**64 711**	**12 584**	**-**	**185 363**
GAP (Assets - Liabilities)	**14 236**	**(17 016)**	**(5 509)**	**16 105**	**17 690**	**25 505**

NOTE 34

LOAN PORTFOLIO IMPAIRMENT

QUALITATIVE DISCLOSURE

- Credit Risk Policy

Banco BNI Europa's credit risk management process follows the policies set out in this chapter. These policies also define the philosophy underlying the activities of this process.

Create an appropriate credit risk management environment

- Defining, reviewing and periodically approving Banco BNI Europa's Credit Risk Management, Credit Granting and Credit Risk Appetite Policies;

- Implementing the Credit Risk strategy and developing processes and procedures to identify, quantify, monitor and control this risk, using indicators appropriate to the portfolios and products marketed by Banco BNI Europa;
- Manage the credit risk inherent in all products and business areas;
- Ensuring that the methodologies used, particularly with regard to predictive models, are developed and implemented in accordance with best practice; and
- Ensuring that all employees are able to carry out the duties assigned to them, respecting Banco BNI Europa's ethical and professional principles.

Ensure adequate controls over credit risk management

- Establishing a system that respects the independence requirements of credit risk management; and
- Ensure that the credit risk management function is being effectively managed and controlled.

Operate through clear credit granting processes

- Define credit risk approval criteria in a way that is clear to the entire organisation, by keeping the Credit Granting Policy up to date, which includes the delegation of decision-making powers by the credit granting areas;
- Clearly defining and communicating the processes and hierarchical levels for approving/granting new loans and changes to existing loans;
- Ensure credit portfolio concentration levels appropriate to the strategy defined by the Board of Directors; and
- Keeping the Related Party Transaction Control Policy up to date and appropriate, with the aim of implementing principles of independence and impartiality in the granting and assignment of credit to companies related to Banco BNI Europa, as well as to its employees.

Create and maintain an appropriate credit risk monitoring system

- Ensure a process of continuous monitoring of the credit portfolio and verify the adequacy of the level of impairments constituted;

- Submit all Customers / Counterparties / Issuers and all operations to a credit risk assessment based on risk assessment models appropriate to the credit portfolio (risk profile, size and product characteristics), or through case-by-case analysis, as applicable and taking into account the characteristics of the risk-taking; and
- Consider external market conditions and monitor the evolution and trend of key economic indicators, such as unemployment rates, GDP, interest rates, stock market indices, in order to perceive the potential effects on Banco BNI Europa's activity and to what extent they may condition the respective risk appetite, with a view to optimising the Bank's economic and financial performance.

To recover overdue credit effectively and quickly

- Ensure the monitoring of ongoing recovery processes and the existence of recovery practices, differentiated by customer segment and type of product, whether promoted internally or through specialised external companies; and
- Ensure periodic monitoring of the performance of credit recovery indicators, in addition to LGD parameters, given their relevance in determining credit impairment and, consequently, in Banco BNI Europa's results.

Ensuring that operations comply with national laws and regulations issued by the Bank of Portugal

- Ensure that credit operations and internal rules comply with the law and regulations;
- In particular, comply with the provisions of Bank of Portugal Notice nº. 4/2017 of 22 September 2017, Bank of Portugal Notice nº. 3/2018 of 1 February 2018 and the Bank of Portugal Recommendation for new credit agreements with consumers.

Credit approval powers

- The Bank has rules for granting credit, duly approved by the Board of Directors, which are set out in the Credit Granting Policy, which is subject to a procedure that requires it to be reviewed periodically, with a minimum of at least once a year;
- The Credit Granting Policy defines the guiding principles for granting credit, through the procedures and rules to be applied at each stage of the operations' life cycle. This Policy

is published on the Bank's internal portal and is therefore known to all employees in general and, in particular, to those who closely manage customers and active operations.

The Credit Granting Policy includes:

- ✓ The elements that must make up a credit proposal, with particular focus on all the elements necessary to apply the subsequent procedures inherent in analysing the risk associated with the Customer and the operations related to them;
- ✓ The detail that must be taken into account in all analyses of credit proposals, as well as the elements necessary for an adequate risk assessment of the customer and the operations in question, particularly with regard to analysing their creditworthiness, enabling support for the decision to approve or refuse;
- ✓ The delegation of powers, illustrated in a grid of its own, and defined according to the relevant axes that are most appropriate for the types of loans that currently make up the Bank's customer portfolio.

- Credit write-off policy

As a general principle, debt derecognition is applied when the situation is assessed and it is understood that removing the asset from the balance sheet is more economically efficient than keeping it. A loan is written off when its recovery is considered to have a low or zero probability of occurring and the LGD recorded covers 100 per cent of the total exposure.

- Impairment reversal policy

The reversal of loan impairment consists of the reduction or cancellation, in a given reporting period, of impairment amounts recorded in previous periods. The amount resulting from the reversal may not exceed the accumulated impairment amounts recorded previously, and the Bank may reverse the impairment amounts recognised under the following conditions:

- Payment by the customer (without recourse to new credit at the Bank) of overdue interest and/or capital;
- When specific provisions are reduced due to an improvement in the risk outlook;
- Improvement of the risk class corresponding to the qualitative table;

- Obtaining new collateral or increasing the value of existing collateral;
- By increasing the value of existing collateral pledged as security, provided its valuation is less than 1 year old and has been carried out by an independent valuer (in the case of real estate); and
- In the case of financing real estate projects, when the value of the project underlying the financing improves the LTV or when more favourable conversion factors are applied to the guarantees issued by the Bank underlying the project.

- Description of the restructuring measures applied and their associated risks, as well as their control and monitoring mechanisms.

With regard to restructured credit, Banco BNI Europa follows the provisions of Commission Implementing Regulation (EU) 2015/227 of 9 January 2015, supplemented by the EBA guidelines on the same subject, EBA/GL/2018/10 of 17 December 2018.

In accordance with these guidelines, the Bank will, as soon as facts warrant it, identify and mark in its information systems the credit agreements of a customer in financial difficulties, whenever there are changes to the terms and conditions of these agreements resulting from the identification of the customer's financial difficulties.

The Credit Recovery and Restructuring and Management of Non-Productive Exposures and Restructured Exposures Policies include the application of these guidelines within the framework of the Bank's activity.

On the reference date of 31 December 2024, Banco BNI Europa has a portfolio of restructured loans representing 2,8% of the total loan portfolio, which although not insignificant, almost 87% of this portfolio refers to a specific situation of a single customer, who is expected to leave this classification soon.

- Description of the valuation and collateral management process

Valuer Selection Policy

Whenever necessary, Banco BNI Europa uses independent external valuers to obtain a valuation of any collateral to be obtained, or to update the value of collateral associated with loans on the balance sheet. To this end, the Bank incorporates into its internal policies requirements to request different commercial proposals in order to promote comparability between different offers, while maintaining proximity to the market for services in this area.

In this regard, the criteria for contracting services guarantee:

- The independence of the appraiser;
- That the appraiser is registered with the CMVM as an independent appraiser; and
- That the appraisal methodologies used are prudent and appropriate to the condition and type of property being appraised.

In accordance with the provisions of Circular Letter Nº. 54/2014/DSC of the Bank of Portugal, the Bank will make the external property valuation report available to its customers, whenever the valuation costs are borne by them.

Frequency of revaluation

Collateral should be revalued in accordance with the rules laid down by the supervisor, namely in compliance with the deadlines and procedures set out in Notice No. 5/2006 of the Bank of Portugal, of 11 June 2006, and in Article 208(3) of Regulation (EU) No. 575/2013 (CRR) of the European Parliament and of the Council of 26 June 2013.

The valuation of real estate to be received as collateral for loans must be carried out prior to its acceptance (as a condition for the loan to be granted) and the registration of the credit.

The revaluation of mortgaged properties shall be carried out:

a) Whenever there may have been a substantial decrease in the value of the property, according to credible and substantiated information obtained by Banco BNI Europa;

b) At least every three years, for loans exceeding 5% of the Bank's Own Funds or EUR 3 million of exposure; and

c) For loans not exceeding EUR 3 million or 5% of the institution's own funds, the associated collateral must be revalued at least every five years.

Collateral registration

The registration of all relevant information related to guarantees received as collateral is ensured through the processes established at Banco BNI Europa, supported by appropriate processes and technology.

Collateral valuation

In order to analyse the adequacy of collateral valuations, the age of the valuation supporting the current valuation of each guarantee received by Banco BNI Europa as collateral must be taken into account. In this regard, where applicable, the Bank has recent valuations, in accordance with the frequency defined in Notice No. 5/2006 of the Bank of Portugal, of 11 June 2006.

It is the policy of Banco BNI Europa to keep valuations up to date and to value collateral in accordance with such valuations, avoiding the application of generic haircuts.

- Nature of the main judgements, estimates and assumptions used in determining impairment.

BNI Europa Bank follows the provisions of IFRS 9 – Financial Instruments in this regard. The internal policies and procedures that BNI Europa Bank has defined for the purpose of calculating impairment are conservative and appropriate for the credit portfolio.

The policies, procedures and methodologies will evolve in line with macroeconomic trends, the characteristics of the portfolio and in accordance with the risk policies adopted in line with the Bank's strategy.

- Description of impairment calculation methodologies, including how portfolios are segmented to reflect different credit characteristics

In accordance with IFRS 9 – Financial Instruments, insignificant customer loans may be included in segments, known as stages, which represent similar credit risk characteristics and may be assessed for impairment purposes using collective analysis models.

In addition, Banco BNI Europa may increase the granularity of this segmentation by using outputs generated from stochastic models such as Ratings and/or Scores.

As a result of this segmentation, Banco BNI Europa applies an appropriate methodology to obtain estimates of Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default

(EAD) parameters (where applicable), depending on the quantity and robustness of the internal data available.

Namely, in cases where there is insufficient robust information to develop models with more advanced estimation capabilities, the Bank uses extrapolation methods to obtain curves that reflect the appropriate PD and LGD, based on information obtained from the market or the originator itself, duly verified, and incorporating appropriate levels of prudence.

Where existing information allows, Banco BNI Europa ensures the development of more advanced models, where estimates of PD, LGD and EAD parameters (where applicable) are obtained based on observable samples of internal data, and supplemented with forward-looking scenarios of the macroeconomic context, in order to ensure the point-in-time appropriateness recommended in the applicable standards and regulations.

Nevertheless, Banco BNI Europa includes in its Impairment Manual a set of criteria that allow the identification of risk positions that should be subject to individual analysis in order to determine a more appropriate level of impairment for these particular contexts.

- Indication of impairment indicators by credit segment

In accordance with applicable best practices, Banco BNI Europa must ensure the timely identification of expected losses and the respective accounting recognition of associated impairments, adopting conservative impairment indicators appropriate to each type of credit or customer.

In accordance with Circular Letter No. 62/2018 of the Bank of Portugal, Banco BNI Europa considers the following events as evidence of a significant increase in credit risk:

- Credit with late payment of principal, interest, commissions, or other expenses exceeding 30 days;
- Credit restructured due to the debtor's financial difficulties;
- Credit whose debtor meets at least two of the following criteria, when occurring after the initial recognition of the transaction:

    (i) Registration of at least one credit in default with the Credit Responsibility Center;

(ii) Presence on lists of users of checks that pose a risk or have been protested/not collected;

(iii) Debts to the Tax Administration, Social Security, or employees, in default;

(iv) Other indications that trigger internal alert levels.

Similarly, Banco BNI Europa considers the following events to be indicators of impairment:

- Credit with late payment of principal, interest, commissions, or other expenses exceeding 90 days;
- Existence of a reduced probability that the debtor will fully comply with its credit obligations to the institution, with repayment of the debt depending on the creditor's enforcement of any guarantees received.
- Operations restructured due to the debtor's financial difficulties when any of the following situations occur:

    (i) The restructuring is supported by an inadequate payment plan. Among other aspects, a payment plan is considered inadequate when it shows successive defaults, the operation has been restructured to avoid defaults, or it is based on expectations that are not supported by macroeconomic forecasts;

    (ii) Restructured loans include contractual clauses that extend the repayment of the transaction, namely with the introduction of a grace period of more than two years for the payment of principal;

    (iii) Loans restructured due to the debtor's financial difficulties that, during the cure period, are restructured again due to the debtor's financial difficulties or have overdue principal or interest exceeding 30 days.

- Indication of thresholds defined for individual analysis

Banco BNI Europa applies the following criteria for the purpose of assessing impairment through individual analysis:

i) Credit exposure exceeding €500.000, regardless of the stage of the credit (with the exception of the Reverse Mortgage product, for which the minimum limit is €1.000.000);

ii) Credit exposure exceeding €100.000 that is in stage 2 or stage 3 (with the exception of credit granted by credit platforms);

iii) Any level of credit exposure or stage, if the expert judgment of the business unit that monitors the segment in which the customer operates is critical, and this results in a relevant contribution to a more consistent calculation of the impairment value. An example of this situation could be the process of enforcing collateral associated with credit lines where the amount receivable is higher or lower than estimated in the collective impairment model.

This analysis is carried out at least quarterly, and may be triggered monthly whenever relevant information so requires, and is carried out in a separate document.

All exposures that do not meet at least one of the above criteria will be subject to collective impairment calculation.

Credit portfolios should be grouped based on similar risk characteristics that are sufficiently granular to allow for an adequate assessment of changes in credit risk and, thus, the impact on the estimate of expected credit losses for this segment.

In the case of exposures exceeding €100,000 which, after individual analysis, show no signs of impairment, they are subject to collective impairment testing.

- Policy on internal risk grades, specifying the treatment given to a borrower classified as in default

BNI Europa Bank does not yet have an internal risk rating model, given the lack of historical data that would enable its modeling.

With regard to borrowers in default associated with products that Banco BNI Europa has launched on the Portuguese market, these are handled by the credit recovery department or the legal department in the event of litigation. When the borrowers concerned are associated with loans that have been acquired or granted through platforms based in jurisdictions outside Portugal, those entities are duly equipped, either with their own resources or through external entities, with all the credit recovery processes appropriate for the products or types of credit concerned.

- General description of how the present value of future cash flows is calculated when determining individually and collectively assessed impairment losses

Whenever the calculation of the present value of future cash flows is applicable, namely in models for obtaining estimates for LGD parameters to be used for calculating impairment on portfolios subject to collective analysis, Banco BNI Europa applies a discount rate that is the original contract rate.

In cases where the Bank uses estimates based on historical data from the platforms with which it interacts, an assessment is made to ensure that the methods used are in line with, or even more conservative than, the levels of prudence applicable in the case of calculations that can be made when a significant amount of data is available.

In situations where Banco BNI Europa applies an impairment calculation based on an individual analysis, the valuation model follows the recommendations of Circular Letter No. 62/2018, issued by Banco de Portugal on November 15, 2018, adopting the practices recommended by the regulator and established in IFRS 9, in accordance with the Impairment Manual approved by the Board of Directors.

- Description of the emerging periods used for the different segments and justification of their suitability

Where applicable, Banco BNI Europa applies a twelve-month emergent period to obtain PD estimates, particularly for contracts included in stage 1, i.e., those with low credit risk.

As mentioned in the previous point, whenever the Bank uses parameters provided by credit origination platforms, an assessment is carried out to ensure that conservative levels of prudence are adopted in calculating these estimates.

- Detailed description of the cost associated with credit risk, including disclosure of PD, EAD, LGD, and cure rate

In line with what is presented in the section dedicated to Risk Management and Internal Control, the total impairment calculated on the reference date is €5.145 thousand euros, which is distributed as follows: €5.087 thousand euros relating to the customer loan portfolio and structured bond loans, €41 thousand euros relating to debt securities, and €18 thousand euros relating to investments and cash in OICs.

The details of credit risk exposure are presented in the following table, together with the amount of the respective impairments:

Figures in thousands of euros

Item	Gross Exposure	Impairment	Impairment Rate	Net Exposure
Credit granted directly	142 604	3 546	2,5%	139 059
P2P Structured Bond Credit	920	629	68,4%	290
Debt Securities	10 253	7	0,1%	10 246
Cash Equivalents and Investments at OIC's and Central Banks	116 400	8	0,0%	116 392
Total Balance Sheet	**270 177**	**4 190**	**1,6%**	**265 987**
Total Non-Balance Sheet	**54 251**	**192**	**0,4%**	**54 059**

Cash and cash equivalents in credit institutions and investments in central banks are analyzed as follows:

Figures in thousands of euros

	Cash Equivalents and Investments at OIC's and Central Banks		
Item	**Gross Exposure**	**Impairment**	**Net Exposure**
Cash and cash equivalents in central banks	101 994	-	101 994
Cash and cash equivalents in OICs	1 593	0	1 593
Investments in OICs	12 813	8	12 806
Total	**116 400**	**8**	**116 392**

Thus, on December 31, 2024, cash and deposits in credit institutions and central banks amounted to €102 million euros, representing an increase of 90% compared to December 2023.

The following table shows the distribution of impairment calculated on the outstanding loan portfolio (including direct loans and loans as underlying assets of bonds), according to the types of credit that comprise it.

Credit Segments	Credit	Total Impairment	Impairment Rate
Total Credit	**143 523 684**	**4 174 780**	**2,91%**
Private Mortgages	93 093 720	1 395 049	1,50%
Consumer Credit	1 364 217	888 564	65,13%
Companies - Medium/Long Term	34 174 056	691 660	2,02%
Companies - Short Term	14 891 690	1 199 506	8,05%
of which P2P Platforms	***1 566 387***	***1 068 156***	***68,19%***

Impairment is calculated on a collective basis across all credit portfolios, although there are criteria for applying calculations on an individual, case-by-case basis.

QUANTITATIVE DISCLOSURE

The credit portfolio, as of December 31, 2024, is characterized as follows:

a) Details of exposures and impairments arising from credit performance

Credit Performance	Credit	Balance Sheet Impairment	Impairment Rate
Total Credit	**143 523 684**	**4 174 780**	**2,91%**
Productive Exposures	131 355 948	1 200 928	0,91%
Non-Productive Exposures	12 167 736	2 973 852	24,44%

b) Impairment detail by stage and credit portfolio

Impairment by Stage	Stage 1	Stage 2	Stage 3	Total
Total Impairment - Credit	**935 488**	**265 439**	**2 973 852**	**4 174 780**
Private Mortgages	629 850	227 347	537 852	1 395 049
Consumer Credit	6 769	2 638	879 157	888 564
Companies - Medium/Long Term	161 626	17 025	513 009	691 660
Companies - Short Term	137 243	18 428	1 043 834	1 199 506

NOTE 35

TRANSACTIONS WITH RELATED PARTIES

All transactions and operations carried out by the Bank with related parties in a controlling or group relationship are cumulatively conducted under normal market conditions for similar transactions and are part of the Bank's current activities.

On December 31, 2024, and 2023, the list of related entities was as follows:

Shareholders
BNI - Banco de Negócios Internacional, S.A.

Beneficial Owner
Mario Abílio Pinheiro Rodrigues Moreira Palhares

Corporate Bodies	
Vitor José Barosa Carvalho	Chairman of the Board of Directors and of Executive Committee
Bruno Miguel Esperança Batista	Member of the Board of Directors and of Executive Committee
João Paulo Jabour Brunet*	Member of the Board of Directors and of Executive Committee
Telmo Francisco Salvador Vieira	Chairman of the Supervisory Board
Isabel Gomes de Novais Paiva	Member of the Supervisory Board
João Carlos Espanha Pires Chaves	Member of the Supervisory Board
José Luis Guerreiro Nunes	Alternate Member of the Supervisory Board

* Left office on 31.12.2023

On December 31, 2024 and 2023, the Bank's balances with related parties, as well as transactions carried out with these entities in the periods ended in fiscal years 2024 and 2023, can be summarized as follows:

	Dec 2024				
	Balance Sheet		Off-Balance Sheet	Income Statement	
	Assets Euros	Liabilities Euros		Costs Euros	Income Euros
BNI – Banco de Negócios Internacional, S.A.	7 836	265 453	-	116 571	24 500
Mario Abílio Pinheiro Rodrigues Moreira Palhares	-	-	-	-	32 943
	7 836	**265 453**	**-**	**116 571**	**57 443**

	Dec 2023				
	Balance Sheet		Off-Balance Sheet	Income Statement	
	Assets Euros	Liabilities Euros		Costs Euros	Income Euros
BNI – Banco de Negócios Internacional, S.A.	7 836	250 109	-	116 318	24 600
	7 836	**250 109**	**-**	**116 318**	**24 600**

The charges recorded mainly relate to the accounting recognition of marketing and representation costs (deferred costs) that were initially paid by Banco BNI – Banco de Negócios Internacional, S.A., and which were subsequently paid by BNI Europa to Banco BNI – Banco de Negócios Internacional, S.A. in 2017, the benefit of which ends in 2025. The revenues are also related to the aforementioned marketing and representation agreement.

The income relating to Mário Abílio Pinheiro Rodrigues Moreira Palhares concerns the re-invoicing of charges incurred on behalf of this related party.

NOTE 36

FAIR VALUE

On December 31, 2024, and 2023, the fair value of financial assets and liabilities recorded in the Balance Sheet at amortized cost is analyzed as follows:

	Dec 2024	
	Book Value Euros	Fair Value Euros
Financial Assets:		
Cash and Cash equivalents in Central Banks	101 993 750	101 993 750
Balances at Credit Institutions	1 592 671	1 592 671
Financial assets at fair value through profit or loss	1 143 026	1 143 026
Investments at Credit Institutions	12 805 701	12 805 701
Financial Assets at amortised cost - Customer Loans	139 058 559	136 162 078
Financial Assets at amortised cost - Debt Securities	9 393 380	9 451 956
Financial Liabilities:		
Resources from other Credit Institutions	16 162 709	16 162 709
Resources from other Customers and other Loans	225 933 441	225 933 441

	Dec 2023	
	Book Value Euros	Fair Value Euros
Financial Assets:		
Cash and Cash equivalents in Central Banks	37 862 129	37 862 129
Balances at Credit Institutions	7 191 628	7 191 628
Financial assets at fair value through profit or loss	4 023 600	4 023 600
Investments at Credit Institutions	8 627 387	8 627 387
Financial Assets at amortised cost - Customer Loans	124 107 484	121 806 136
Financial Assets at amortised cost - Debt Securities	29 056 535	28 654 525
Financial Liabilities:		
Resources from other Credit Institutions	9 365 004	9 365 004
Resources from other Customers and other Loans	175 998 245	175 998 245
Resources from Central Banks	-	-

The main methodologies and assumptions used in estimating the fair value of financial assets and liabilities recorded on the balance sheet at amortized cost in 2024 are analyzed as follows:

- Use of the main risk parameters for calculating impairment at amortized cost, namely:
    - marginalization of PD curves for stage 1 (use throughout the entire amortization period instead of the first 12 months) and stage 2;
    - increasing LGD estimates over time;
    - use of the comprehensive financial plans for each credit agreement, individually;
- Calculation of original rates of return per contract, based on the risk parameters applied on the origination date and applying the purchase/origination at par (fair value = initial amount);
- Application of annual risk-free interest rates based on publicly available estimates.
- For Level 1 or Level 2 securities under IFRS 13 (note 37), use of market bids from the main relevant market counterparties.

The fair value of financial instruments is estimated whenever possible using active market prices. A market is considered active and liquid when equally knowledgeable counterparties operate and transactions are carried out on a regular basis. For financial instruments for which there is no active market due to lack of liquidity and absence of regular transactions, valuation methods and techniques are used to estimate fair value. Financial instruments were classified by levels in accordance with IFRS 13.

On December 31, 2024 and 2023, the fair value breakdown of the securities portfolio and other securitized loans is as follows:

December 31, 2024

	Level 1	Level 2	Level 3
Assets	Market or Listed Value	Valuation model with observable market parameters	Valuation model with non-observable market parameters
Financial assets not held for trading mandatorily at fair value through profit or loss	-	-	1 143 026
Financial assets at amortized cost - Debt securities	3 507 830	5 595 174	290 376
	3 507 830	**5 595 174**	**1 433 402**

December 31, 2023

Assets	Level 1 Market or Listed Value	Level 2 Valuation model with observable market parameters	Level 3 Valuation model with non-observable market parameters
Financial assets not held for trading mandatorily at fair value through profit or loss	-	-	4 023 600
Financial assets at amortized cost - Debt securities	20 108 662	8 190 013	757 860
	20 108 662	**8 190 013**	**4 781 460**

The following assumptions were used in preparing the table above:

1) Market values (Level 1): this column includes financial instruments valued based on active market quotes;
2) Market analysis (Level 2): this column includes financial instruments valued based on internal models using observable market inputs.
3) Others (Level 3): this column includes financial instruments that are valued using variables that are not observable in the market. This level includes structured bonds, whose underlying assets are credits, unlisted shares, and units in investment funds.

The movement of financial assets valued using methods with parameters not observable in the market (level 3 of the fair value hierarchy) during the years ended December 31, 2024, and 2023 can be analyzed as follows:

	Loans to Customers
Balance at 31 December 2022	**6 404 088**
Disposals by liquidation / sale	(1 622 628)
Balance at 31 December 2023	**4 781 460**
Disposals by liquidation / sale	(3 348 058)
Balance at 31 December 2024	**1 433 402**

In 2024 and 2023, all reductions observed in these financial assets originated from liquidations, partial amortizations (Fasanara Fund, in the aggregate amount of €2.880.574) and total amortizations (securities representing p2p platforms, in the amount of €1.610.510, mainly originating from the FINTEX - UPGRADE issue) thereof.

NOTE 37

ENCUMBERED ASSETS AND UNENCUMBERED ASSETS

The Bank holds sovereign and corporate debt securities available as collateral for rediscount operations with the European Central Bank, whose eligible value for rediscounting amounted to Euros 2.381.548 and Euros 20.404.597 on December 31, 2024 and 2023, respectively.

These financial assets are eligible and were available for discounting and collateralization of financing operations with the European System of Central Banks. Beyond these assets, the Bank does not have a policy of encumbering its assets, but may do so on a case-by-case basis, provided that it is approved by the Board of Directors.

Under the terms of Instruction No. 28/2014 of the Bank of Portugal, dated December 23, and in compliance with the guidelines published by the EBA on June 27, 2014, under the title “Guidelines on the disclosure of encumbered and unencumbered assets,” the following information must be provided:

	Dec 2024			
	Encumbered Assets		Unencumbered Assets	
Bank's Assets	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Equity instruments	-	-	1 143 026	1 143 026
Debt securities	-	-	9 393 380	9 510 531
Other assets	5 757 401	5 757 401	262 024 923	259 128 442
Total Assets	**5 757 401**	**5 757 401**	**272 561 329**	**269 781 999**

	Dec 2023			
	Encumbered Assets		Unencumbered Assets	
Bank's Assets	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Equity instruments	-	-	4 023 600	4 023 600
Debt securities	-	-	29 056 535	28 252 515
Other assets	4 822 195	4 822 195	185 957 155	183 655 807
Total Assets	**4 822 195**	**4 822 195**	**219 037 290**	**215 931 922**

Eligible debt securities available for discounting and collateralization of financing operations with the European System of Central Banks are included in the Unencumbered Assets section.

Other encumbered assets, which amounted to €5.757.401 on December 31, 2024 (December 31, 2023: €4.822.195), break down as follows:

- Three term deposits totaling €3.500.000 (December 31, 2023: €3.500.000), which were given as financial collateral to guarantee the Bank's fulfillment of its responsibilities associated with payment services;
- Collateral pledged to Mastercard in the amount of €267.817 (December 31, 2023: €251.797), also associated with payment services;

- Deposits and assets held in custody with Banco de Portugal in the amount of €1.813.533 (December 31, 2023: €894.838), corresponding to guarantees for payment systems;
- Guarantee provided in connection with the lease of the headquarters building facilities in the amount of €175.560 (December 31, 2023: €175.560);
- Other collateral deposits with national banks of €491 (no balance as of December 31, 2023).

NOTE 38

SOLVENCY

The Bank uses the standard method to calculate capital requirements for credit risks and to cover operational risk.

The Bank's own funds are calculated in accordance with applicable regulatory standards, namely Directive 2013/36/EU and Regulation (EU) No. 575/2013 approved by the European Parliament and the Council (CRD IV/CRR). Own funds calculated in accordance with Directive 2013/36/EU and Regulation (EU) No. 575/2013 approved by the European Parliament and the Council include Tier 1 capital and Tier 2 capital. Tier 1 comprises common equity tier 1 (CET1) and additional tier 1 capital. Common equity tier 1 includes:

(i) paid-up capital, share premiums, reserves, and retained earnings; and

(ii) deductions related to treasury shares, goodwill, intangible assets, deferred tax assets from tax losses, unrealized gains/losses on assets measured at fair value, and deposits with interest rates above the threshold set by the Bank of Portugal.

In addition, deductions related to holdings in financial institutions and insurance companies exceeding 10% are considered, in this case for the amount exceeding the maximum limits of 10% and 15% of common equity tier 1, when analyzed individually and in aggregate, respectively.

Tier 2 includes subordinated debt and other adjustments under the conditions established by the Regulation.

The legislation in force provides for a transition period between the capital requirements calculated in accordance with national legislation and those calculated in accordance with Community legislation, in order to phase out the non-inclusion/exclusion of elements previously considered (phased-out) and the inclusion/deduction of new elements (phased-in). The phased transition period ran until the end of 2017 for most elements, with the exception of the deduction related to deferred taxes generated prior to January 1, 2014, for which the period was extended until the end of 2023.

As part of the introduction of IFRS 9, a five-year transition period was established for expected credit losses, with the exception of losses recorded in stage 3.

These transitional provisions, to be phased in by the end of 2022, in the context of measures adopted by the European Union to address the potential impacts of the COVID-19 pandemic, have been extended until the end of 2024 for new impairment recorded since January 1, 2020. The calculation of risk-weighted assets also shows some changes compared to how it is calculated under the Basel II regulatory framework, with emphasis on the 250% weighting of deferred tax assets from temporary differences and holdings of financial participations exceeding 10% in financial institutions and insurance companies that are within the limits established for non-deduction from common equity tier 1 (instead of 0% and 100%, respectively).

Under this prudential framework, institutions must report common equity tier 1, tier 1, and total ratios of no less than 4.5%, 6%, and 8%, respectively, to which is added a conservation buffer of 2.5%. However, they benefited from a transitional period that ran until the end of 2018.

The own funds and own funds requirements calculated in accordance with the CRD IV/CRR methodologies referred to above are as follows:

	Dec 2024 Euros	Dec 2023 Euros
Capital	71 000 000	71 000 000
Retained Earnings and Net Result for the Year	(40 256 344)	(38 839 551)
Regulatory Accruals/(Deductions)	(7 865 641)	(7 786 789)
Common Equity Tier 1	**22 878 015**	**24 373 660**
Tier 1 Equity	**22 878 015**	**24 373 660**
Tier 2 Equity	-	-
Total Equity	**22 878 015**	**24 373 660**
RWA		
Credit risk	100 004 487	107 203 394
Market risk	65 244	16 273
Operational risk	12 069 729	9 059 825
Total	**112 139 460**	**116 279 491**
Capital Ratios		
CET1 ratio	20,40%	20,96%
Tier 1 ratio	20,40%	20,96%
Tier 2 ratio	0,00%	0,00%
Total Capital ratio	20,40%	20,96%

Regulation (EU) No. 575/2013 (CRR)

On May 31, 2024, the European Parliament and the Council of the European Union adopted Regulation (EU) No. 1623/2024 (CRR 4), which introduced profound changes to Regulation (EU) No. 575/2013 (note 38).

These changes are particularly relevant to the Bank in terms of calculating capital requirements, namely for:

- **Credit Risk**, with a substantial change in risk classes, with risk classes relating to:
  - Exposures secured by mortgages on immovable property,
  - Exposures fully and completely secured by mortgages on immovable property intended for residential use, and
  - Exposures fully and completely secured by mortgages on immovable property for commercial use,

    Undergoing very profound changes in terms of the classification criteria and risk factor to be applied to exposures falling within these risk classes, which also involved the creation of a new sub-class in this area, called "Exposures related to the acquisition of land, renovation, and construction," and the replacement of the previous risk class "Elements associated with particularly high risks" by the new risk class "Positions at risk on subordinated debt securities".

The changes introduced in the risk classes detailed above, both in terms of the new internal classification of these exposures and the risk weighting factors to be applied, are those that are expected to have the most significant impact resulting from the entry into force of CRR 4, without prejudice to other changes in the remaining risk classes, although these have a less significant impact and are only focused on new risk weighting factors.

- **Operational Risk**, whose calculation criteria have been completely revised in terms of both the components to be considered for its calculation and the risk weighting to be applied for this purpose**.**

The Bank estimates that these changes will have a positive impact on its risk profile and capital ratios overall, without prejudice to the review of specific treatments, which is still ongoing.

NOTE 39

CONTINGENT LIABILITIES

The following transactions are not included in the balance sheet:

	Dec 2024 Euros	Dec 2023 Euros
Commitments given to third parties		
Revocable commitments	44 966 318	48 924 307
Assets pledged as collateral		
Securities		
Refinancing operations with the European Central Bank	2 470 062	23 146 113
MASTERCARD collateral	267 817	251 797
Deposits	5 313 783	4 394 838

The reduction in revocable commitments between December 31, 2023, and December 31, 2024, stems from lending activity, mainly from reverse mortgage products, reflecting potential additional financing commitments that may arise given the characteristics of this product.

The heading **Refinancing operations with the European Central Bank** refers to financial assets (including sovereign and corporate debt securities – see note 5) eligible for discount with the European System of Central Banks, which were available and unused in a pool with the European Central Bank to collateralize resources.

NOTE 40

REPORT BY SEGMENTS

The segment reporting presented complies with IFRS 8. The segments presented correspond to the segments used for management purposes by the Executive Committee.
The Bank operates in the Portuguese market and in markets that offer greater prospects for profitability and growth in the segments in which the Bank operates.

In 2022, following organizational restructuring in the last quarter of 2022, the Bank redefined the areas in which it operates, according to the following segments:

Treasury – treasury management and management of own investment portfolio and liaison with Peer-to-Peer (P2P) platforms for deposit collection and credit granting (in divestment phase), secured or unsecured, originated by P2P platforms.

Corporate – global service to corporate and institutional clients, focusing on supporting each client's international activities and providing structured financing solutions, both short and medium- to long-term, as well as instruments for the daily management of their treasuries.

Prime – service to private and sole trader customers, working closely with them through the assignment of dedicated account managers.

Customers in this segment represent significant volumes in terms of:

- Financial involvement, in Term Deposits or financial assets;
- Mortgage loans and/or real estate assets;
- Customers subscribing to the Prime Plan or with transaction levels falling within this Plan;
- Real estate investments in Portugal through investment companies, using mortgage loans;
- Relevant financial investments by small and medium-sized enterprises (SMEs).

Consumer – management of private retail customers, including, in addition to those not classified in the Prime segment, digital channels and intermediaries and credit partners, and management of digital business support platforms, with emphasis on home banking services, mobile apps, and credit origination platforms.

In 2023, the Investment Banking and Capital Markets areas began operating, but due to the still insignificant representation of these areas, they were not considered for this purpose.

The distribution of the main assets, liabilities, and income statement items by business line and geographic market in fiscal years 2024 and 2023 is as follows:

December 31, 2024

Balance sheet by business segment

	Treasury	Corporate	Prime	Consumer	Not categorized	Total
Assets						
Cash & Disposals CB	101 993 750	-	-	-	-	101 993 750
Cash and Disposals OIC	14 398 372	-	-	-	-	14 398 372
Loans to Customers	207 857	31 142 615	26 029 096	81 521 942	157 049	139 058 559
Securities Portfolio	10 536 406	-	-	-	-	10 536 406
Tangible and Intangible Assets	-	-	-	-	1 562 960	1 562 960
Other Assets	18 080	22 500	-	267 817	10 460 285	10 768 683
Total Assets	**127 154 465**	**31 165 115**	**26 029 096**	**81 789 760**	**12 180 294**	**278 318 730**
	46%	11%	9%	29%	4%	
Liabilities						
OIC's Resources	16 162 709	-	-	-	-	16 162 709
Client Deposits	8 347 883	17 901 012	79 285 060	119 779 627	619 859	225 933 441
Other Liabilities	-	-	-	-	5 478 924	5 478 924
Total Liabilities	**24 510 592**	**17 901 012**	**79 285 060**	**119 779 627**	**6 098 783**	**247 575 074**
	10%	7%	32%	48%	2%	
Equity	-	-	-	-	**30 743 656**	**30 743 656**

Balance sheet by geographical area

	Portugal	EU	Rest of the World	Total
Assets				
Cash & Disposals CB	101 993 750	-	-	101 993 750
Cash and Disposals OIC	10 444 388	1 024 120	2 929 863	14 398 372
Loans to Customers	100 032 018	34 109 677	4 916 864	139 058 559
Securities Portfolio	5 795 563	4 740 842	-	10 536 406
Tangible and Intangible Assets	1 562 960	-	-	1 562 960
Other Assets	10 500 866	-	267 817	10 768 683
Total Assets	**230 329 545**	**39 874 640**	**8 114 545**	**278 318 730**
	83%	14%	3%	
Liabilities				
OIC's Resources	-	-	16 162 709	16 162 709
Client Deposits	196 450 122	10 702 624	18 780 696	225 933 441
Other Liabilities	5 478 924	-	-	5 478 924
Total Liabilities	**201 929 046**	**10 702 624**	**34 943 405**	**247 575 074**
	82%	4%	14%	
Equity	**-**	**-**	**30 743 656**	**30 743 656**

December 31, 2023

Balance sheet by business segment

	Treasury	Corporate	Prime	Consumer	Not categorized	Total
Assets						
Cash & Disposals CB	37 862 129	-	-	-	-	37 862 129
Cash and Disposals OIC	15 819 015	-	-	-	-	15 819 015
Loans to Customers	290 646	17 985 871	24 590 001	81 066 513	174 452	124 107 484
Securities Portfolio	33 080 135	-	-	-	-	33 080 135
Tangible and Intangible Assets	-	-	-	-	1 846 319	1 846 319
Other Assets	98 850	22 500	-	251 797	10 771 256	11 144 403
Total Assets	**87 150 775**	**18 008 371**	**24 590 001**	**81 318 310**	**12 792 027**	**223 859 485**
	39%	8%	11%	36%	6%	
Liabilities						
OIC's Resources	9 365 004	-	-	-	-	9 365 004
Client Deposits	28 941 775	5 760 195	66 135 335	74 923 075	237 866	175 998 245
Other Liabilities	-	-	-	-	5 914 391	5 914 391
Total Liabilities	**38 306 779**	**5 760 195**	**66 135 335**	**74 923 075**	**6 152 257**	**191 277 640**
	20%	3%	35%	39%	3%	
Equity	-	-	-	-	**32 581 845**	**32 581 845**

Balance sheet by geographical area

	Portugal	EU	Rest of the World	Total
Assets				
Cash & Disposals CB	37 862 129	-	-	37 862 129
Cash and Disposals OIC	5 787 197	10 031 101	718	15 819 015
Loans to Customers	87 287 053	33 990 929	2 829 502	124 107 484
Securities Portfolio	9 760 608	21 257 935	2 061 592	33 080 135
Tangible and Intangible Assets	1 846 319	-	-	1 846 319
Other Assets	10 892 607	-	251 797	11 144 403
Total Assets	**153 435 913**	**65 279 964**	**5 143 608**	**223 859 485**
	69%	29%	2%	
Liabilities				
OIC's Resources	-	-	9 365 004	9 365 004
Client Deposits	138 462 672	30 978 051	6 557 521	175 998 245
Other Liabilities	5 914 391	-	-	5 914 391
Total Liabilities	**144 377 064**	**30 978 051**	**15 922 525**	**191 277 640**
	75%	16%	8%	
Equity	-	-	**32 581 845**	**32 581 845**

Given that the Bank's organizational restructuring took place in the last quarter of 2022, an analytical process for allocating results, essentially at the level of operating costs for control, support, and corporate bodies, to business areas (Treasury, Corporate, Prime, and Consumer) had not yet begun in 2022.

For the purposes of presentation and comparability of the following tables, operating costs and provisions and impairment of the control, support, and corporate bodies' areas were allocated to the business areas based on interest income and expenses.

Statement of income by business segment

December 31, 2024

	Treasury	Corporate	Prime	Consumer	Not categorized	Total
Financial Margin						
Interest and similar income	4 206 796	2 452 673	1 886 718	5 977 805	11 539	14 535 531
Interest and similar charges	(1 196 494)	(168 693)	(2 049 316)	(3 865 431)	(64 952)	(7 344 886)
Commission income	116 568	638 264	107 687	122 164	(21 840)	962 842
Results from financial operations	(167 888)	71 559	51 894	24 320	194 603	174 487
Other operating income	69 314	176	(970)	(58 535)	(94 849)	(84 864)
Banking product	3 028 295	2 993 979	(3 987)	2 200 322	24 501	8 243 110
Personnel costs	(1 010 219)	(812 306)	(761 142)	(1 865 717)	-	(4 449 383)
Other administrative expenses	(1 048 184)	(691 945)	(714 601)	(1 899 587)	-	(4 354 317)
Depreciation and amortization	(224 571)	(122 250)	(156 892)	(811 314)	-	(1 315 027)
Operating expenses	(2 282 974)	(1 626 501)	(1 632 634)	(4 576 618)	-	(10 118 727)
Operating Income	745 321	1 367 478	(1 636 622)	(2 376 296)	24 501	(1 875 617)
Provisions and Impairments	351 268	(1 013 559)	271 915	846 791	1 090	457 505
Income Before Taxes	1 096 589	353 919	(1 364 707)	(1 529 505)	25 592	(1 418 112)

December 31, 2023

	Treasury	Corporate	Prime	Consumer	Not categorized	Total
Financial Margin						
Interest and similar income	2 456 715	865 570	1 363 518	6 179 909	3 265	10 868 977
Interest and similar charges	(1 048 906)	(59 889)	(841 759)	(2 099 848)	6 775	(4 043 627)
Commission income	58 501	160 432	38 219	118 733	10 079	385 963
Results from financial operations	4 353 913	-	-	-	-	4 353 913
Other operating income	(21 807)	(332)	(194)	(80 296)	(170 148)	(272 778)
Banking product	5 798 416	965 781	559 784	4 118 497	(150 029)	11 292 448
Personnel costs	(1 056 012)	(537 330)	(712 790)	(2 497 086)	-	(4 803 218)
Other administrative expenses	(1 087 966)	(292 451)	(634 194)	(2 474 978)	-	(4 489 589)
Depreciation and amortization	(304 021)	(78 068)	(190 459)	(710 982)	-	(1 283 530)
Operating expenses	(2 447 999)	(907 849)	(1 537 443)	(5 683 046)	-	(10 576 337)
Operating Income	3 350 416	57 932	(977 659)	(1 564 549)	(150 029)	716 111
Provisions and Impairments	418 759	(229 643)	(220 844)	77 333	(71)	45 534
Income Before Taxes	3 769 175	(171 711)	(1 198 503)	(1 487 216)	(150 100)	761 645

The heading "Customer loans" includes customer loans granted and bonds whose underlying assets are loans.

The heading "securities portfolio" includes Financial Assets at Fair Value through Profit or Loss, Financial Assets at Fair Value through Other Comprehensive Income, and Financial Assets at Amortized Cost, excluding financial assets already included in the heading "Loans to Customers."

NOTE 41

SUBSEQUENT EVENTS

2025-2027 Business Plan

On March 28, 2025, the Board of Directors approved the 2025-2027 Business Plan, which was also approved by the Sole Shareholder. This Plan was prepared based on the Bank's most recent financial position at the date of its preparation and considers a set of assumptions, specified in section III. KEY INDICATORS AND HIGHLIGHTS of the management report.

Based on this Business Plan, an assessment of the recoverability of deferred tax assets was carried out, which maintained the assumptions made therein, as well as the projections of the Bank's income statement and balance sheet for the years between 2028 and 2034.

STATUTORY AUDITOR'S REPORT

Statutory auditor’s 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 financial statements

Opinion

We have audited the accompanying financial statements of BNI – Banco de Negócios Internacional (Europa), S.A. (hereinafter also referred to as «Bank»), which comprise the Balance sheet as at 31 December 2024 (showing a total of 278 318 730 Euros Euros and a total net equity of 30 743 656 Euros, including a net loss of 1 838 189 Euros), and the Income statement, the Statement of comprehensive income, Statement of changes in equity and Statement of cash flows for the year then ended, and the Notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter referred to in the section “Basis for qualified opinion” the accompanying financial statements give a true and fair view, in all material respects, of the financial position of BNI – Banco de Negócios Internacional (Europa), S.A as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS), as adopted in the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and further technical and ethical standards and guidelines as issued by “Ordem dos Revisores Oficiais de Contas” (the Portuguese Institute of Statutory Auditors). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section below. We are independent of the Bank in accordance with the law and we have fulfilled other ethical requirements in accordance with the Ordem dos Revisores Oficiais de Contas code of ethics.

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

Emphasis of matter

As disclosed in Chapter III ("Key Indicators and Highlights") and Chapter XI ("Future Outlook") of the Management Report, within the scope of the sale of the Bank's stake, despite the failure to complete the sale to Banco Master in 2023, the sole shareholder remains interested in selling its stake, and a set of actions relevant to this objective are at an advanced stage. Indeed, when the sale is completed, it will certainly impact the Bank's strategy. However, the Board of Directors believes that this strategy will not have any disruptive differences compared to the path followed by the Bank's management.

Our opinion is not modified in relation to this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment losses on credit granted to customers and debt securities	
Description of the relevant audit matter	Audit approach and response
As presented in Notes 9 and 10 of the Notes to the Financial Statements, the items "Loans to customers" and "Debt securities" include impairment losses amounting to approximately €3.5 million and €636 thousand, respectively, as of December 31, 2024. The impairment related to debt securities is associated with obligations at amortized cost, whose underlying assets are loans granted through platforms. According to Note 3 of the Notes to the Financial Statements ("Main estimates and judgments used in preparing the financial statements"), the process of quantifying impairment losses incorporates several estimates and judgments, representing the Management's best estimate of the expected losses on its financial assets. These impairments are determined through individual analysis for loans with certain specific characteristics and through collective analysis for other loans that are not subject to individual analysis. For loans granted to large clients, impairments are primarily calculated individually. Individual impairments require the Management to make a judgment when determining the best estimate of future cash flows related to these loans. Impairments calculated through collective analysis are determined based on data and assumptions subject to value judgments formed by the Management.	To address the identified risks, the following main audit procedures were performed: • Assessment and testing of the design and operational effectiveness of the controls implemented in the impairment quantification process for the Bank's loan portfolio. These controls include those related to the identification of impaired loans, tolerance levels, and accounting records related to quantified impairment of the customer loan portfolio; • Substantive testing of the Bank's impairment model, with a view to critically reviewing the established model. These audit procedures included assessing the criteria and methodology adopted to determine the collective impairment risk parameters, extracting the information used in the model (inputs), rerunning the calculations, reviewing the sensitivity analysis performed by the Bank regarding the underlying critical assumptions, reviewing and testing the main risk parameters, as well as the available prospective information and updating it based on the estimated economic effects; • This review also aimed to ensure the alignment of the established model with the requirements of International Financial Reporting Standard No. 9 (IFRS 9) and the guidelines of the European Banking Authority (EBA);

Furthermore, the Russian invasion of Ukraine on February 24, 2022, and more recently the Israel-Gaza conflict, which began on October 7, 2023, have continued to have devastating impacts worldwide, particularly the rapid and sharp rises in inflation and benchmark interest rates, which have brought with them increased uncertainty regarding the economic and social impacts they may have not only on businesses, but also on households. Considering the materiality and subjective nature of impairments in the client loan portfolio, this matter was considered relevant within the scope of our audit.	• For impairments determined individually, we analyzed the Bank's established process for the timely identification of potentially impaired loans. For a sample of loans granted to customers, we conducted our own individual analysis, verifying whether the loss event (impairment recognition point) was identified at an appropriate time, analyzing the estimated cash flow projections used in the calculation of the respective impairments (including the review of the respective LGD considered); • Assessment of the staging policy for obligations representing indirect loans, especially with regards to the assumptions and triggers for staging transitions defined; and • Critical assessment of the adequacy of the disclosures contained in the Notes to the Bank's financial statements related to this matter, based on the requirements of the applicable accounting standards (IFRS).

Recoverability of Deferred Tax assets	
Description of the relevant audit matter	Audit approach and response
As referred to in Note 14 of the Notes to the financial statements (“Deferred Tax Assets and Liabilities”), the Bank's Balance Sheet as of December 31, 2024 includes Deferred Tax Assets in the global amount of 9 908 546 Euros (of which approximately 23 % relate to temporary differences associated with impairment losses in the credit portfolio and around 76% result from tax losses generated in previous years), the recoverability of which directly depends on the obtaining of future taxable results. In assessing the recoverability of these Deferred Tax Assets, the Board of Directors was based on the latest Business Plan prepared for the period between the years 2025 and 2027 and the assumptions made therein, as well as the projections for the years between 2028 and 2034, also taking into account the fact that accumulated tax losses no longer have a deduction deadline, after the entry into force of the 2023 State Budget. However, the expectation of generating future taxable results may be conditioned by the expectation of the sale of the stake in the Bank,	In order to respond to the identified risks, among the Audit procedures carried out, we highlight the following: • Assessment of key controls over the recognition and measurement of Deferred Tax Assets and the critical assessment of the assumptions used in the projection of the Bank's future taxable profits, contained in its latest Business Plan prepared for the period between the years 2025 to 2027 and the assumptions made therein, as well as projections for the years between 2028 and 2034; • Review of the basis for calculating deferred tax assets that led to the existence of temporary differences; • Review of the corresponding tax rate used for the purposes of calculating deferred tax assets, taking into account current legislation, the effective rate that has been applied at the

by its sole shareholder and subsequent eventual changes to the Bank's strategic plan. Given the materiality of the Deferred Tax Assets recognized by the Bank, together with the uncertainties that their realization entails - generation of taxable profits in appropriate amounts and times, as well as possible changes in the Bank's shareholder structure, this matter was considered as a key audit matter in our Audit.	Bank and that expected for the following years; and • Assessment of the adequacy of the disclosures contained in the Notes to the Bank's financial statements, related to this matter.

Responsibilities of management and the supervisory body for the financial statements

Management is responsible for:

- the preparation of financial statements that give a true and fair view of the Bank’s financial position, financial performance and cash flows in accordance with the International Financial Reporting Standards (IFRS), as adopted in the European Union.
- the preparation of the management report in accordance with applicable laws and regulations.
- designing and maintaining an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
- the adoption of accounting policies and principles appropriate in the circumstances; and
- assessing the Bank’s ability to continue as a going concern, and disclosing, as applicable, the matters that may cast significant doubt about the Entity’s ability to continue as a going concern.

The supervisory body is responsible for overseeing the Bank’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our responsibility is to obtain reasonable assurance about whether the 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 skepticism throughout the audit. We also:

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

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank'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 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 the auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- communicate with those charged with governance, including the supervisory body, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;
- determine, from the matters communicated with those charged with governance, including the supervisory body, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes their public disclosure.
- provide the supervisory body with a statement that we have complied with relevant ethical requirements regarding independence and communicate them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the measures taken to eliminate the threats, or the safeguards applied.

Our responsibility also includes the verification that the information contained in the management report is consistent with the financial statements.

Report on other legal and regulatory requirements

On the management report

Pursuant to article 451.º, n.º 3, al. (e) of the Portuguese Companies' Code, it is our opinion that the management report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited financial statements and, having regard to our knowledge and assessment over the Bank, we have not identified any material misstatements.

On the additional matters provided in article 10 of the Regulation (EU) nº 537/2014

Pursuant to article 10 of the Regulation (EU) nº 537/2014 of the European Parliament and of the Council, of 16 April 2014, in addition to the key audit matters mentioned above, we also report the following:

- We were appointed as auditors of the Bank for the first time in the unanimous written deliberation held on 7 October 2020, for an audit mandate between 2020 and 2023. We were appointed by unanimous written resolution, held on September 27, 2024, for a second mandate, between 2024 and 2025;
- Management has confirmed to us that they are not aware of any fraud or suspicion of fraud having occurred that has a material effect on the financial statements. In planning and executing our audit in accordance with ISAs we maintained professional skepticism, and we designed audit procedures to respond to the possibility of material misstatement in the financial statements due to fraud. As a result of our work we have not identified any material misstatement on the financial statements due to fraud;
- We confirm that our audit opinion is consistent with the additional report that we prepared and delivered to the supervisory body of the Bank in 31 March 2025;
- We declare that we did not provide any services prohibited under the terms of article 77, number 8, of the Statute of the Order of Statutory Auditors and that we maintained our independence from the Bank during the audit; and
- Additionally to what is disclosed in the Notes to the Bank's financial statements, we inform that, in addition to the audit, we provided the Bank with the following service permitted by law and regulations in force:
    - o Carrying out the procedures leading to the issuance of the independent Report of reasonable assurance of reliability on the procedures and measures adopted by the financial intermediary, within the scope of articles 306.º to 306.º -G of the Securities Code, with reference to 31 December 2023 (work still ongoing as at this date).

Lisbon, 31 March 2025

Forvis Mazars & Associados, Sociedade de Revisores Oficiais de Contas, S.A.

Representada por Filipe Peralta de Almeida Carvalho (Revisor Oficial de Contas n.º 2147 e registado na CMVM com o n.º 20240010)

(This report is a translation of a report originally issued in Portuguese. Therefore, according to Portuguese Institute of Statutory Auditors instructions, the report is not to be signed)

REPORT AND OPINION OF THE SUPERVISORY BOARD

Report and Opinion of the Supervisory Board

Dear Shareholder,

In accordance with the law and the mandate conferred upon us, we hereby present our report on the supervisory activities carried out and give our opinion on the Management Report and financial statements presented by the Board of Directors of BNI – Banco de Negócios Internacional (Europa) ("Banco" or "BNIE") for the financial year ended December 31, 2024.

1. Report on the Supervisory Board's activities

We monitored the regular activities of Banco BNI Europa with the frequency and to the extent we deemed appropriate. We verified the regularity of the accounting records and related documentation, carried out the inspections we deemed necessary, monitored compliance with the law and the statutes, and took note of the actions of the Administration. Following the resignation of a member of the Board of Directors at the end of 2023, the Board was reduced to two members throughout 2024, with the Supervisory Board attending all Board of Directors meetings as a guest from then on.

Several meetings of the Supervisory Board were also attended, by invitation and in accordance with the topics under discussion, by key Bank administrators and employees, namely those responsible for compliance, risk management, and internal audit, representatives of SROC, and consultants. The Supervisory Board was in close contact with the Board of Directors, as well as with key employees.

The Supervisory Board participated, as a guest, in the meetings of various BNIE committees, attending regularly the meetings of the Risk Monitoring Committee (CAR), the Compliance Committee, and the Internal Control Committee, and attending occasionally the meetings of the other committees.

The Supervisory Board closely monitored the activities of the Risk Management, Compliance, and Internal Audit areas. With regard to the latter function, the Supervisory

Board monitored compliance with the Audit plan on a monthly basis, monitored the implementation of the opportunities for improvement identified in the independent audit of the function carried out in 2022, and initiated the process of periodic evaluation of the function.

The Supervisory Board also monitored the implementation process of the new AML control system (Eagle application).

The Supervisory Board also monitored the work carried out by Mazars & Associados, Sociedade de Revisores Oficiais de Contas, S.A. ("Mazars"), confirming its independence.

The Supervisory Board kept itself informed of correspondence exchanged with the supervisor, remaining vigilant regarding the impact of various supervisory actions, assessing and monitoring the rectification of deficiencies detected and corrective measures taken.

In particular, with regard to the activities of the Supervisory Board, the preparation and approval of the following documents are also noteworthy in 2024:

a) Report on the communication of irregularities;
b) Report on the Internal Control System for the Prevention of Money Laundering and Terrorist Financing;
c) Opinion on the adequacy and effectiveness of the internal control system (an opinion covering the period from December 1, 2023, to November 30, 2024);
d) Monitoring of the selection and election process for the Statutory Auditor and preparation of a proposal presented to the shareholder;
e) Preparation of the summary of the Internal Control Self-Assessment Report.

Various policies submitted to us by different areas of the Bank were also reviewed, and a preliminary opinion was issued prior to their approval whenever required by regulations or by the Bank's services. The Supervisory Board also participated in the performance evaluation of those responsible for control functions.

2. Financial statements

The year 2024 saw the continuation of the strategy initiated in 2022 by the current Administration, with the development of the business areas introduced at that time. Although negative, the results for the year showed an improvement compared to the business plan approved for the period 2024-2026. It should be noted that, as in 2023, it was not necessary to resort to capital increases. There were also improvements in terms of the stability of internal control teams during 2024.

The Supervisory Board reviewed the Statutory Auditor's Report dated March 31, 2025. The aforementioned Report includes an Emphasis of matter, drawing attention to the withdrawal of the shares sale agreement by Banco Master, which occurred in August 2023, maintaining the sole shareholder interest in the sale of the stake, which will have an impact on the strategy to be followed by the Bank, with Management not expecting this to be disruptive to the existing strategy. The paragraph on Key Audit Mattersmatters refers to credit impairment losses and deferred taxes. The Supervisory Board also received from Mazars the Additional Report to the Supervisory Body, thereby complying with the provisions of paragraphs 1, 2, and 6 of Article 24 of Decree-Law No. 148/2015 of September 9 and paragraph 1 of Article 63 of the Statute of the Order of Statutory Auditors, approved by Law No. 140/2015 of September 7, which transposes into national law the provisions of Regulation (EU) No. 537/2014 of the European Parliament and of the Council of April 16, 2014, which we consider to be complete and clarifying.

In the course of our duties, we consider that:

a) The Balance Sheet, Income Statement, Statement of Changes in Equity, Statement of Comprehensive Income, Cash Flow Statement, and Notes to the Financial Statements provide an adequate understanding of the financial position of Banco BNI Europa, its results, changes in equity, and cash flows;

b) the accounting policies and valuation criteria adopted are appropriate;

c) The Management Report provides sufficient insight into the business performance and situation of Banco BNI Europa, highlighting the most significant aspects and relevant subsequent events;

d) the proposed appropriation of profits does not contravene the applicable legal and statutory provisions.

3. Opinion

In view of the above, taking into account the information received from the Board of Directors and Services and the conclusions contained in the Statutory Auditor’s Report, the Supervisory Board is of the opinion that the General Assembly:

i. Approves the Management Report for the fiscal year ending December 31, 2024;
ii. Approves the accounts for that financial year;
iii. Approves the proposal for the application of results contained in the Management Report of the Board of Directors.

Finally, we would like to express our gratitude to the Board of Directors, to all the Bank's employees with whom we have been in contact, for their valuable cooperation, and also to the SROC for the clarifications provided whenever necessary. We would also like to thank the Bank of Portugal, in its capacity as supervisor, for the suggestions it has made, which have contributed to the work of the Supervisory Board.

Lisbon, March 31, 2025

The Supervisory Board,

Telmo Francisco Salvador Vieira	Isabel Paiva	João Espanha
Chairman	Board Member	Board Member

SUMMARY OF THE SELF-ASSESSMENT REPORT

This summary is presented in accordance with the provisions of Article 60 of Bank of Portugal Notice Nº. 3/2020 ('Notice').

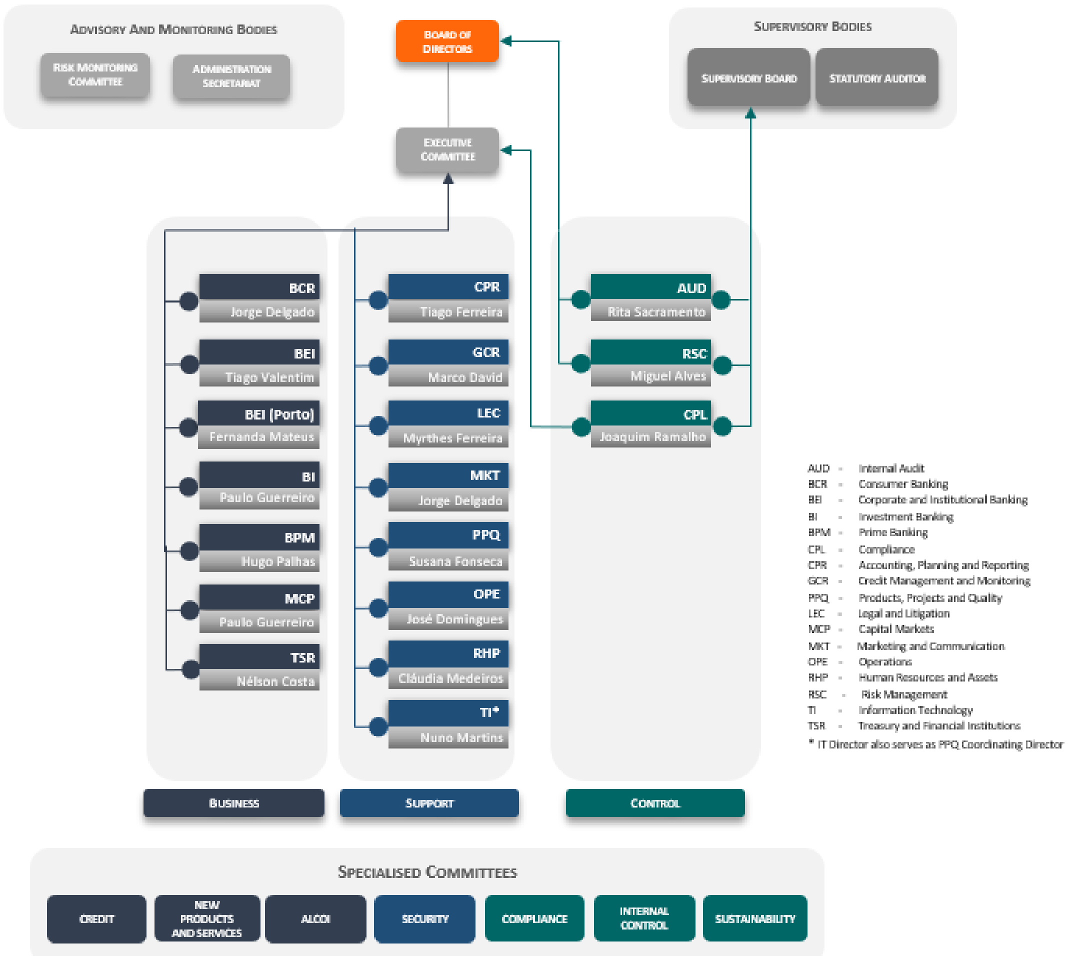
SUMMARY OF THE SELF-ASSESSMENT REPORT

This summary is presented in accordance with the provisions of Article 60 of Notice No. 3/2020 of the Bank of Portugal (‘Notice’).

The Self-Assessment Report (‘Report’) prepared in accordance with Article 54 of Bank of Portugal Notice No. 3/2020 (‘Notice’), in force since July 16, 2020, and Bank of Portugal Instruction No. 18/2020 (‘Instruction’) contains the results of the assessment carried out by Banco BNI Europa (‘Bank’ or ‘BNIE’) regarding the adequacy and effectiveness of the organizational culture in place, its governance and internal control systems, including remuneration practices and policies and other matters addressed in the Notice, with reference to the period from December 1, 2023 to November 30, 2024.

The report includes a description of the specific activities that have been carried out, are currently underway, and are planned for December 2024 and the year 2025, aimed at ensuring full compliance with the provisions of the Notice and the Instruction.

During the period in question, the Bank's activity remained on track and the services offered increased, but there were changes to the management structure (João Paulo Brunet stepped down as a member of the Board of Directors) and the Bank's organizational structure, now represented by the following organizational chart:



This organizational chart reflects the lines of business that the Bank intends to develop, the strengthening of the Bank's team, and the greater segregation of business areas with greater visibility of those responsible for each activity.

There were also several changes in terms of staffing, notably the following:

- As of November 30, 2024, CPL had one fewer employee than reported in the previous report, although there were significant adjustments during the first half of 2024, such as the recruitment of an additional resource (replacement AML Officer in January), the replacement of the Data Protection Officer by another member of the Compliance team, and the departure of a junior resource.
- AUD maintained stability within the team, which was reinforced with an additional technician.

- RSC maintained a stable human resources framework throughout most of 2024, following significant reinforcement during 2023.
- The Monitoring and Control Committee remains suspended as the Bank does not yet have a non-executive director.

The Report identifies 21 employees whose professional activities have a significant impact on the risk profile of Banco BNI Europa. In addition, Banco BNI Europa considers the members of the Board of Directors and the Supervisory Board to be elements that have a material impact on the institution's risk profile.

Status on November, 30 2024

At the end of November 2024, the Bank largely complied with the requirements set out in Notice 3/2020. The partial gaps that existed were due to the complexity of the requirements under the Notice. The Bank maintained as a priority the project aimed at adopting measures and recommendations related to information and communication technology risk and data governance, which is expected to significantly advance compliance with Articles 29 and 30 of the Notice. The Bank considers that it will be fully compliant with the Notice, even if situations for improvement are identified in the near future on the issues addressed therein, resulting from continuous monitoring carried out both internally and by external entities.

As of the report date, there are 209 ongoing deficiencies, of which 60 are being validated by Banco de Portugal, 16 by Internal Audit, 40 by Risk Management, and 8 are suspended. In terms of risk level distribution, the most representative are deficiencies F1 and F2, corresponding to a percentage of 68%.

The number of deficiencies in 2024 includes 32 deficiencies that do not result from new situations, but from an unfolding of deficiencies related to the Bank of Portugal's supervisory measures on information and communication technology risks (ICT risks).

As part of the preparation of the Report, annual independence reports were also prepared by those responsible for risk management, compliance, and internal audit functions, pursuant to Articles 27, 28, and 32 of the Notice, respectively, and are included in the Report. In these self-assessment reports, each function described its composition and the respective managers confirmed the independence of the functions, with no incidents recorded that could compromise it. In addition, each report identifies the outstanding deficiencies relating to each function, the degree of implementation of the measures intended to correct them, and the expected deadline for their definitive resolution.

The Report includes the assessment of the Bank's Supervisory and Management Bodies, pursuant to Articles 56 and 57 of the Notice, on the effectiveness of the organizational culture in force at the institution and its governance and internal control systems:

— For the preparation of the Supervisory Board's self-assessment report on the adequacy and effectiveness of the organizational culture, and with regard to the work carried out by the body, consideration was given to the activities carried out in conjunction with the Board of Directors and the Risk Monitoring Committee, with the ICF and other units of the Bank, with the external auditors, the cumulative evidence collected, the monitoring of the work carried out by the external auditor and the internal control functions, and the reports and activities carried out by the supervisor. Notwithstanding the deficiencies identified, which are also presented in the Report, the SB concluded that the organizational culture in place at the bank and its internal control systems are adequate and effective. It should be noted that, under the terms and for the purposes of Article 1(1)(f) of Instruction 18/2020, the SB specifically assessed the adequacy of the classification assigned to deficiencies classified as level F3 'High' or level F4 'Severe', in accordance with the methodology defined by the Bank, and concluded that it was reasonable. In addition, the SB assessed the potential impact of deficiencies classified as level F3 'High' or level F4 'Severe' and concluded that they also do not affect the overall robustness of the Bank's internal control system. Furthermore, taking into account the context in which the Bank carried out its activities during the reference period, it considers that the assessment of the status of implementation of the measures defined during the reference period to correct the deficiencies detected, including the recommendations on the Bank's internal control system and accounting system reported by the statutory auditor or identified by other external entities, including supervisory authorities, is reasonable. It also concludes on the quality of performance and adequate independence of the Bank's internal control functions, including outsourced operational tasks, although there is still a need for significant improvement work to be carried out by the control areas in order to remedy the deficiencies definitively and more quickly. Finally, it concludes that the public disclosure obligations resulting from applicable legislation and regulations are reliable and that all those resulting from the legislation in question and relating to the matters covered by the Notice have been adequately fulfilled during the reference period.

— The **Board of Directors** draws attention to the context in which the Bank operated during the period in question, highlighting the influence of the following factors:

- continuation of the Bank's restructuring process, based on strengthening the financial margin by increasing lending, particularly in the corporate segment, and increasing deposit takings through direct customers, reducing the weight of deposits taken through international platforms;
- continuity of support provided in the process of selling the qualifying stake of the Bank's current shareholder.

It also notes that the current Board of Directors does not include non-executive members, with the risk management function reporting directly to the Board of Directors. As part of the qualified acquisition process with the Bank of Portugal, which was interrupted in August 2023, the process of appointing new corporate bodies included new non-executive members, at least one of whom was independent, and the segregation of duties between the Chairman of the Board of Directors and the Chairman of the Executive Committee. It is expected that during the first half of 2025 a new contract for the purchase and sale of the Bank's share capital will be signed and that the prospective buyer will submit a proposal for corporate bodies that addresses this deficiency. Prepares its assessment of the adequacy and effectiveness of the Bank's organizational culture and governance and internal control systems, also identifying and analyzing the set of existing deficiencies, the actions taken by the three functional areas, and the gaps that resulted from the analysis of compliance with the requirements of the Notice. Therefore, the Board of Directors concludes that, without prejudice to the gaps not implemented, deficiencies F3 and F4 or others that collectively increase the Bank's risk profile and the current composition of resources in internal control functions (notably the stabilization of the staff in internal control areas, with emphasis on the Compliance Function), the adequacy and effectiveness of the organizational culture and its governance and internal control systems, including the Bank's remuneration practices and policies, are sufficient in view of the requirements defined in the Notice and the size and complexity of the Bank's activity. The Board of Directors also highlights the project related to the implementation of procedures aimed at preventing corruption (which the Bank completed in 2024), which resulted in the implementation of the Whistleblowing Channel, in compliance with the terms of Law No. 93/2021 of December 20.

Lisbon, March 26, 2025

Supervisory Board

Telmo Vieira - Chairman	Isabel Paiva – Board Member	João Espanha – Board Member