Q1 2025 REPORT & ACCOUNTS

Pursuant to CMVM Regulation 1/2023, please find herein the transcription of the

1st quarter of 2025 Report & Accounts

BANCO COMERCIAL PORTUGUÊS, S.A.

Public limited company

Registered Office: Praça D. João I, 28, 4000-295 Porto - Share Capital EUR 3,000,000,000.00
Registered at Porto Commercial Registry, under the single registration and tax identification number 501 525 882

The 2024 Annual Report is a translation of the “Relatório e Contas do 1T de 2025” document delivered by Banco Comercial Português, S.A. to the Portuguese Securities and Market Commission (CMVM), in accordance with Portuguese law.

The sole purpose of the English version is to facilitate consultation of the document by English-speaking Shareholders, Investors and other Stakeholders, and, in case of any doubt or contradiction between the documents, the Portuguese version of the “Relatório e Contas do 1T de 2025” prevails.

All references in this document to the application of any regulations and rules refer to the respective version currently in force.

Main highlights of the Results in Q1 2025

A Solid and Efficient Bank

Profitability

- Group's net income of €243.5 million in the first quarter of 2025, corresponding to an increase of 3.9% when compared to the first quarter of 2024, reaching a ROE of 13.9% in March 2025.
- In the activity in Portugal, net income amounted to €218.9 million in the first quarter of 2025, corresponding to an increase of 7.6% compared to the first quarter of 2024.
- Bank Millennium net income stood at €42.8 million in the first quarter of 2025, despite charges of €130.8[1] million related with CHF mortgage loan portfolio (of which €98.1[2] million in provisions).

Business model

- Solid capital ratios. CET1[3] ratio stood at 15.9% and total capital ratio[3] at 20.0%, incorporating the effects resulting from CRR3[4].
- Liquidity indicators[5], well above regulatory requirements: LCR at 354%, NSFR at 180% and LtD at 67%. Eligible assets available to discount at ECB of €31.4 billion.
- Group's total Customer funds grew 6.1% to €104.6 billion and Loans to customers increase 2.2% to €58.1 billion compared to March 2024.
- Relevant reduction in non-performing assets compared to March 2024: reduction of €232 million in NPE, €43 million in foreclosed assets and €39 million in corporate restructuring funds.
- Cost of risk of the Group stood at 38 bp in the first quarter of 2025, which compares with 52 bp in the same period of the previous year. In Portugal, cost of risk stood at 34 bp which compares with 48 bp in the same period of last year.
- Customer base surpasses 7 million, highlighting the 9% increase in mobile Customers, which represented 72% of total active Customers at the end of March 2025.

1 Before taxes and non-controlling interests. Includes provisions for legal risk, costs with out-of-court settlements and legal advice 2 Does not include provisions for legal risk on CHF mortgages of Euro Bank (guaranteed by a third party) 3 Fully implemented ratio including 25% of the unaudited net income of Q1'25 4 Capital Requirement Regulation 3 (CRR3), with an impact of ~50bp 5 Liquidity Coverage Ratio (LCR); Net Stable Funding Ratio (NSFR); Loans to Deposits Ratio (LtD).

Main highlights (1)

million EUR

	31 Mar. 25	31 Mar. 24 (restated 2))	Chg. 25/24
BALANCE SHEET			
Total assets	104,294	97,797	6.6%
Equity	8,549	7,572	12.9%
Loans to customers (net)	56,680	55,229	2.6%
Total customer funds	104,562	98,555	6.1%
Balance sheet customer funds	86,415	82,147	5.2%
Deposits and other resources from customers	85,096	80,809	5.3%
Loans to customers (net) / Deposits and other resources from customers (3)	66.6%	68.3%	
Loans to customers (net) / Balance sheet customer funds	65.6%	67.2%	
RESULTS			
Net interest income	721	696	3.6%
Net operating revenues	909	869	4.7%
Operating costs	340	308	10.4%
Operating costs excluding specific items (4)	340	309	10.0%
Results on modification	(4)	(7)	42.3%
Loan impairment charges (net of recoveries)	56	74	(24.1%)
Other impairment and provisions	131	145	(9.6%)
Income tax	112	78	43.7%
Net income	243	234	3.9%
PROFITABILITY AND EFFICIENCY			
Net operating revenues / Average net assets (3)	3.6%	3.6%	
Return on average assets (ROA)	1.0%	1.1%	
Income before tax and non-controlling interests / Average net assets (3)	1.5%	1.4%	
Return on equity (ROE)	13.9%	15.0%	
Return on tangible equity (ROTE)	14.5%	15.6%	
Income before tax and non-controlling interests / Average equity (3)	19.2%	19.1%	
Net interest margin	3.00%	3.12%	
Cost-to-core income (4)	36.8%	34.6%	
Cost-to-income (3)	37.4%	35.4%	
Cost-to-income (3)(4)	37.4%	35.5%	
Cost-to-income - Activity in Portugal (3)(4)	33.9%	31.6%	
Staff costs / Net operating revenues (3)(4)	20.7%	19.2%	
CREDIT QUALITY			
Cost of risk (net of recoveries, in b.p.)	38	52	
Non-Performing Exposures (loans to customers) / Loans to customers	3.0%	3.4%	
Total impairment (balance sheet) / NPE (loans to customers)	82.4%	81.7%	
Restructured loans / Loans to customers	2.4%	3.1%	
LIQUIDITY			
Liquidity Coverage Ratio (LCR)	354%	299%	
Net Stable Funding Ratio (NSFR)	180%	172%	
CAPITAL (5)			
Common equity tier I phased-in ratio	16.0%	16.0%	
Common equity tier I fully implemented ratio	15.9%	16.0%	
Total ratio fully implemented	20.0%	20.5%	
BRANCHES			
Activity in Portugal	397	399	(0.5)%
International activity	800	806	(0.7)%
EMPLOYEES			
Activity in Portugal	6,229	6,269	(0.6)%
International activity (6)	9,487	9,432	0.6 %

(1) Some indicators are presented according to management criteria of the Group, with concepts described and detailed in the glossary and in alternative performance measures chapter.

(2) In the fourth quarter of 2024, a reclassification between the item "'Financial assets at fair value through profit or loss" and "Investments in associates" was made. The historical amounts of such items considered for the purposes of this analysis are presented considering this reclassification with the purpose of ensuring their comparability, differing, therefore, from the disclosed accounting values (EUR 6 million in March 2024).

Following the change in off-balance sheet customer funds assessment criteria by the Polish subsidiary in the fourth quarter of 2024, the respective balances were restated, resulting in an increase of EUR 13 million with reference to the end of March 2024.

In the first quarter of 2025, the Bank recognised as other net operating income the costs associated with property valuation related to mortgage loans, recognised as credit and guarantees commissions and as other administrative costs in previous periods. The historical amounts of such items considered for the purposes of this analysis have been reclassified with the purpose of ensuring their comparability, differing, therefore, from the disclosed accounting amounts. The impact of these reclassifications in the first quarter of 2024 was EUR -1 million in other net operating income, offset by net commissions (EUR +1 million) and other administrative costs (an immaterial impact within the scope of this analysis).

(3) According to the Instruction from the Banco de Portugal no. 16/2004, as the currently existing version.

(4) Excludes the impact of specific items: immaterial negative impact within the scope of this analysis in the first quarter of 2025 and positive impact in the amount of EUR 1 million in the first quarter of 2024. In both periods specific items were recognised in staff costs in the activity in Portugal including costs with employment terminations, namely indemnities. In the first quarter of 2024, specific items also include income recognised after an agreement related to liabilities with former directors of the Bank.

(5) The capital ratios as at 31 March 2025 include 25% of the unaudited net income of the period.

(6) Of which, in Poland: 6,847 employees as at 31 March 2025 (corresponding to 6,726 FTE - full-time equivalent) and 6,861 employees as at 31 March 2024 (corresponding to 6,731 FTE - full-time equivalent).

Information on BCP Group

Brief description

Banco Comercial Português, S.A. (BCP, Millennium bcp or Bank) is the largest Portuguese private sector bank. The Bank, with its decision centre in Portugal, operates and acts with respect for people and institutions, focusing on the Customer, pursuing a mission of excellence, trust, ethics and responsibility, and is a distinguished leader in various financial business areas in the Portuguese market and a reference institution on an international level. The Bank also holds a prominent position in Africa through its banking operation in Mozambique (in Angola, Banco Millennium Angola - BMA merged with Banco Privado Atlântico-BPA and currently the Bank holds a equity accounted shareholding) and in Europe through its banking operation in Poland. Since 2010, the Bank operates in Macau through a full branch.

Bank History

BCP was incorporated on 17 June 1985 as a limited liability company ("sociedade anónima") organised under the Portuguese laws, following the deregulation of the Portuguese banking industry. BCP was founded by a group of over 200 shareholders and a team of experienced banking professionals who sought to capitalise on the opportunity to form an independent financial institution that would serve the then underdeveloped Portuguese financial market more effectively than state-owned banks.

While the Bank's development was initially characterised by organic growth, a series of strategic acquisitions helped solidify its position in the Portuguese market and increase its offering of financial products and services. In March 1995, BCP acquired control of Banco Português do Atlântico, S.A. ("Atlântico"), which was then the largest private sector bank in Portugal. This was followed by a joint takeover bid for the whole share capital of Atlântico. In June 2000, Atlântico was merged into BCP. In 2000, BCP also acquired Império, along with Banco Mello and Banco Pinto & Sotto Mayor.

In 2004, with a view to strengthening its focus on the core business of distribution of financial products and optimising capital consumption, BCP sold insurers Império Bonança, Seguro Directo, Impergesto and Servicomercial to the Caixa Geral de Depósitos group. BCP also entered into agreements with Fortis (now named Ageas) for the sale of a controlling stake and management control of insurers Ocidental - Companhia Portuguesa de Seguros, S.A., Ocidental - Companhia Portuguesa de Seguros de Vida, S.A. and Médis - Companhia Portuguesa de Seguros de Saúde, S.A., as well as the pension fund manager PensõesGere - Sociedade Gestora de Fundos de Pensões, S.A.

In 2004, the Bank sold its non-life insurance businesses and divested a portion of its life insurance business by entering into a joint venture with Ageas (formerly Fortis), named Millenniumbcp Ageas, of which 51% is held by Ageas and 49% by the Bank.

After the consolidation of its position in the Portuguese banking market, the Bank focused on the development of its retail business in new regions, with the goal of attaining significant positions in emerging markets in Europe and in Africa. The Bank concentrated on businesses with strong growth prospects in foreign markets with a close historical connection to Portugal or that have large communities of Portuguese origin (such as Angola, Mozambique, the United States, Canada, France, Luxembourg and Macao), as well as in markets where the Bank's successful Portuguese business model could be effectively exported to and tailored to suit such local markets (such as Poland, Greece and Romania).

The Bank has pursued a consistent strategy of market segmentation. Until 2003, these segments were served through autonomous distribution networks operating under a variety of brand names. In October 2003, BCP began the process of replacing these brands in Portugal with a single brand name: Millennium bcp. The rebranding in other markets was completed in 2006. All banking operations controlled by BCP are now carried out under the "Millennium" brand. In Portugal, the Bank also operates under the "ActivoBank" brand.

In recent years, the Bank has refocused on operations that it considers core to its business. As part of this refocus, the Bank divested several of its international operations (in France, Luxembourg, United States, Canada, Greece, Turkey and Romania), while retaining commercial protocols to facilitate remittances from Portuguese emigrants in some markets. In 2010, the Bank transformed its Macao off-shore branch into an on-shore branch.

In February 2012, the Bank adopted a management restructuring through the introduction of a one-tier management and supervisory model, in which the Board of Directors includes an Executive Committee and an Audit Committee (the latter comprising non-executive members, and with a majority of independent members, in accordance with the applicable law).

In December 2012, the Bank prepared and presented to the Portuguese government a Restructuring Plan, required by national law and by the applicable European rules on matters of State aid. The Restructuring Plan was formally submitted by the Portuguese government to the EC and, In July 2013, the Bank agreed on the plan with the EC, entailing an improvement of the profitability of the Bank in Portugal through continued cost reduction, among other drivers.

On September 2013, the DG Comp announced its formal decision in connection with its agreement with the Portuguese authorities concerning the Bank's Restructuring Plan. Pursuant to the decision, the Bank's Restructuring Plan was found in compliance with the European Union's rules relating to State aid, demonstrating the Bank's viability without continued State support. The implemented Restructuring Plan aimed at strengthening the Bank's strategy by focusing on its core activities.

In May 2014, as part of a process to refocus on core activities defined as a priority in its Strategic Plan, the Bank announced that it agreed with the international insurance group Ageas a partial recast of the strategic partnership agreements entered into in 2004, which included the sale of its 49% interest in the (currently jointly owned) insurance companies that operate exclusively in the non-life insurance business, i.e. Ocidental – Companhia Portuguesa de Seguros, S.A. and Médis – Companhia Portuguesa de Seguros de Saúde, S.A..

In April 2016, the Bank announced the conclusion of the merger between Banco Millennium Angola, S.A. with Banco Privado Atlântico, S.A., resulting in the second-largest private sector bank in Angola in terms of loans to the economy, with a market share of approximately 10% in business volume. The entity resulting from this merger ceased to be controlled by BCP.

In January 2017, BCP announced a EUR 1.3bn rights issue with transferable pre-emptive subscription rights. The aim of this transaction was to bring forward the full repayment of remaining Government Subscribed Securities and the removal of key State-aid related restrictions, including the dividend ban, the risk of potential sale of core businesses and the tail risk of conversion. This transaction was designed to strengthening the balance sheet through the improvement of the CET1 FL ratio and Texas ratio, bringing them in line with new industry benchmarks and above regulatory requirements.

On December 27, 2019, the merger deed of Banco de Investimento Imobiliário, S.A., a wholly-owned subsidiary of Banco Comercial Português, S.A., by incorporation into the latter, was signed, thus completing the incorporation process of Banco de Investimento Imobiliário, S.A. into Banco Comercial Português, S.A..

On 27 August 2019, the Extraordinary General Meeting of Bank Millennium S.A., in which 216 shareholders representing 78.53% of its share capital, participated, approved the merger of Bank Millennium S.A. with Euro Bank S.A.. The completion of the integration of Eurobank S.A. into Bank Millennium S.A. took place in November, with the Bank resulting from the merger now operating under a single brand, a single operating system and a single legal entity.

On June 29, 2021 BCP entered into an agreement with Union Bancaire Privée, UBP SA regarding the sale of the entire share capital of Banque Privée BCP (Suisse) SA (“Banque Privée”). The sale of the entire share capital of Banque Privée BCP (Suisse) SA (“Banque Privée”) to Union Bancaire Privée, UBP SA was completed on November 2, 2021. The sale of Banque Privée allows BCP Group to pursue its strategy of focusing resources and management on core geographies, enhancing their development and thus creating value for stakeholders.

On 29 December 2021, BIM – Banco Internacional de Moçambique, SA (a bank incorporated under Mozambican law in which BCP indirectly holds a stake of 66.69%) formalized the entry into force of a long-term agreement with Fidelidade – Companhia de Seguros, SA, with a view to strengthening capabilities and expanding the offer of insurance through the banking channel (bancassurance) in Mozambique. Under this partnership, the possibility of which was provided for in the memorandum of understanding signed between BCP and the Fosun Group in November 2016, BIM and Fidelidade also formalized the sale by BIM to Fidelidade of shares representing 70% of the share capital and voting rights of Seguradora Internacional de Moçambique, SA, with BIM maintaining approximately 22% of its share capital. BIM and Fidelidade also agreed call and put options with a view to enabling Fidelidade to acquire additional shares, and BIM's shareholding, as a result of these options, may be reduced to 9.9% of SIM's capital. Under the long-term exclusive distribution agreement, BIM will promote the distribution of SIM insurance through the banking channel, continuing to provide its customers with a wide range of competitive insurance products, which is reinforced by the partnership with Fidelidade, an Insurance Group of reference.

In the 1st half of 2023, Bank Millennium concluded the sale of 80% of Millennium Financial Services, as part of the strategic partnership in the bancassurance area.

In the 1st half of 2024, Bank Millennium S.A. informed that it took a decision to complete the implementation of the Recovery Plan, notifying of the fact Polish Financial Supervision Authority and Bank Guarantee Fund.

In the 3rd quarter of 2024 Earnings Presentation, BCP and Bank Millennium presented their strategic plans for 2025-28.

Governance

Banco Comercial Português, S.A. has a one-tier management and supervision model, composed of a Board of Directors (BD), which includes an Executive Committee (EC) and an Audit Committee composed of only non-executive directors. The Company also has a Remuneration and Welfare Board (RWB) and a Strategic Board.

In addition, the Group uses a Statutory Auditor and an external auditing firm to audit the individual and consolidated accounts of the Bank, elected at the General Meeting.

The BD is the governing body of the Bank with the broad powers of management and representation, pursuant to the law and the articles of association.

Under the terms of the Bank's articles of association, the BD is made up of a minimum of 15 and a maximum of 19 members with and without executive functions, elected by the General Meeting of Shareholders for a period of four years, with re-election permitted. As of June 30, 2024, the Board of Directors was made up of 16 members, of which 14 were elected at the General Meeting of Shareholders held on May 4, 2022 and 2 were co-opted by the Board of Directors on October 11, 2022, having the co-option was ratified at the General Assembly held on December 20, 2022, after authorization for the exercise of functions by the ECB (on December 7).

Of the 16 members that make up the BD, 6 are executive and 10 are non-executive, with 5 qualified as independent.

The BD began its functions on September 5, 2022 and appointed an EC, composed of six of its members, with the Chief Executive Officer being appointed by the General Meeting, with the two co-opted members starting their duties on February 4, 2023. The BD has delegated to the EC the day-to-day management of the Bank, which is assisted by several committees and subcommittees in the exercise of this management function, to which it monitors certain relevant matters.

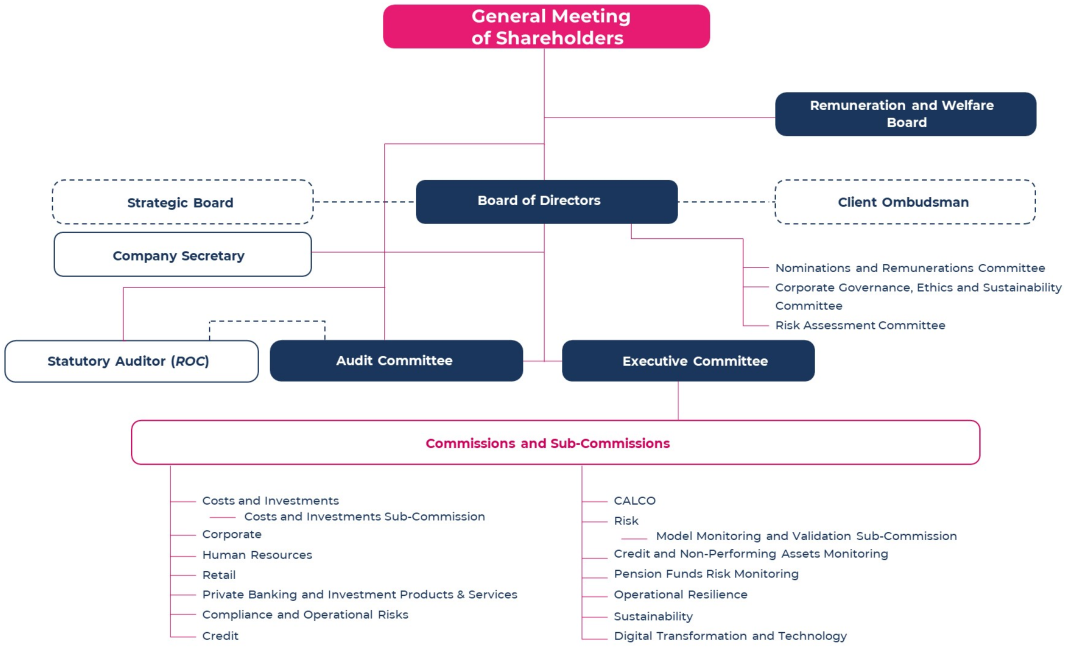
Banco Comercial Português, S.A. is in the process of identifying and selecting a new non-executive member to join the Board of Directors.

The supervision of the company is ensured by an Audit Committee (AudC), elected by the General Meeting of Shareholders, and composed of a minimum of 3 and a maximum of 5 members, elected together with the other administrators, and the lists proposed for the BD must detail the members who are intended to form part of the Audit Committee and indicate the respective President. AudC is made up of 3 non-executive directors, the majority of whom are independent members as well as its president and also includes an alternate member.

The Remunerations and Welfare Board (RWB) and the Strategic Council have the functions described in the By-Laws, with the latter Council being a non-permanent body.

The Company Secretary and the Alternate Secretary are appointed by the Bank's BD, and their term-of-office matches that of the BD that appointed them.

Corporate Governance Model



Identification and composition of the Corporate Bodies and Committees from the Board of Directors

The Board of Directors and its Committees currently have the following composition:

	Board of Directors (BD)	Executive Committee (EC)	Audit Committee (AudC)	Committee for Corporate Governance, Ethics and Sustainability (CCGES)	Committee for Nominations and Remunerations (CNR)	Risk Assessment Committee (RAC)
Nuno Manuel da Silva Amado (Chairman of BD and of CGSES)	●			●		
Jorge Manuel Baptista Magalhães Correia (Vice-Chairman of BD and Member of RWB)	●					
Valter Rui Dias de Barros (Vice-Chairman of BD)	●		●		●	
Miguel Maya Dias Pinheiro (Vice- Chairman of BD)	●	●				
Ana Paula Alcobia Gray	●					●
Cidália Maria da Mota Lopes (Chairman of AudC)	●		●			
Fernando da Costa Lima (Chairman of (RAC)	●		●			●
João Nuno de Oliveira Jorge Palma	●	●				
Lingzi Yuan (Smilla Yuan) (Chairman of CNR)	●				●	
José Miguel Bensliman Schorcht da Silva Pessanha	●	●				
Lingjiang Xu	●			●	●	
Maria José Henriques Barreto de Matos de Campos	●	●				
Miguel de Campos Pereira de Bragança	●	●				
Rui Manuel da Silva Teixeira	●	●				
Esmeralda da Silva Santos Dourado*	●					
Altina de Fátima Sebastian Gonzalez **	●					●
José Pedro Rivera Ferreira Malaquias	●			●		

* On 22 Janaury 2025, the Board of Directors of Banco Comercial Português, S.A., in accordance with the law and the Bank's regulations on Succession Planning, approved the co-optation of Esmeralda da Silva Santos Dourado as independent non-executive director of the Bank, thus filling the vacancy on the Board of Directors for the four-year period 2022-2025. The co-optation was resolved following obtaining authorization from the European Central Bank to exercise her functions and was submitted for ratification at the Bank's General Meeting which took place in May 2025..
** Alternate member of the Audit Committee.

The Remuneration and Welfare Board is chaired by José António Figueiredo Almaça and composed of the two vice-chairmen Jorge Magalhães Correia e Valter Barros.

The Strategic Council, as an advisory and non-permanent body, has a variable composition, with the Chairman and Vice-Chairmen of the Board of Directors being inherent members.

The Board of the General Meeting elected for the term of office 2024/2027 in the General meeting of Shareholders held on 22 May 2024, has the following composition:

Chairman: Pedro Rebelo de Sousa

Vice-chairman: Octávio Castelo Paulo

Secretary of the Board: Company Secretary (Ana Moniz Macedo)

Main events in Q1 2025

In the first quarter of 2025, in a context of worsening of international geopolitical risks and in which, simultaneously, political instability was witnessed in Portugal, with the calling of early elections, BCP stood out for its role in supporting companies and families, for its policy of proximity, trust and for the quality of services provided to its Customers.

On 22 January 2025, the Bank informed that its Board of Directors, in accordance with the law and the Bank's regulations on Succession Planning, approved on that date the co-optation of Esmeralda da Silva Santos Dourado as independent non-executive director of the Bank, thus filling the vacancy on the Board of Directors for the four-year period 2022-2025. The co-optation was resolved following obtaining authorization from the European Central Bank to exercise her functions and will be submitted for ratification at the Bank's next General Meeting.

On 10 March 2025, the Bank informed about decision to early redeem in full the EUR 450 million Subordinated Fixed Rate Reset Notes due 27 March 2030 bond issue.

On 12 March 2025, the Bank informed that S&P Global upgraded BCP's senior unsecured debt ratings from BBB to BBB+, changing the Outlook to Stable.

On 13 March 2025, the Bank informed about the decision to launch a tender offer on a T2 Notes issue due December 2027. The Offer is conditional on the successful completion of the issuance of a new series of Subordinated Fixed Rate Reset Notes to be issued off the Banks' Euro Note Programme, subject to market conditions in amount of at least EUR 450 million.

On 13 March 2025, the Bank informed that has fixed the terms for a new issue of subordinated Tier 2 Notes under its Euro Note Programme. The issue, in the amount of EUR 500 million, will have a tenor of 12 years, with the option of early redemption by the Bank in the last three months of year 7, an annual interest rate of 4.75% during the first 7 years (corresponding to a spread of 2.150% (the "Spread") over the 7-year mid-swap rate). The interest rate for the last 5 years will be determined on the basis of the then applicable 5-year mid-swap rate plus the Spread. The issue was placed among a diversified base of reference institutional investors after a speedy and successful execution.

On 21 March, 2025, the Bank informed that the results of the offer to holders of the outstanding EUR 166.3 million of its EUR 300 million 4.50% T2 Subordinated Fixed Rate Reset Notes due December 2027 (ISIN: PTBCPWOM0034). were determined on 20 March, 2025, and that it received valid offers to sell from the holders of Notes in a total nominal amount of EUR 79.5 million, all of which it has accepted to purchase.

SUBSEQUENT EVENTS

On 1 April 2025, the Bank informed that, on that day and at its request, ceased the assignment of rating by Morningstar DBRS to the Covered Bonds issued by BCP. BCP's covered bonds maintain the ratings currently assigned by Moody's and Fitch Ratings, respectively, of 'Aaa' and 'AAA'.

On 8 April 2025, the Bank informed that a share buyback programme in the total amount of EUR 200 million, equivalent to approximately 2.683%[1] of BCP's market capitalization[1] was approved that day. The objective of the Buy-Back Programme, for the purposes of Article 5(2)(a) of Regulation (EU) No. 596/2014, is the cancellation of treasury shares acquired under its scope and it will be implemented in accordance with the provisions of Regulation (EU) No. 596/2014, as supplemented by Delegated Regulation (EU) No. 2016/1052, taking into consideration the terms and conditions described, and also being conditional to: (i) the limits set out in the resolution adopted under item 6 of the Agenda of the General Meeting held on 22 May 2024, as duly disclosed to the market; (ii) the terms and conditions of any future authorisations for the acquisition of treasury shares that may be approved by the General Meeting of Shareholders of BCP; and (iii) the terms and conditions of any share capital reduction that may be resolved for these purposes by the General Meeting of Shareholders.

On 14 April 2025, the Bank started trading own shares in the context of the Share Buy-Back Programme approved by the Bank in accordance with the terms and conditions described in the announcement regarding the start of trading under the Buy-Back Programme disclosed by BCP on 8 April .

On 21 may 2025, the Bank informed that Moody's has upgraded the Baseline Credit Assessment (BCA) and Adjusted BCA from 'baa3' to 'baa2'. As a result, Moody's upgraded the rating of the deposits from 'A3' to 'A2',

[1] With reference to the closing price registered in the regulated market Euronext Lisbon on 8 April 2025.

the rating of the subordinated debt from 'Ba1' to 'Baa3', standing after the revision at an Investment Grade level and affirmed the rating of the senior unsecured debt at 'Baa1'. The Outlook on the deposit rating was changed to stable, while the Outlook on senior unsecured debt is stable.

On 22 May 2025, the Bank concluded, at the Bank's facilities and, simultaneously, through electronic means with 66.19% of the share capital represented, the Annual General Meeting of Shareholders, with the following resolutions:

Item One – Approval of the management report, the balance sheet and the individual and consolidated accounts for the financial year 2024, the Corporate Governance Report, which includes a chapter on the remuneration of the management and supervisory bodies, and the Sustainability Report;

Item Two – Approval of the proposal for the appropriation of profits regarding the 2024 financial year;

Item Three – Approval of a vote of trust and praise addressed to the Board of Directors, including to the Executive Committee and to the Audit Committee and each one of their members, as well as to the Chartered Accountant and its representative;

Item Four – Ratification of the co-option of a director for the 2022-2025 term of office;

Item Five – Approval of the Shareholder Distribution Policy;

Item Six – Approval of the updating the Remuneration Policy for Members of the Management and Supervisory Bodies;

Item Seven – Approval of the updating the Internal Policy for the Selection and Assessment of the suitability of members of the management and supervisory bodies and key function holders;

Item Eight – Approval of the reduction of the Bank's share capital by up to €150,000,000.00 (one hundred and fifty million euros), with the special purpose of implementing a Buyback Programme and cancelling own shares already acquired or to be acquired under said programme, involving the cancellation of up to 755. 699,497 own shares representing up to 5% of the total number of shares representing the share capital, as well as the related reserves, with the consequent amendment of article 4(1) of the articles of association;

Item Nine – Approval of the increase of the Bank's share capital to €3,000,000,000, by incorporating the special reserve that may be set up under item Eight of the Agenda, by the amount corresponding to the resulting share capital reduction and without issuing new shares, with the consequent amendment of Article 4(1) of the articles of association;

Item Ten – Approval of the amendment to article 27(2) of the Articles of Association (postal and electronic voting);

Item Eleven – Approval of the acquisition and sale of own shares and bonds.

AWARDS AND DISTINCTIONS

Millennium bcp received several distinctions in Q1 2025:

- "Consumer Choice" award in 2025 for the fifth consecutive year in the "Large Banks" category. Leadership in attributes such as "innovation" or "loyalty" contributed to this distinction. Among the strengths highlighted by consumers who participated in the study, in-person and online service and digital efficiency stand out.
- Renewed its status as leader in the 'Large Banks' and 'banking apps' categories, for the third consecutive year, for the Prémio Cinco Estrelas.
- "Best Investment Bank in Portugal" for the seventh consecutive year, within the scope of the World's Best Investment Banks Awards attributed by Global Finance magazine.
- "The Best Bank for Sustainable Finance in Portugal"in 2025 according to Global Finance magazine.
- Millennium bcp is included in the "Europe's Climate Leaders 2024" ranking for the fourth consecutive time.
- Distinguished at the Euronext Lisbon Awards 2025 in the categories of: Equity Champion (listed company with the highest total return), Local Market Member - Equity (member with the highest

value traded on Euronext Lisbon in this category), Market Member - Bonds (member with the highest value traded on Euronext Lisbon in this category), Structured Finance - Warrants and Certificates (member that generated the greatest growth in the securities identified in this category).

- Distinguished as the Best Distributor of Structured Products in Portugal by Structured Retail Products, an institution of the Euromoney Group.
- The "Nunca o zero value tanto" mortgage loans campaign was awarded Gold in the "Banking, Finance and Insurance" category at the M&P Comunicação awards promoted by the newspaper Meios & Publicidade.

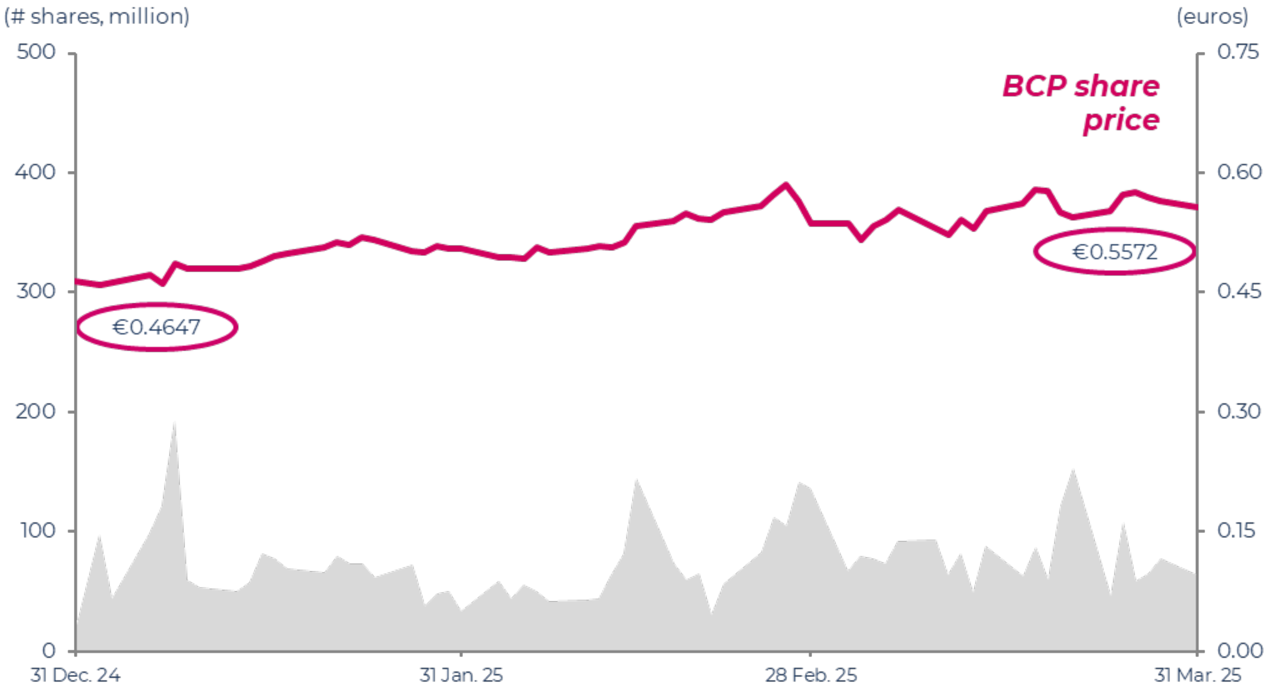
ActivoBank also received several distinctions in Q1 2025:

- “Consumer Choice” award for the seventh consecutive time in the “Digital Bank” category in 2025. The independent evaluations, which result from consumer opinion, once again highlighted the Bank's recognition among the public and loyalty of its Customers.
- “Five Stars” award for the second consecutive year, in the “Digital Banking” category.

Bank Millennium was also distinguished in Q1 2025:

- Bank Millennium is included in the "Europe's Climate Leaders 2024" ranking for the fourth consecutive time.
- Bank Millennium has been distinguished for the second consecutive year as Top Employer Polska in 2025 by the Top Employers Institute and for the 11th consecutive time as Reliable Employer.

BCP Share



Source: Euronext, Refinitiv

In the first quarter of 2025, BCP shares appreciated by 19.9%, which compares with gain of 21.5% recorded by the European banking benchmark index, the STOXX® Europe 600 Banks.

BCP's share price reacted positively to the Group's 2024 results published at the end of February. Net profit reached €906.4 million, representing a 5.9% increase year-on-year. Regarding the 2024 results, it is worth highlighting the solid capital ratios, with a CET1 ratio of 16.3% and a total capital ratio of 20.6% (already incorporating the impact of the €200 million share buyback programme authorised by the regulator). The strengthening of the capital position, alongside resilient net interest margins and the gradual reduction of charges associated with the CHF-denominated mortgage loan portfolio, underpinned eight upward revisions of the share's price target by analysts who regularly cover BCP.

In March 2025, Barclays and Intesa Sanpaolo initiated coverage of BCP. By the end of March: 76% of analysts (13 out of 17) had issued a "Buy" recommendation, 12% (2 analysts) maintained a "Hold" recommendation and 12% (2 analysts) recommended "Sell". The average price target for BCP shares was set at €0.63, representing an increase of €0.07 compared to the €0.56 observed in December 2024 and of €0.23 compared to the average price target of €0.40 recorded in December 2023.

Economic environment

In its most recent projection exercise, the International Monetary Fund (IMF) has revised downwardly its projection for global economic growth in 2025 from 3.3% to 2.8%. This revision reflects the broad deterioration of projections for advanced economies, particularly the economic situation in the United States, whose growth forecast was downgraded by 0.9 percentage points to 1.8%. For 2026, the IMF envisions a recovery scenario, with the global economy expected to grow by 3.0%. However, IMF highlights the underlying uncertainty due to the risks associated with worsening geopolitical tensions and the consequent adverse impact on international trade and business confidence.

In the first four months of the year, global financial markets exhibited significant corrections, with considerable volatility in the major equity indices of developed markets, following various proposals for foreign policy measures put forward by the United States and subsequent reactions from trading partners. These actions increased barriers to global trade, potentially disrupting established production chains, contrasting with existing practices in prior decades. This context may partly explain the evolution of Gross Domestic Product (GDP) in the first quarter of the year in some of the world's leading economies - declining activity in the United States and a recovery in the euro area - which can be attributed to a preventive hoarding effect in anticipation of the expected increase in the prices of goods imported by the United States due to the tariff's effects.

The consequent deterioration in confidence levels and the rise in risk aversion fostered some preference for safe-haven investments, but also a reduction in exposure to financial assets denominated in dollars, as evidenced by the depreciation of the US Dollar in effective terms and the increase in US sovereign bond yields during this period. However, in the beginning of the second quarter, the prospect of negotiations on the proposed measures and the possibility of a less adverse outcome facilitated some reversal of these movements and a recovery in riskier assets.

In the euro area, the downward trajectory of inflation, strengthened by lower wage pressures, favourable energy price developments, and the appreciation of the euro, enabled the European Central Bank (ECB) to lower the deposit rate to 2.25% in April, with expectations of further reductions in the ECB's reference rates by the end of the semester, with the 3-month Euribor rate decreasing by 56 basis points over the quarter. The announcement of economic stimulus measures, supported by increased public spending by Germany and other member states, led to a sudden and significant rise in euro area sovereign bond yields, although this movement proved temporary in light of renewed concerns over the sustainability of the ongoing economic recovery. The downward trend in the risk premia of the Euro Area peripherical countries was interrupted by the rise in risk aversion.

In the first quarter of 2025, the Portuguese GDP, in real terms, showed a quarter-on-quarter decrease of 0.5%, following the strong growth recorded in the previous quarter (1.4%), and a 1.6% year-on-year increase. The slowdown in the Portuguese economy during the first quarter reflects a deceleration in domestic demand and a negative contribution from net exports. For 2025, the IMF has revised downwardly its projection for the growth of the Portuguese economy from 2.3% to 2.0%, although this remains higher than the projected growth for the euro area (0.8%). The unemployment rate was broadly stable during the first quarter, remaining below full employment (according to Banco de Portugal estimates). The inflation rate decreased in the first quarter from 2.8% to 2.3%, due to base effects related to the end of VAT exemptions on essential food items. The disinflationary trend is expected to benefit in the coming months from the correction of energy prices in international markets.

In Poland, economic growth is expected to remain robust in 2025. The IMF forecasts GDP growth at around 3.2%, driven by investment projects supported by European funds throughout the year and consumption, which is anticipated to benefit from an increase in real disposable income and historically low unemployment rates. In the first quarter of 2025, the inflation rate rose to 4.9%, which prompted the National Bank of Poland to maintain the reference interest rate at 5.75%. However, the expectation of wage moderation and the reduction in energy prices in international markets, with inflation approaching the 2.5% target over the medium term, has contributed lately to the expectation of an interest rate cut of between 25 and 50 basis points. On the exchange rate front, the Złoty appreciated slightly against the euro in the first quarter of 2025, despite some temporary pressure.

The IMF forecasts a recovery for the Mozambican economy in 2025, from 1.9% to 2.5%, driven by activity related to large gas projects and the normalisation of the country's situation following the social tensions experienced at the end of 2024. The price level accelerated in the first quarter of the year, although underlying inflation remained stable. The Central Bank of Mozambique reduced the reference interest rate from 12.25% to 11.75% in March, and the Metical remained relatively stable, though facing challenges in the management of foreign exchange reserves.

In Angola, the IMF anticipates a slowdown in GDP growth from 4.4% to 2.4% in 2025. In the first quarter of the year, the central bank maintained its reference interest rate at 19.50% and the Kwanza depreciated against the euro.

Business Model

Nature of operations and main activities

The Group provides a wide variety of banking services and financial activities in Portugal and abroad, where it is present in the following markets: Poland, Mozambique, Angola (through its associate BMA) and China (Macao). All its banking operations develop their activity under the Millennium brand. The Group also ensures its international presence through representation offices and/or commercial protocols.

The Bank offers a vast range of financial products and services: current accounts, payment systems, savings and investment products, private banking, asset management and investment banking, including mortgage loans, personal loans, commercial banking, leasing, factoring and insurance, among others. The back-office operations for the distribution network are integrated to benefit from economies of scale.

In Portugal, Millennium bcp is focused on the retail and companies markets, providing services to its Customers in a segmented manner. The Bank makes products available to Customers through its network of branches, offering a wide range of products and services.

Distinctive factors of the business model

Largest private sector banking institution

BCP is the largest private banking institution in terms of business volume in Portugal, assuming a leading and prominent position in various financial products and services as well as different market segments, with its activity based on a modern branch network with wide coverage at a national level. In addition, the Bank has remote banking channels (banking service by telephone, Mobile Banking and Internet), which act as distribution points for its financial products and services.

The activity in the domestic market focuses on Retail Banking and Companies, which is segmented in order to best serve Customer needs, through a value proposition based on innovation and speed, targeting Mass-market Customers, and through the innovation and customized management of service for Prestige, Business, Companies, Corporate and Large Corporate Customers. Retail Banking is also developed through ActivoBank, a bank aimed specifically at Customers who are young in spirit, intensive users of new technologies and prefer a banking relationship based on simplicity and offering innovative products and services.

At the end of March 2025, Millennium bcp continued to be the largest Portuguese privately-owned bank on business volumes and with a relevant position in the countries where it operates.

On 31 March 2025, operations in Portugal accounted for 64% of total assets, 67% of total loans to Customers (gross) and 68% of total customer funds. At the end of March 2025, the Bank, in Portugal, had more than 2.7 million active Customers and market shares of 15.7% of loans to Customers and 18.5% of customer deposits.

International presence as a platform for growth

At the end of March 2025, Millennium bcp had an international presence throughout the world through its banking operations, representative offices and/or commercial protocols, serving more than 7.0 million active Customers.

In Poland, Bank Millennium has a well distributed network of branches, supported by a modern multi-channel infrastructure.

In February 2025, Bank Millennium had a market share of 5.5% in loans to Customers and of 5.7% in deposits.

Concerning the operations in Africa, Millennium bcp operates through Millennium bim, a universal bank that has been operating since 1995 in Mozambique, where it has about 1.3 million Active Customers and is the reference bank in this country, with market shares of 16.1% in loans and advances to Customers and of 21.7% in deposits, in the end of February 2025. Millennium bim is a highly reputed brand in the Mozambican market, associated with innovation, strong penetration in terms of electronic banking and exceptional capacity to attract new Customers.

On 22 April 2016, the deed of the merger of Banco Millennium Angola, S.A. with Banco Privado Atlântico, S.A. was signed. The bank resulting from the merger is an associate of Banco Comercial Português.

The Group also operates in the Far East since 1993. The activity of the existing branch in Macau was expanded in 2010, through the attribution of a full license (onshore) aimed at establishing an international platform for business operations between Europe, China and Portuguese-speaking African countries.

The Bank also has 4 representation offices (1 in the United Kingdom, 2 in Switzerland and 1 in China, in Guangzhou) and 1 commercial protocol (France).

Growth based on digital/mobile banking

Since its incorporation, the Bank has been recognized by the innovation. The Bank was the first in Portugal to introduce specific innovative concepts and products, including direct marketing methods, branch formats based on Customer profiles, salary accounts, simplified branches ("NovaRede"), telephone banking services, through Banco 7, which later became the first online banking services platform, health insurance (Médis) and direct insurance, and a website dedicated to individual Customers and corporate banking. The Bank was also a pioneer in the launching of a new Internet Banking concept, based on the ActivoBank platform, which provides a simplified service to the Customer, including the opening of a current account using Mobile Banking solutions.

In the first quarter of 2025, the highlight will be the strong growth in the number of transactions on mobile, year-on-year:

- +15% in transactions (+16% P2P transfers; +19% national transfers; +56% number of accounts opening);
- +13% in sales (+75% number of investment funds; +34% number of personal loans; +15% savings).

The number of digital interactions increased in the first quarter of 2025 by 12% year-on-year, from 163 million to 189 million.

Digital transactions maintained in the first quarter of 2025 a level of 99.6% and there continued to be a reduction in transactions in the ATM channel, offset by the increase in digital transactions.

Digital sales in the first quarter of 2025 maintained their weight in the number of operations, at 84%, with emphasis on the increase in sales made through the App.

App Millennium leads the ratings of technology platforms with scores very close to 5.

Closer to its Customers

At Group level, the Bank surpassed 7.0 million active Customers, with emphasis on mobile Customers which grew 9% (+428 thousand Customers), surpassing the threshold of 5.0 million Customers, representing a penetration rate of 72% of active Customers, compared to 69% compared to the same period last year.

In Portugal, BCP has almost 2.8 million Active Customers, which clearly demonstrates the trust placed in the Bank, and with regard to mobile Customers, the growth trend continued, having increased by 10% (+166 thousand Customers) compared to March 2024. the Bank reached more than 1.7 million mobile Customers, representing 64% of the active Customer base in Portugal, which compares with 60% compared to the same period last year.

Millennium bcp was awarded the “Consumer’s Choice” award in 2025, in the “Large Banks” category for the fifth consecutive year. This distinction was made possible by its leadership in attributes such as “innovation” and “loyalty”. Among the strengths highlighted by consumers who participated in the study, the company’s in-person and online customer service and digital efficiency stand out.

In 2025, it renewed its status as leader in the “Large Banks” and “Banking Apps” categories for the third consecutive year, by the Cinco Estrelas Award.

It was elected “Best Investment Bank in Portugal” for the seventh consecutive year, within the scope of the World’s Best Investment Banks Awards given by Global Finance magazine and “Best Bank for Sustainable Finance in Portugal” in 2025, also according to Global Finance magazine.

Business Model Sustainability

Millennium bcp, with the aim of strengthening its proposal and performance in matters of Sustainability and responsible finance, continues to lead a transformative dynamic of adapting to new ESG (Environmental, Social and Governance) requirements that allow it to respond to the needs of Customers, the expectations of supervisors and, in general, the ambitions of Stakeholders in these areas of activity.

In this context and within the framework of its governance and decision-making model, the Bank has a Committee of the Board of Directors for the topics of Corporate Governance, Ethics and Sustainability, a Sustainability Committee dependent on the Executive Committee and led by the CEO and a Sustainability Master Plan (PDS), a management instrument that brings together in a coherent and articulated way the multidisciplinary actions to be developed within the scope of the ESG dimensions in all the operations integrated into the BCP Group.

Millennium bcp's intervention is thus divided into three fundamental axes: (i) Environmental, aiming to implement measures that promote a fair and inclusive transition to decarbonized economic development models, including the incorporation of the climate dimension in the Bank's risk models and in the commercial offer of solutions, products and services; (ii) Social, which ensures and promotes, together with the Millennium bcp Foundation, involvement with the external and internal communities in establishing lasting relationships of proximity and cooperation and in creating shared value; and (iii) corporate governance, promoting the integration of Sustainability principles in the Bank's decision-making and control processes, in the management of its supply chain and in the definition of its value proposition.

This alignment with Sustainability principles is central for Millennium bcp, and for organizations in general, remaining a privileged means of determining the social and environmental impact of the activity carried out and the expected corporate performance in these dimensions. The Bank is aware of the competitive, reputational and business advantage of incorporating environmental, social and governance factors, opportunities and risks into decision-making processes and reflecting them in the offering of solutions, products and services, a conviction that clearly results from the inclusion of Sustainability as one of the vectors of the "Valorize 28" Strategic Plan, a document that summarizes Millennium bcp's vision, objectives and value proposal for the 2025-2028 three-year period.

The deepening of a Responsible Business culture that promotes the creation of wealth, and its fair distribution, and positively influences the organization's long-term value proposition, in balance with the well-being of people, the company and the communities in which it operates and with respect for the preservation of natural resources, the climate and the environment, constitute the essence of the Sustainability strategy, policies and practices defined and implemented by the BCP Group in all its geographies.

Financial information

Results and Balance Sheet

PROFITABILITY ANALYSIS

NET INCOME

In the first quarter of 2025, the consolidated net income of Millennium bcp amounted to EUR 243 million, corresponding to a 3.9% growth compared to the EUR 234 million achieved in the same period of the previous year and to a return on equity (ROE) of the Group of 13.9%.

The growth of the net income of the Group compared to the first quarter of 2024 was determined by the favourable performance of both the activity in Portugal and the Polish subsidiary, with the results of Millennium bim in Mozambique being lower than those achieved in the first three months of 2024, influenced by the impacts arising from the sovereign debt rating downgrade.

The performance of net income of the Group compared to the previous year largely benefited from the increase in net trading income and in core income, as well as from the reduction in impairments and provisions. The results on modification and equity accounted earnings also evolved favourably in this period, although less expressively.

On the other hand, the increase in operating costs and the performance of other net operating income contributed unfavourably to the evolution of net income of the Group compared to the same period of the previous year.

The increase in net trading income, from a negative amount of EUR 3 million in the first quarter of 2024 to EUR 30 million in the same period of the current year, was due to the contribution of both the activity in Portugal and the international activity, in the latter case, due to the reduction in costs incurred by the Polish subsidiary in converting mortgage loans granted in Swiss francs, following the agreements with customers holding these loans.

Core income, in turn, totalled EUR 922 million in the first quarter of 2025 showing a 3.2% (EUR +29 million) growth from the first quarter of 2024, mainly due to the increase of 3.6% (EUR +25 million) in net interest income. This increase in net interest income to EUR 721 million in the first quarter of 2025 was due to the performance of the international activity, the impact of which was partially offset by the reduction in the activity in Portugal. On the other hand, net commissions increased by 2.1% (EUR +4 million) in the same period, totalling EUR 201 million in the first quarter of 2025, mainly reflecting the performance of the activity in Portugal.

The favourable performance of net income of the Group was also the result of the reduction in loan impairments charges (net of recoveries), which, in consolidated terms, decreased EUR 18 million (-24.1%), totalling EUR 56 million at the end of March 2025, benefiting from the improvement in both the activity in Portugal and the international activity.

Other impairments and provisions also contributed to the favourable performance of net income of the Group by decreasing 9.6% (EUR -14 million) to EUR 131 million in the first quarter of the current year, mainly reflecting the performance of the activity in Portugal. In the international activity, the decrease of EUR 21 million in the additional provisions booked to face the legal risk implicit in foreign exchange mortgage portfolio in the Polish subsidiary (EUR -19 million, from EUR 117 million to EUR 98 million, excluding the amount related to loans originated by Euro Bank S.A., to be reimbursed by a third party recognised in other net operating income) was offset by the impairments recognised in the subsidiary in Mozambique, to face the impacts of the sovereign debt rating downgrade in that country.

The evolution of the net income of the Group was also favourably influenced by the increase in results on modification (EUR +3 million) and in equity accounted earnings (EUR +3 million).

The positive impacts mentioned above were partially offset by the increase in operating costs both in the activity in Portugal and in the international activity. In fact, despite the disciplined management of costs by the Group, operating costs in consolidated terms were 10.4% (EUR +32 million) above the amount recorded a year earlier, amounting to EUR 340 million at the end of the first quarter of 2025. Staff costs, other administrative costs and amortisation and depreciation were higher than in the previous year, with staff costs recording the most significant increase both in the activity in Portugal and in the international activity.

Finally, it should be noted that other net operating income evolved from a negative amount of EUR 33 million in the first quarter of 2024 to an also negative amount of EUR 56 million in the first quarter of 2025 (EUR -24 million), reflecting the performance of both the activity in Portugal and mainly the activity of the Polish subsidiary. The increase of EUR 31 million recorded in the mandatory contributions borne by the Polish subsidiary was decisive for this evolution, although its impact was partially offset by the favourable impact associated with foreign exchange mortgage portfolio regarding this item (EUR +18 million).

Overall, the impact[2] associated with the portfolio of foreign exchange mortgage portfolio evolved from a cost of EUR 191 million to a cost of EUR 131 million (EUR -60 million), continuing to strongly influence the results of the Group.

In the first quarter of 2025, core operating profit of the Group amounted to EUR 583 million, standing 0.5% below the EUR 586 million achieved in the same period of the previous year, since the increase in core income was not sufficient to offset the increase in operating costs.

The previous analysis does not exclude the impact of specific items considered in each period. In the first three months of 2025, specific items had an immaterial negative impact[2] within the scope of this analysis, while in the first quarter of 2024 the impact[2] was positive in the amount of EUR 1 million. In both periods, specific items were recognised in staff costs in the activity in Portugal including costs with employment terminations, namely indemnities. In the first quarter of 2024, specific items also include an income recognised after an agreement related to liabilities with former directors of the Bank.

Excluding the impact of specific items in both periods, core operating profit of the Group amounted to EUR 583 million, in line (-0.3%) with the amount reached in the first quarter of the previous year.

In the activity in Portugal, net income of the first quarter of 2025 amounted to EUR 219 million, growing 7.6% from the EUR 204 million achieved in the same period of the previous year.

The favourable performance of net income in the activity in Portugal was largely influenced by the reduction in impairments and provisions in the last year, with the improvement in the risk profile of the credit portfolio allowing a reduction of 27.5% (EUR -13 million) in loan impairments (net of recoveries), to EUR 34 million at the end of March 2025. Other impairments and provisions, in turn, showed a reduction of 71.7% (EUR -13 million), totalling EUR 5 million at the same date.

The increases in net trading income (EUR +18 million) and, to a smaller extent, in equity accounted earnings (EUR +3 million), also positively influenced the evolution of net income in the activity in Portugal.

Conversely, net income of the activity in Portugal was influenced by the increase of 9.3% (EUR +14 million) recorded in operating costs, which totalled EUR 169 million in the first quarter of 2025. The evolution of operating costs was mainly due to the increase in staff costs, with other administrative costs and amortisation and depreciation also above the amount recorded in the first quarter of 2024, although with a less significant impact on the evolution from the first quarter of the previous year.

The performance of net income of the activity in Portugal was also influenced by the evolution of other net operating income, from a positive amount of EUR 6 million in the first quarter of 2024 to a negative amount of EUR 2 million in the first quarter of 2025, as well as by the reduction in core income, from EUR 481 million to EUR 474 million in the same period. The evolution of core income was mainly due to the performance of net interest income, which decreased by 3.9% (EUR -13 million) to EUR 326 million at the end of March 2025. Net commissions, in turn, totalled EUR 148 million in the first quarter of the current year, growing 3.9% (EUR +6 million) from the same period of the previous year, mainly reflecting the increase in commissions related to the bancassurance activity, arising from the update of the distribution fees paid by the insurance companies.

The impact of the evolution of core income together with operating costs in the activity in Portugal resulted in a reduction of 6.7% in core operating profit, from EUR 327 million in the first three months of 2024, to EUR 305 million in the same period of the current year.

Excluding the specific items mentioned above (an immaterial negative impact within the scope of this analysis in first three months of 2025 and a positive impact of EUR 1 million in the first three months of 2024, both recognised in staff costs), core operating profit in the activity in Portugal decreased by 6.4% from EUR 326 million to EUR 305 million.

In the international activity, net income of the first quarter of 2025 amounted to EUR 25 million, 20.2% below the EUR 31 million recorded in the same period of the previous year. This evolution reflects the

[2] Before taxes and non-controlling interests.

reduction in the results obtained by Millennium bim in Mozambique, which impact was largely offset by the improved results obtained by Bank Millennium in Poland compared to the first quarter of 2024.

In fact, net income of Bank Millennium reached EUR 43 million in the first quarter of 2025, showing a strong growth of 44.0% from the EUR 30 million recorded in the same period of the previous year, while Millennium bim's net income amounted to EUR 4 million at the end of the first quarter of 2025, significantly below (-83.8%) the amount recorded a year before.

The performance of the Polish subsidiary was mainly influenced, on one hand, by the increase in core income (driven by net interest margin) an by the reduction of the overall amount of costs associated with the portfolio of foreign exchange mortgage loans and, on the other, by the increase in operating costs and in mandatory contributions.

The performance of Millennium bim in Mozambique, in turn, was strongly influenced, as already mentioned, by the impacts arising from the situation of the country, namely the downgrade of the sovereign debt rating, which resulted in a significant increase in the recognition of impairment of financial assets. Although to a lesser extent, the evolution of net income of Millennium bim in Mozambique also reflects, among other less significant changes, the increase in operating costs. Core income, in turn, contributed positively to the evolution of the results of the Mozambican subsidiary in the last year, mainly benefiting from net interest income increase, driven by the decrease in the local requirement for non-remunerated cash reserves to be maintained with the central bank, in January 2025.

The contribution of the Angolan operation to the results of the international activity, through the appropriation of the results of Banco Millennium Atlântico recognised in equity accounted earnings, did not change significantly in absolut terms, totalling EUR 1 million in the first quarter of the current year.

Reflecting the aforementioned performance in each of the geographies, core operating profit of the international activity grew by 7.4%, from EUR 259 million in the first quarter of 2024 to EUR 278 million in the first quarter of 2025, as the increase in core income more than offset the increase in operating costs.

NET INTEREST INCOME

In the first three months of 2025, net interest income of the Group reached EUR 721 million, growing 3.6% from the EUR 696 million posted in the same period of the previous year, with the reduction recorded in the activity in Portugal being more than offset by the increase in the international activity.

In fact, net interest income, in the activity in Portugal, totalled EUR 326 million in the first quarter of 2025, standing 3.9% below the EUR 339 million recorded in the first quarter of 2024. This performance reflects, above all, the lower income generated by the customer loan portfolio and the securities portfolio, partially offset by the decreased cost of funding.

The reduction in the income generated by the customer loan portfolio, compared to the first quarter of the previous year, reflects above all the interest rates decrease, partially offset by the slight increase in the average balance of the portfolio. The income generated by liquidity deposited in the Banco de Portugal, in turn, was also lower compared to that recorded a year earlier, although its impact on the evolution of net interest income was more modest.

On the other hand, costs associated with the remuneration of the deposit portfolio decreased from the first quarter of 2024, reflecting the evolution of interest rates in the last year. Although the average balance of interest-bearing deposits increased in this period, its impact was not significant in this evolution.

In addition, the increase in income generated by the securities portfolio also contributed favourably to the evolution of net interest income, with the increased contribution of income generated by the sovereign debt portfolio, due, on the one hand, to the evolution of interest rates and, on the other, to the positive impact resulting from the increased size and turnover of the portfolio.

Also influenced by the decrease in interest rates, the costs incurred with issued debt and subordinated debt were also lower than the amount recorded in the first quarter of the previous year. In addition, the decision of the Bank to exercise, in October 2024, its option to early redeem in whole its EUR 350 million senior preferred issue replacing it in the same month with another issue of senior preferred debt securities in the amount of EUR 500 million, under the Bank's Euro Note Programme, aiming to comply with the requirements known as "MREL" (Minimum Requirements for Own Funds and Eligible Liabilities), with a more favourable rate, also contributed to this evolution.

In the international activity, net interest income amounted to EUR 395 million at the end of the first quarter of 2025, showing a growth of 10.7% from the EUR 357 million accounted in the first quarter of 2024.

This evolution benefited from the favourable performance of both the Polish and the Mozambican subsidiaries despite the less significant impact of the latter. The increase in net interest income in the Polish subsidiary was largely due to the higher income generated by the securities portfolio. The performance of the subsidiary in Mozambique benefited from the reduction in the local requirement for non-remunerated cash reserves to be maintained with the central bank, in January 2025.

In consolidated terms, net interest margin went from 3.12% in the first three months of 2024 to 3.00% in the first quarter of 2025, mainly reflecting the performance of the activity in Portugal.

In fact, in the activity in Portugal, net interest margin evolved from 2.34% in the first quarter of 2024, to 2.12% in the same period of the current year.

Net interest margin in the international activity, in turn, remained at a similar level to that recorded in the first three months of 2024 (4.55% vs 4.57%), as the central bank of Poland kept interest rates unchanged during this period. In Mozambique, the central bank has continued the cycle of interest rate reductions started in 2024 and, in January 2025, reduced the local requirement for non-remunerated cash reserves to be maintained with the central bank of Mozambique, in this case with a favourable impact on the evolution of the Mozambican subsidiary net interest income.

Both in the activity in Portugal and in the international activity, the increase in liquidity invested in public debt securities, resulting from the growth of customer deposits, although contributing positively to net interest income, is reflected in a reduction in net interest margin compared to the same period of the previous year.

EQUITY ACCOUNTED EARNINGS AND DIVIDENDS FROM EQUITY INSTRUMENTS

Equity accounted earnings together with dividends from equity instruments, which comprise dividends and equity income received from investments classified as financial assets at fair value through other comprehensive income and as financial assets held for trading, increased from EUR 10 million in the first quarter of 2024, to EUR 13 million at the end of the first quarter of 2025, mainly reflecting the performance of equity accounted earnings in the activity in Portugal.

In fact, in the activity in Portugal, no amount related to dividends from equity instruments was recorded either in the first quarter of the current year or in the previous year, while equity accounted earnings, in turn, increased from EUR 9 million to EUR 12 million in the period under analysis. This evolution reflects the higher income generated by the contribution of the shareholding in Millenniumbcp Ageas, as well as in Unicre and SIBS.

In the international activity, equity accounted earnings together with the income of dividends from equity instruments totalled EUR 1 million in the first quarter of 2025, as in the same period of the previous year, with the appropriation of the results generated by Banco Millennium Atlântico in Angola and by Fidelidade Moçambique - Companhia de Seguros S.A. in Mozambique being lower than a year before.

NET COMMISSIONS

In the first three months of 2025, net commissions totalled EUR 201 million, growing 2.1% compared to the EUR 197 million recorded in the same period of the previous year.

This evolution was mainly due to the performance of the activity in Portugal, largely reflecting the growth of bancassurance activity commissions, mainly due to the distribution fees update. On the other hand, in the international activity, net commissions decreased compared to the amount posted a year earlier, although with a smaller expression.

In consolidated terms, the favourable performance of net commissions was due to the growth of both banking commissions, that amounted to EUR 170 million in the first quarter of 2025, standing EUR 3 million (+1.8%) above the amount recorded in the same period of the previous year, and market related commissions that totalled EUR 31 million, increasing EUR 1 million (+4.1%) from the amount recorded a year earlier.

NET COMMISSIONS

million EUR

	3M25	3M24 (restated)	Chg. 25/24
BANKING COMMISSIONS	**170**	**168**	**1.8 %**
Cards and transfers	61	63	(2.5 %)
Credit and guarantees	33	33	1.7 %
Bancassurance	33	30	10.5 %
Management and maintenance of accounts	41	40	3.3 %
Other commissions	2	2	(26.7 %)
MARKET RELATED COMMISSIONS	**31**	**30**	**4.1 %**
Securities operations	9	11	(15.4 %)
Asset management and distribution	22	19	15.4 %
	201	**197**	**2.1 %**
Of which:			
Activity in Portugal	148	142	3.9 %
International activity	54	55	(2.5 %)

In the activity in Portugal, net commissions amounted to EUR 148 million at the end of March 2025, corresponding to a growth of 3.9% from the EUR 142 million recorded in the first three months of 2024.

Net commissions related to the banking business, which amounted to EUR 125 million in the first quarter of 2025 were the main responsible for this evolution, with a growth of 5.5% (EUR +7 million), determined by the increase in commissions associated with the bancassurance activity, due to the increase of the activity and mainly from the update of the distribution fees paid by the insurance companies.

Commissions associated with management and maintenance of accounts and with credit and guarantees also performed favourably compared to the first quarter of the previous year. On the other hand, the performance of commissions related to banking business, in the activity in Portugal, was influenced by the reduction in commissions related to cards and transfers which include amounts charged for transactions carried out with cards and the respective payment networks, for bank transfers and for the use of points of sale (POS), with other banking commissions also standing below the amount reached in the first quarter of 2024, albeit to a lesser extent.

Commissions related to markets, in the activity in Portugal, in turn, totalled EUR 23 million, corresponding to a reduction of 4.2% (EUR -1 million), from the first quarter of 2024.

This performance was due to commissions related to securities operations, with commissions arising from asset management and distribution reaching a higher level than at the end of the first quarter of 2024.

In the international activity, net commissions amounted to EUR 54 million in the first quarter of 2025, standing 2.5% (EUR -1 million) below the amount recorded in the same period of the previous year. This evolution was determined by the performance of the Polish subsidiary, partially offset by the increase in the subsidiary in Mozambique.

Commissions related to banking business in the international activity totalled EUR 45 million in the first quarter of 2025, standing 7.3% (EUR -4 million) below the amount recorded in the same period of the previous year. The reduction recorded in bancassurance commissions in the Polish subsidiary largely contributed to this evolution. Commissions related to credit and guarantees were also below the amount recorded in the first quarter of 2024, as well as commissions related to management and maintenance of accounts and other banking commissions, despite the less material impact on the evolution of net commissions. On the other hand, commissions related to cards and transfers were higher than in the first quarter of 2024, thus contributing favourably to the evolution of net commissions in the international activity.

With regard to commissions related to financial markets, still in the international activity, there was a significant increase (+37.1%, EUR +2 million), to EUR 8 million at the end of the first quarter of 2025, determined by the increase of commissions associated with asset management and distribution, since the growth in commissions associated with securities operations, although relevant, had a less relevant impact on the scope of this analysis.

NET TRADING INCOME

Net trading income recorded a significant improvement by evolving from a cost of EUR 3 million in the first quarter of 2024 to an income of EUR 30 million in the same period of the current year.

In the activity in Portugal, net trading income evolved from a cost of EUR 4 million in the first three months of 2024 to a gain of EUR 13 million at the end of the first quarter of 2025.

In the international activity, net trading income also showed a favourable evolution increasing the gains of EUR 1 million recorded in the first quarter of 2024 to EUR 16 million in the first quarter of the current year.

The performance of this item was influenced by the lower impact of costs incurred by the Polish subsidiary in converting mortgage loans granted in Swiss francs, following the agreements with customers holding these loans, that evolved from EUR 23 million in the first quarter of 2024 to EUR 5 million in the first quarter of 2025, due to the use of provisions booked to face these costs in this quarter.

In the operation in Mozambique, net trading income did not change materially compared to the same period of the previous year.

OTHER NET OPERATING INCOME

Other net operating income includes, among others, the costs associated with the resolution and the deposit guarantee funds as well as with the other mandatory contributions, both in the activity in Portugal and in the international activity.

In the first three months of 2025, other net operating income totalled a negative amount of EUR 56 million, that compares to the also negative amount of EUR 33 million recorded in the same period of the previous year, mainly reflecting the performance of the Polish subsidiary.

In the activity in Portugal, other net operating income evolved from an income of EUR 6 million in the first quarter of 2024 to a negative amount of EUR 2 million in the first quarter of 2025. None of the periods includes any material amount related to mandatory contributions, which normally occur in the second quarter of the year.

In the international activity, other net operating income evolved from a negative amount of EUR 38 million in the first quarter of 2024 to an also negative amount of EUR 54 million at the end of March 2025. This performance was determined by the increase in costs associated with mandatory contributions in the Polish subsidiary, partially offset by the decrease in costs associated with foreign exchange mortgage loan portfolio recognised under this heading by this subsidiary.

In fact, costs associated with mandatory contributions borne by the Polish subsidiary, evolved from EUR 15 million to EUR 46 million last year, mainly due to the special tax on the Polish banking sector that totalled EUR 24 million, while no payment was made in the first quarter of 2024, as this tax had been suspended following the activation of the Bank Millennium Recovery Plan at the beginning of the second half of 2022. With the completion of the implementation of the aforementioned Recovery Plan in June 2024, Bank Millennium was again subject to the payment of this tax, which at the end of 2024 reached EUR 54 million.

The contribution of Bank Millennium to the deposit guarantee fund, which had been suspended following the contribution to IPS (Institutional Protection Scheme) in 2022, reached EUR 4 million in the first quarter of 2025, thus contributing to the overall amount of the mandatory contributions compared to the first quarter of 2024. The contribution to the resolution fund by the Polish subsidiary was also higher compared to the amount recognised in the first three months of 2024 (EUR 18 million vs EUR 15 million).

On the other hand, the impacts associated with foreign exchange mortgage loan portfolio, as far as this item is concerned, evolved favourably from a cost of EUR 21 million in the first three months of 2024 to a cost of EUR 3 million in the first three months of 2025. This performance mainly reflects the reduction in court costs related to the counterclaims filed by Bank Millennium for reimbursement of the amounts owed by customers. On the other hand, the income to be reimbursed from a third party, as compensation for costs incurred with the booking of provisions to address the legal risk implicit in foreign exchange mortgage loans, following the indemnity clauses and contractual guarantees provided for in the acquisition contract of Euro Bank S.A., decreased from EUR 10 million in the first three months of 2024, to EUR 8 million in the first three months of 2025, mirroring the evolution of those provisions.

OPERATING COSTS

Despite the disciplined management of costs followed by the Group, operating costs stood 10.4% above the EUR 308 million recorded in the same period of the previous year, totalling EUR 340 million in the first quarter of 2025. In the activity in Portugal and in the Polish and Mozambican subsidiaries alike, operating costs were higher than those recorded a year earlier.

OPERATING COSTS

million EUR

	3M25	3M24 (restated)	Chg. 25/24
Staff costs	188	166	13.5 %
Other administrative costs	113	107	6.0 %
Amortisation and depreciation	39	35	9.0 %
	340	**308**	**10.4 %**
Of which:			
Activity in Portugal	169	154	9.3 %
International activity	171	154	11.5 %

The amounts presented do not exclude the impact of specific items considered in each period in staff costs in the activity in Portugal. In the first quarter of 2025, there was an immaterial negative impact while in the first quarter of 2024, the impact was positive in the amount of EUR 1 million.

Excluding the specific items mentioned above, operating costs of the Group amounted to EUR 340 million, standing 10.0% above the EUR 309 million accounted in the first quarter of 2024. This performance was determined by the increase in staff costs (+12.8%, EUR +21 million), also reflecting, albeit to a lesser extent, the increase in other administrative costs (+6.0%, EUR +6 million) and in amortisation and depreciation (+9.0%, EUR +3 million). Both in the activity in Portugal and in the international activity operating costs were higher than in the first quarter of 2024.

Cost-to-income and cost-to-core income ratios, excluding the specific items, evolved from 35.5% to 37.4% and from 34.6% to 36.8%, respectively in the last year.

Cost-to-income and cost-to-core income stated ratios, in turn, evolved, respectively, from 35.4% to 37.4% and from 34.4% to 36.8%.

In the activity in Portugal, operating costs totalled EUR 169 million in the first quarter of 2025, standing 9.3% above the EUR 154 million posted in the same period of the previous year. Excluding the specific items mentioned above, operating costs increased 8.6% (from EUR 155 million to EUR 169 million).

The evolution of operating costs in the activity in Portugal, not considering the effect of specific items, was driven by the increases of 11.1% (EUR +10 million) recorded in staff costs, of 4.2% (EUR +2 million) in other administrative costs and of 8.4% (EUR +2 million) in amortisation and depreciation.

Excluding the impact of specific items, cost-to-income ratio in the activity in Portugal evolved from 31.6% to 33.9%, while cost-to-core income ratio went from 32.3% to 35.6% in the last year. Cost-to-income and cost-to-core income stated ratios stood at 33.9% and 35.6% in the first quarter of 2025, levels that compare respectively with 31.4% and 32.1% in the same period of the previous year.

In the international activity, operating costs totalled EUR 171 million at the end of the first quarter of 2025, standing 11.5% above the EUR 154 million accounted in the same period of the previous year. This evolution was mainly due to the performance of the Polish subsidiary, although in the subsidiary in Mozambique operating costs were also higher than those recorded in the first quarter of 2024.

The evolution of operating costs in the international activity was due to the increases of 14.7% (EUR +12 million) in staff costs, of 7.5% (EUR +4 million) in other administrative costs and of 9.7% (EUR +2 million) in amortisation and depreciation.

The cost-to-income ratio of the international activity evolved from 40.8% in the first quarter of 2024 to 41.5% in the first quarter of 2025, while cost-to-core income ratio in turn, went from 37.2% to 38.1% in the same period.

STAFF COSTS

In the first quarter of 2025, staff costs totalled EUR 188 million, standing 13.5% above the EUR 166 million accounted in the same period of the previous year. Both in the activity in Portugal and in the international activity, staff costs were higher than a year before.

In the activity in Portugal, stated staff costs amounted to EUR 97 million at the end of the first quarter of 2025, standing 12.4% above the EUR 86 million recorded in the same period of the previous year. Not considering the impact[3] of the specific items, the increase was 11.1%, from EUR 87 million to EUR 97 million.

Despite the hiring of new employees with specific skills, namely on digital, new technologies and internal control areas, the number of employees in the activity in Portugal stood at 6,229 employees at the end of March 2025, 40 employees less than on 31 March 2024.

In the international activity, staff costs amounted to EUR 91 million at the end of the first quarter of 2025, standing 14.7% above the EUR 80 million recorded a year before. The Polish subsidiary was mainly responsible for this evolution, although the subsidiary in Mozambique also contributed to the increase in staff costs compared to the previous year, albeit to a lesser extent.

In the Polish subsidiary, the evolution of staff costs continued to be determined by the strong pressure on basic wages and by the current scenario of the Polish labour market, with very low unemployment rates in the country. In this period, the total number of employees of this subsidiary remained stable, evolving from 6,861 employees (6,731 FTE - full-time equivalent) at the end of March 2024, to 6,847 employees (6,726 FTE - full-time equivalent) on 31 March 2025.

The operation in Mozambique, in turn, increased its headcount in 69 employees, having 2,640 employees at the end of March 2025, an increase that, together with the salary update, contributed to the growth in staff costs in the last year.

As of 31 March 2025, the headcount of the international activity consisted of 9,487 employees, which compares to 9,432 employees at the end of March 2024.

OTHER ADMINISTRATIVE COSTS

Notwithstanding the disciplined management of costs followed by the Group, other administrative costs were 6.0% above the EUR 107 million recorded in the first quarter of the previous year, totalling EUR 113 million in the first quarter of 2025. This evolution reflects the increase in costs both in the activity in Portugal and mainly in the international activity.

In the activity in Portugal, other administrative costs amounted to EUR 52 million, corresponding to an increase of 4.2% from the EUR 50 million recorded in the first three months of 2024.

Despite the implementation of a series of recurrent measures to optimise the cost structure of the Bank, this performance largely reflects the increase in costs associated with advisory services, including support on regulatory matters. Costs associated to outsourcing and independent labour, particularly those related to banking operations, were also higher than a year before as well as costs with water, electricity and fuel and costs with information technology services, among other costs with a less significant impact on the evolution of this item. Conversely, costs associated with legal expenses, other

[3] In the first quarter of 2025, specific items related to staff costs had an immaterial negative impact (costs with employment terminations, namely indemnities). In the first quarter of 2024, the impact was positive in the amount of EUR 1.0 million, including costs with employment terminations, namely indemnities and an income recognised after an agreement related to liabilities with former directors of the Bank.

supplies and services and other specialised services represent the main reductions compared to the first quarter of 2024.

In the international activity, other administrative costs amounted to EUR 61 million in the first three months of 2025, representing a 7.5% increase from the EUR 57 million posted in the previous year, reflecting the increases recorded in both the Polish and the Mozambican subsidiaries.

The Group maintains a process of optimisation of its branch network in order to efficiently serve the markets in which it is present. On 31 March 2025, the activity in Portugal had a network of 397 branches, two less than at the end of March 2024, while in the Polish subsidiary, the number of branches decreased from 611 branches at the end of March 2024 to 605 branches on 31 March 2025. The subsidiary in Mozambique, in turn, ended the first quarter of 2025 with 195 branches, unchanged from the first quarter of the previous year.

AMORTISATION AND DEPRECIATION

Amortisation and depreciation amounted to EUR 39 million at the end of March 2025, standing 9.0% above the EUR 35 million recorded in the first quarter of 2024.

In the activity in Portugal, the increase in amortisation and depreciation was of 8.4%, from EUR 18 million in the first quarter of 2024, to EUR 20 million at the end of the first quarter of 2025, reflecting the investment made in hardware and software, given the Bank's commitment to the digital transformation process.

In the international activity, amortisation and depreciation amounted to EUR 19 million in the first three months of 2025, standing 9.7% above the EUR 17 million recorded in the same period of the previous year, reflecting the performance of both the Polish subsidiary and the Mozambican subsidiary.

RESULTS ON MODIFICATION

In the first quarter of 2025, results on modification totalled a negative amount of EUR 4 million, which compares with an also negative amount of EUR 7 million recorded in the same period of the previous year. In both periods, the amounts are associated with contractual modifications in accordance with IFRS9 in the Polish subsidiary, namely those negotiated with customers with foreign exchange mortgage loans.

LOAN IMPAIRMENTS

In the first quarter of 2025, impairment for loan losses (net of recoveries) totalled EUR 56 million, showing a reduction of 24.1% compared to the EUR 74 million accounted for in the same period of the previous year, driven by the favourable evolution recorded both in the activity in Portugal and the international activity.

In fact, loan impairment charges (net of recoveries), in the activity in Portugal, decreased 27.5% from the EUR 46 million recognised in the first quarter of 2024, totalling EUR 34 million in the first quarter of 2025. The lower level of provisioning, compared to the same period of the previous year, reflects the improvement in the risk profile of the credit portfolio.

In the international activity, impairment charges (net of recoveries) stood 18.5% below the EUR 27 million recognised in the first quarter of 2024, standing at EUR 22 million at the end of March 2025. This evolution mainly reflects the performance of the Polish subsidiary, partially offset by the increase recorded in the Mozambican subsidiary.

The evolution of impairment charges (net of recoveries), in consolidated terms, allowed the cost of risk of the Group (net of recoveries) to record a significant improvement in relation to the 52 basis points observed in the first quarter of 2024, standing at 38 basis points in the first quarter of 2025.

In both the activity in Portugal and the international activity, cost of risk (net of recoveries) decreased compared to the first quarter of 2024, from 48 basis points to 34 basis points and from 59 basis points to 46 basis points, respectively.

OTHER IMPAIRMENT AND PROVISIONS

In the first three months of 2025, other impairment and provisions totalled EUR 131 million, standing 9.6% below the amount recognised in the same period of the previous year, with this evolution being determined by the favourable performance of the activity in Portugal. In the international activity, the reduction recorded by the Polish subsidiary was offset by the increase in other impairment and provisions in the subsidiary in Mozambique, that includes the impacts arising from the sovereign debt rating downgrade in that country.

In the activity in Portugal, other impairments and provisions showed a significant reduction (-71.7%), evolving from EUR 18 million in the first quarter of 2024 to EUR 5 million at the end of March 2025, mainly reflecting the reduction in provisions.

In the international activity, other impairment and provisions amounted to EUR 126 million at the end of March 2025, standing 1.1% below the EUR 128 million recorded a year earlier. Although this change was not very significant, it is due to different dynamics with regard to the Polish and the Mozambican subsidiaries, as mentioned above.

Thus, in the Polish subsidiary, there was a reduction in other impairments and provisions, mainly reflecting the lower additional provision charges booked to face the legal risk of foreign exchange mortgage loans which amounted to EUR 106 million in the first quarter of the current year vs EUR 127 million recognised in the same period of the previous year (EUR -21 million). On the other hand, the income, reflected in the heading of other net operating income, corresponding to the amount receivable from a third party, following the indemnity clauses and contractual guarantees provided for in the acquisition contract of Euro Bank S.A., evolved from EUR 10 million in the first quarter of 2024 to EUR 8 million in the first quarter of 2025.

In the subsidiary in Mozambique, the increase in other impairments and provisions was mainly influenced by the recognition of impairments to face the impacts of the sovereign debt rating downgrade in that country.

INCOME TAX

Income tax (current and deferred) amounted to EUR 112 million in the first quarter of 2025, which compares to EUR 78 million posted in the same period of the previous year.

These expenses include, in the first three months of 2025, current tax of EUR 3 million (EUR 27 million in the first three months of 2024) and deferred tax of EUR 109 million (EUR 51 million in the same period of 2024).

Current tax expenses in the first quarter of 2024 and in the first quarter of 2025 were influenced by provisions for legal risks related to the portfolio of foreign currency mortgage loans and by mandatory contributions to the banking sector, both non-deductible for tax purposes at the level of the Polish subsidiary and by the autonomous taxation of interest on public debt in the Mozambican subsidiary. In the first quarter of 2025, current taxes were still positively influenced by the correction of the 2024 tax estimate of the Polish subsidiary, against the reduction of the respective deferred tax assets, with no impact on net income.

Expenses with the reduction of deferred tax assets in the first quarter of 2025 mainly result from the income of the period of the activity in Portugal and the effect described above at the level of the Polish subsidiary.

The evolution of deferred tax assets was influenced, in Portugal, by the reduction of deferred tax assets covered by Special Framework applicable to Deferred Tax Assets ("REAID") given the evolution of the taxable income.

BALANCE SHEET

TOTAL ASSETS

Total assets of the consolidated balance sheet of Millennium bcp amounted to EUR 104,294 million as of 31 March 2025, showing a growth of 6.6% compared to the EUR 97,797 million recorded at the end of the first quarter of 2024, with this evolution being driven by the increases in assets observed in the international activity and in the activity in Portugal (EUR +3,540 million and EUR +2,957 million, respectively).

In the activity in Portugal, total assets stood at EUR 67,210 million at the end of the first quarter of 2025, representing an increase of 4.6% compared to the EUR 64,253 million recorded on 31 March 2024. Regarding the evolution of balance sheet items, there was a significant increase in the securities portfolio (primarily in sovereign debt portfolio), explained mainly by the application of surplus liquidity resulting from the increase in balance sheet customer funds. Additionally, there were also increases, although less significant, in loans to customers (net of impairment) and in loans and advances to credit institutions. Conversely, there were reductions in deposits at central banks, in deferred taxes assets and in other assets.

In the international activity, total assets amounted to EUR 37,084 million as of 31 March 2025, showing a growth of 10.6% compared to the EUR 33,544 million recorded at the end of the first quarter of the previous year. This evolution largely reflects the increase in the total assets of the Polish subsidiary, driven primarily by the growth recorded in the securities portfolio (mostly in local sovereign debt), mainly due to the investment of the liquidity surplus generated by the increase in balance sheet customer funds, and also, to a lesser extent, by the reinforcement of the customer loan portfolio (net of impairment). Additionally, total assets of the subsidiary in Mozambique also recorded an increase driven by the rise in loans and advances to credit institutions, partially offset by the decrease in deposits at central banks, following the reduction of the minimum reserve requirements applied by the central bank of Mozambique.

LOANS TO CUSTOMERS

Consolidated loans to customers (gross) of Millennium bcp, as defined in the glossary, amounted to EUR 58,096 million as of 31 March 2025, representing an increase of 2.2% compared to the EUR 56,822 million recorded at the end of the first quarter of the previous year, with this evolution being driven by the increases recorded in the international activity and in the activity in Portugal (EUR +774 million and EUR +500 million, respectively).

In the activity in Portugal, loans to customers (gross) amounted to EUR 38,909 million as of 31 March 2025, 1.3% higher than the EUR 38,409 million recorded at the end of the first quarter of 2024, driven by the momentum of loans to individuals. This increase incorporates, on the one hand, a rise in performing credit (EUR +746 million compared to the same date in the previous year) and a reduction in non-performing exposures (NPE) (EUR -246 million compared to the same date in the previous year).

Mortgage loans in the activity in Portugal stood at EUR 20,015 million on 31 March 2025, recording an increase of 6.2% compared to the same date in the previous year (31 March 2024: EUR 18,844 million), due to a growing demand, as interest rates are on a downward trajectory.

Personal loans in the activity in Portugal also recorded an increase of 7.6% (EUR +181 million) compared to the figure recorded at the end of the first quarter of 2024, standing at EUR 2,555 million on 31 March 2025, in a context of improving consumer sentiment throughout 2024.

In turn, loans to companies in the activity in Portugal amounted to EUR 16,340 million at the end of the first quarter of 2025, decreasing by 5.0% compared to the figure recorded at the end of first quarter of 2024, mainly due to the repayment of Covid facilities, as the Bank had assumed a leading role in granting this financing during the pandemic and to the reduction of NPE in this segment.

In the international activity, loans to customers (gross) amounted to EUR 19,187 million as of 31 March 2025, 4.2% higher than the EUR 18,413 million recorded at the end of first quarter of 2024, driven mainly by the momentum of personal loans and loans to companies. By geographies, there was a more significant growth in the Polish subsidiary (amplified by the favourable evolution of the Zloty) and a smaller increase in the Mozambican subsidiary.

Mortgage loans in the international activity totalled EUR 9,200 million on 31 March 2025, remaining almost unchanged compared to the amount recorded at the end of the first quarter of the previous year (-0.6%). By geographies, there was a stabilisation both in the Polish subsidiary (in this case the reduction in mortgage loans in local currency was offset by the impact of the appreciation of the Zloty) and in the Mozambican subsidiary.

The amount of the mortgage loans portfolio in foreign currency in the Polish subsidiary deducted from the portion concerning Euro Bank S.A.[4] decreased by EUR 268 million (31 March 2025: EUR 253 million; 31 March 2024: EUR 522 million), representing 1.4% of the total amount of loans to customers recorded on the balance sheet of Bank Millennium (2.9% on the same date in the previous year) and less than 1% of the consolidated loans to customers portfolio.

Personal loans in the international activity stood at EUR 5,019 million at the end of the first quarter of the current year, recording an increase of EUR 448 million compared to the amount recorded at the end of the first quarter of the previous year, driven mainly by the growth recorded in the Polish subsidiary, while also benefiting from the positive contribution of the Mozambican subsidiary.

In turn, loans to companies in the international activity rose by 8.4% compared to the EUR 4,584 million on 31 March 2024, standing at EUR 4,968 million at the end of the first quarter of 2025. This growth was driven by the positive evolution observed in the Polish subsidiary, although partially offset by the reduction recorded in the Mozambican subsidiary.

LOANS TO CUSTOMERS (GROSS)

million EUR

	31 Mar. 25	31 Mar. 24	Chg. 25/24
INDIVIDUALS	**36,789**	**35,046**	**5.0 %**
Mortgage loans	29,214	28,100	4.0 %
Personal loans	7,574	6,945	9.1 %
COMPANIES	**21,307**	**21,776**	**(2.2 %)**
Services	7,810	7,323	6.7 %
Commerce	3,773	3,847	(1.9 %)
Construction	1,359	1,553	(12.5 %)
Others	8,364	9,053	(7.6 %)
	58,096	**56,822**	**2.2 %**
Of which:			
Activity in Portugal	38,909	38,409	1.3 %
International activity	19,187	18,413	4.2 %

[4] The risk of Euro Bank S.A.'s portfolio is fully covered by a third party, within the scope of the clauses set out in the acquisition contract of that entity.

QUALITY OF CREDIT PORTFOLIO

The quality of the credit portfolio continues to benefit from the focus on selectivity and monitoring of the credit risk control processes, as well as from the initiatives carried out by the commercial and credit recovery areas over the recent years, in order to recover non-performing loans.

The NPE stock, in consolidated terms, decreased to EUR 1,718 million as of 31 March 2025, representing a reduction of EUR 232 million compared to the end of the first quarter of 2024. In the activity in Portugal, the NPE stock totalled EUR 841 million at the end of the first quarter of 2025, with a reduction of EUR 246 million compared to the amount recorded at the end of the first quarter of the previous year.

The NPL ratio for more than 90 days, on a consolidated basis, stood at 1.4% at the end of the first quarter of 2025, which compares to the ratio of 1.3% recorded at the end of the first quarter of the previous year. In turn, NPE ratio in percentage of the total credit portfolio, on a consolidated basis, decreased from 3.4% on 31 March 2024 to 3.0% on 31 March 2025. In the activity in Portugal, the NPE ratio as a percentage of the total credit portfolio dropped from 2.8% at the end of first quarter of 2024 to 2.2% at the end of the first quarter of 2025.

In consolidated terms, the ratio of total impairments to NPL by more than 90 days coverage evolved from 211.1% at the end of first quarter of 2024 to 168.2% as of 31 March 2025. The ratio between total impairment and the stock of NPE showed stability in consolidated terms (82.4% as of 31 March 2025 vis-à-vis 81.7% as of 31 March 2024) and an increase in the activity in Portugal (92.0% on 31 March 2025 vis-à-vis 88.6% on 31 March 2024). On 31 March 2025, the ratio between specific NPE impairment and NPE stock stood at 52.9% in consolidated terms (53.1% on 31 March 2024) and 52.0% in the activity in Portugal (53.9% on 31 March 2024).

CREDIT QUALITY INDICATORS

	Group			Activity in Portugal		
	31 Mar. 25	31 Mar. 24	Chg. 25/24	31 Mar. 25	31 Mar. 24	Chg. 25/24
STOCK (M€)						
Loans to customers (gross)	58,096	56,822	2.2 %	38,909	38,409	1.3 %
Restructured loans	1,396	1,771	(21.2 %)	837	1,218	(31.3 %)
NPL > 90 days	842	755	11.6 %	408	348	17.4 %
NPE (Loans to customers)	1,718	1,950	(11.9 %)	841	1,087	(22.6 %)
Total loan impairments (Balance sheet)	1,416	1,593	(11.1 %)	774	963	(19.6 %)
Impairments allocated to NPE (Balance sheet)	909	1,036	(12.3 %)	437	586	(25.3 %)
RATIOS AS A PERCENTAGE OF LOANS TO CUSTOMERS						
Restructured loans / Loans to customers (gross)	2.4%	3.1%		2.2%	3.2%	
NPL > 90 days / Loans to customers (gross)	1.4%	1.3%		1.0%	0.9%	
NPE / Loans to customers (gross)	3.0%	3.4%		2.2%	2.8%	
NPE ratio - EBA (includes debt securities and off-balance exposures)	1.8%	2.1%		1.5%	2.0%	
COVERAGE BY IMPAIRMENTS						
Total impairment / NPL > 90 days	168.2%	211.1%		189.6%	276.9%	
Total impairment / NPE	82.4%	81.7%		92.0%	88.6%	
Impairments allocated to NPE / NPE	52.9%	53.1%		52.0%	53.9%	

Note: NPE include loans to customers only, as defined in the glossary.

CUSTOMER FUNDS

On 31 March 2025, the consolidated total customer funds, as defined in the glossary, amounted to EUR 104,562 million, representing an increase of EUR 6,007 million (+6.1%) compared to the EUR 98,555 million on the same date in the previous year, benefiting from the growth both in the international activity and in the activity in Portugal (EUR +3,077 million and EUR +2,930 million than on the same date in the previous year, respectively). The evolution of total customer funds reflects the good performance of the majority of items, with emphasis on the increase in deposits and other resources from customers (EUR +4,288 million compared to 31 March 2024) in balance sheet customers funds and in assets placed with customers and assets under management (EUR +1,135 million and EUR +518 million compared to the end of the first quarter of last year, respectively) in off-balance sheet customer funds.

Consolidated balance sheet customer funds, which comprise deposits and other resources from customers and debt securities placed with customers, amounted to EUR 86,415 million as of 31 March 2025, representing an increase of EUR 4,267 million (+5.2%) compared to the EUR 82,147 million achieved at the end of the first quarter of the previous year. This favourable evolution is due to the dynamism recorded both in the international activity (EUR +2,305 million compared to the same date in the previous year) and in the activity in Portugal (EUR +1,962 million compared to the same date in the previous year).

As of 31 March 2025, consolidated off-balance sheet customer funds, which include assets under management, assets placed with customers and insurance products (savings and investment), amounted to EUR 18,148 million, representing an increase of EUR 1,740 million compared to the figure posted on the same date in the previous year. Off-balance sheet customer funds recorded increases both in the activity in Portugal and in the international activity (EUR +967 million and EUR +772 million compared to the same date in the previous year, respectively).

In the activity in Portugal, total customer funds reached EUR 70,906 million on 31 March 2025, compared with the EUR 67,977 million recorded on the same date in the previous year (+4.3%), with this evolution being mainly justified by the increase in deposits and other resources from customers in respect of balance sheet customer funds and by the increase in assets placed with customers in respect of off-balance sheet customer funds.

Balance sheet customer funds in the activity in Portugal reached EUR 55,603 million on 31 March 2025, compared with EUR 53,640 million recorded on the same date in the previous year. This evolution is justified by the increase in deposits and other resources from customers (EUR +1,982 million compared to the end of the first quarter of the previous year), reflecting mainly a higher level of savings by households.

Off-balance sheet customer funds in the activity in Portugal increased by EUR 967 million compared to the same date in the previous year, standing at EUR 15,304 million on 31 March 2025, driven by the more significant increase in assets placed with customers and a less significant increase in insurance products (savings and investment). Conversely, assets under management recorded a slight reduction compared to the amount recorded at the end of the first quarter of the previous year.

In the international activity, total customer funds increased by EUR 3,077 million (+10.1%) compared to the amount recorded as of 31 March 2024, standing at EUR 33,656 million at the end of the first quarter of 2025. This increase was driven mainly by the good performance of the balance sheet customer funds, supported by the rise of deposits and other resources from customers and also by the favourable evolution of the off-balance sheet customer funds. By geographies, the Polish and Mozambican subsidiaries delivered a positive performance, with the latter recording a less significant increase.

Balance sheet customer funds in the international activity, entirely composed of deposits and other resources from customers stood at EUR 30,812 million on 31 March 2025, recording an increase of EUR 2,305 million compared to the same date in the previous year (31 March 2024: EUR 28,507 million), benefiting from the rising volumes of resources in the Polish operation (with the increase in resources in local currency amplified by the appreciation of the Zloty). The subsidiary in Mozambique also recorded an increase, but on a smaller scale.

Off-balance sheet customer funds in the international activity increased by EUR 772 million compared to the end of the first quarter of the previous year, standing at EUR 2,844 million on 31 March 2025, driven mainly by the increase recorded in assets under management and also by the smaller increase in assets placed with customers. Conversely, insurance products (savings and investment) recorded a decrease compared to the same date in the previous year.

On 31 March 2025, balance sheet customer funds, on a consolidated basis, represented 82.6% of total customer funds, with deposits and other resources from customers representing 81.4% of total customer funds. Both percentages remained practically unchanged compared to those recorded on the same date in the previous year.

The loans to deposits ratio, which results from the quotient between loans to customers (net) and deposits and other resources from customers, stood at 66.6% on 31 March 2025 (68.3% in the same date in the previous year). The aforementioned indicator considering balance sheet customer funds stood at 65.6% (67.2% in the same date in the previous year).

TOTAL CUSTOMER FUNDS

million EUR

	31 Mar. 25	31 Mar. 24 (restated)	Chg. 25/24
BALANCE SHEET CUSTOMER FUNDS	**86,415**	**82,147**	**5.2%**
Deposits and other resources from customers	85,096	80,809	5.3%
Debt securities	1,318	1,339	(1.5%)
OFF-BALANCE SHEET CUSTOMER FUNDS	**18,148**	**16,408**	**10.6%**
Assets under management	6,240	5,722	9.1%
Assets placed with customers	7,288	6,154	18.4%
Insurance products (savings and investment)	4,620	4,533	1.9%
	104,562	**98,555**	**6.1%**
Of which:			
Activity in Portugal	70,906	67,977	4.3%
International activity	33,656	30,579	10.1%

SECURITIES PORTFOLIO

The securities portfolio, as defined in the glossary, stood at EUR 37,073 million as of 31 March 2025, showing an increase of 19.2% compared to the EUR 31,097 million recorded on the same date in the previous year, representing 35.5% of total assets at the end of the first quarter of 2025 (31.8% at the end of the first quarter of 2024). This increase is essentially the result of the liquidity arising from the growth of balance sheet customer funds.

The securities portfolio allocated to the activity in Portugal evolved from EUR 19,209 million on 31 March 2024 to EUR 22,520 million on 31 March 2025. This growth was driven by the reinforcement of the sovereign debt portfolio of the European Union, Italy and Spain, partially offset by the reduction of the Portuguese, German and French sovereign debt.

The securities portfolio allocated to the international activity evolved from EUR 11,889 million on 31 March 2024 to EUR 14,552 million on 31 March 2025, driven mainly by activity in the Polish subsidiary, following the reinforcement of investment in local public debt and also in sovereign debt portfolio from other euro zone countries.

Business Areas

Activity per Segments

Millennium bcp conducts a wide range of banking activities and financial services in Portugal and abroad, with special focus on Retail Banking, Companies Banking and Private Banking business.

BUSINESS SEGMENT	PERIMETER
Retail Banking	Retail Network of Millennium bcp (Portugal) Retail Recovery Division Banco ActivoBank
Companies and Corporate	Companies and Corporate Network of Millennium bcp (Portugal) Specialised Recovery Division Large Corporate Network of Millennium bcp (Portugal) Investment Banking (*) Interfundos (*) Specialized Credit and Real Estate Division (*) Treasury and Markets International Division (*)
Private Banking	Private Banking Network of Millennium bcp (Portugal)
International Business	Bank Millennium (Poland) (**) Millennium bim (Mozambique) Banco Millennium Atlântico (Angola) (***)
Other	Comprises the activity carried out by Banco Comercial Português, S.A. not included in the commercial business in Portugal which corresponds to the segments identified above, including the activity carried out by Macao branch. Also includes all other business and unallocated values in particular centralized management of financial investments, corporate activities and insurance activity.

(*) Units all together that serve mainly customers in the Companies & Corporate segment, but also customers in other segments, in which the corresponding income is recognized. The operating costs of those units are attributed to the Other segment.
(**) Entity segmented into Retail Banking, Companies and Corporate, and Others, as referenced in note 47 of the Notes to Consolidated Accounts section of this report.
(***) Consolidated by the equity method.

The figures reported for each segment resulted from aggregating the subsidiaries and business units integrated in each segment. For the business units in Portugal, the aggregation process reflects the impact from capital allocation and balancing process in the balance sheet and income statement, based on average figures. The balance sheet headings for each business unit in Portugal was re-calculated, considering the replacement of the equity book values by the amounts assigned through the allocation process, based on the regulatory solvency criteria.

Considering that the process of capital allocation complies with the regulatory criteria of solvency in force, from 1 January 2025, the risk weighted assets, and consequently the capital allocated to the business segments, are determined in accordance with the Basel IV framework, pursuant to the CRD VI/CRR3 (in 2024, they are determined in accordance with the Basel III framework, pursuant to the CRD V/CRR2). The capital allocated to each segment resulted from the application of a target capital ratio to the risk weighted exposures managed by each segment, reflecting the application of the Basel IV methodology in 2025 (Basel III in 2024). The introduction of CRR3 led to a significant increase in risk weighted assets to cover operational risk. The impact in risk weighted assets to cover credit risk stemming from the introduction of CRR3 is reflected in Other segment. Each operation is balanced through internal transfers of funds, with impact on the net interest income and income taxes of each segment, hence with no impact on consolidated accounts.

Commissions and other net income, as well as operating costs calculated for each business area, are based on the amounts accounted for directly in the respective cost centres, on the one hand, and the amounts resulting from internal processes for allocating revenues and costs, for another. In this case, the allocation is based on the application of pre-defined criteria and subject to periodic review, related to the level of activity of each business area.

Each segment's income includes the non-controlling interests, when applicable. Therefore, the values of net income presented incorporate the individual net income of the business units, regardless of the percentage stake held by the Group, and the impacts of the transfers of funds described above.

The information presented below for the individually more relevant business areas in Portugal and aggregately for the international activity was based on the financial statements prepared in accordance with IFRS and on the organization of the Group's business areas as at 31 March 2025.

RETAIL

million EUR			
RETAIL BANKING in Portugal	Mar 31, 2025	Mar 31, 2024	Chg. 25/24
PROFIT AND LOSS ACCOUNT			
Net interest income	268	291	-8.0%
Other net income	121	113	7.5%
	389	404	-3.6%
Operating costs	81	81	-0.3%
Impairment and provision	5	8	-36.8%
Income before tax	303	315	-3.7%
Income taxes	92	99	-6.8%
Income after tax	211	216	-2.3%
SUMMARY OF INDICATORS			
Allocated capital	974	1,011	-3.7%
Return on allocated capital	88.0%	86.1%	
Risk weighted assets	7,585	7,467	1.6%
Cost to income ratio	20.8%	20.1%	
Loans to Customers (net of impairment charges)	27,157	26,246	3.5%
Balance sheet Customer funds	41,389	38,247	8.2%

Notes:
Allocated capital, Loans to customers (net of recoveries) and Balance sheet Customer funds figures based on average balance.

Financial performance

As at 31 March 2025, income after tax from Retail Banking segment of Millennium bcp in Portugal totalled EUR 211 million, showing a 2.3% decrease compared to EUR 216 million in the same period of 2024, reflecting a lower net interest income. Regarding the evolution of the main income statement headings, the following aspects should be highlighted:

- Net interest income reached EUR 268 million as at 31 March 2025, reflecting a decrease of 8.0% compared to the EUR 291 million recorded in the same period of 2024. This decrease was mainly driven by the lower contribution of the deposit portfolio margin. This effect outweighed the increased margin generated by the loan portfolio.
- Other net income reached EUR 121 million as at 31 March 2025, increasing 7.5% compared with the same period of 2024. This performance reflects essentially the higher level of commissions, largely driven by bancassurance, resulting from the update of the distribution fees to be supported by the insurance company for the remuneration of the Bank's role as distributor.
- Operating costs recorded a slight decrease of 0.3% compared to the amounts recognized as at 31 March 2024.
- Impairment charges amounted to EUR 5 million at the end of March 2025, representing a decrease from the amount of EUR 8 million recorded in the same period of the previous year, remaining at a low level relative to the size of the loan portfolio in this segment.
- In March 2025, loans to customers (net) totalled EUR 27,157 million, increasing 3.5% from March 2024 (EUR 26,246 million), mainly from the increase in mortgage loans, while balance sheet customer funds increased by 8.2% in the same period, amounting to EUR 41,389 million in March 2025 (EUR 38,247 million in March of the previous year), mainly explained by the increase in customer deposits.

COMPANIES AND CORPORATE

million EUR

COMPANIES AND CORPORATE in Portugal	Mar 31, 2025	Mar 31, 2024	Chg. 25/24
PROFIT AND LOSS ACCOUNT			
Net interest income	64	69	-7.6%
Other net income	37	40	-7.3%
	101	109	-7.5%
Operating costs	16	15	8.7%
Impairment and provision	23	38	-38.9%
Income before tax	62	56	9.6%
Income taxes	19	18	6.1%
Income after tax	43	38	11.1%
SUMMARY OF INDICATORS			
Allocated capital	1,362	1,377	-1.1%
Return on allocated capital	12.7%	11.2%	
Risk weighted assets	10,592	11,602	-8.7%
Cost to income ratio	16.1%	13.7%	
Loans to Customers (net of impairment charges)	9,728	10,758	-9.6%
Balance sheet Customer funds	9,038	9,755	-7.4%

Notes:
Allocated capital, Loans to customers (net of recoveries) and Balance sheet Customer funds figures based on average balance.

Financial performance

Companies and Corporate segment in Portugal income after tax of EUR 43 million in March 2025, comparing favourably to an amount of EUR 38 million presented in March 2024. This evolution results mostly from a lower level of impairment. As at 31 March 2025 the performance of this segment is explained by the following changes:

- Net interest income stood at EUR 64 million as at 31 March 2025, 7.6% below the amount attained as at 31 March 2024 (EUR 69 million). This performance was mainly driven by a reduction in the margin on deposits, stemming from a lower volume and the resulting decline of income arising from the internal placements of the excess liquidity.
- Other net income reached EUR 37 million as at 31 March 2025, being 7.3% lower compared to the amount achieved in the same period of 2024, reflecting mostly the impact of commissions, particularly from lower earnings on exchange and brokerage transactions.
- Operating costs totalled EUR 16 million by the end of March 2025, 8.7% above the overall amount of costs recorded in the same period of the previous year.
- Impairments charges stood at EUR 23 million as at 31 March 2025, comparing favourably to EUR 38 million as at 31 March 2024, reflecting a prudent risk management and a consequent improvement in the credit portfolio's risk profile.
- In March 2025, loans to customers (net) totalled EUR 9,728 million, decreasing 9.6% from March 2024 (EUR 10,758 million), influenced by the repayment program of Covid lines, as the Bank had an outsized market share in granting this financing. Balance sheet customer funds reached EUR 9,038 million, 7.4% below the amount recorded in March 2024, particularly from the reduction of the client's deposits base.

PRIVATE BANKING

million EUR

PRIVATE BANKING in Portugal	Mar 31, 2025	Mar 31, 2024	Chg. 25/24
PROFIT AND LOSS ACCOUNT			
Net interest income	10	11	-10.4%
Other net income	10	8	28.7%
	20	19	5.2%
Operating costs	4	4	-1.9%
Impairment and provision	0	0	
Income before tax	16	15	7.1%
Income taxes	5	5	3.7%
Income after tax	11	10	8.7%
SUMMARY OF INDICATORS			
Allocated capital	25	27	-6.4%
Return on allocated capital	>100%	>100%	
Risk weighted assets	193	211	-8.4%
Cost to income ratio	18.8%	20.1%	
Loans to Customers (net of impairment charges)	362	342	5.8%
Balance sheet Customer funds	3,175	2,906	9.3%

Notes: Allocated capital, Loans to customers (net of recoveries) and Balance sheet Customer funds figures based on average balance.

Financial performance

Income after tax from Private Banking business in Portugal totalled EUR 11 million as at 31 March 2025, showing an increase of 8.7% compared to the net profit reached as at 31 March 2024 (EUR 10 million). Considering the performance of the main items of the income statement, the relevant situations are highlighted as follows:

- Net operating revenues stood at EUR 20 million as at 31 March 2025, 5.2% above the amount recorded in March 2024 (EUR 19 million), driven by the growth shown in other net income. Net interest income totalled EUR 10 million as at 31 March 2025, comparing unfavourably to EUR 11 million reached in March 2024, reflecting the impact from deposits, resulting in lower income arising from the internal placement of the excess liquidity. Other net income amounted to EUR 10 million as at 31 March 2025, reflecting an increase of 28.7% compared to the amount shown in the same period of the previous year, reflecting higher commissions from distribution of third-party investment funds, as a result of the costumer funds diversification strategy carried out by Private Banking.
- Operating costs amounted to EUR 4 million, 1.9% below the amounts recognized as at March 2024.
- The impairment and provision charges had a minimal impact on the income statement in both periods.
- Loans to customers (net) amounted to EUR 362 million in March 2025, increasing 5.8% when compared to the figures accounted in March of the previous year, while balance sheet customer funds corresponded to EUR 3,175 million in March 2025, 9.3% above the level achieved in March 2024, following the integration of customers from the Retail segment.

INTERNATIONAL BUSINESS

million EUR

Poland	Mar 31, 2025	Mar 31, 2024	Chg. 25/24
PROFIT AND LOSS ACCOUNT			
Net interest income	338	307	10.2 %
Other net income	2	6	-69.9 %
	340	313	8.8 %
Operating costs	135	122	10.6 %
Result on modification	-4	-7	-42.3 %
Impairment and provision	125	154	-18.4 %
Income before tax	76	30	153.4 %
Income taxes	33	—	>200%
Income after income tax	43	30	44.0 %
BALANCE SHEET			
Loans to Customers (net of impairment charges)	17,901	17,152	4.4%
Balance sheet Customer funds	28,513	26,357	8.2%

Note: The accounts presented are in accordance with the Consolidated Accounts of the Group, and may differ from the accounts disclosed locally.

million EUR

Mozambique	Mar 31, 2025	Mar 31, 2024	Chg. 25/24
PROFIT AND LOSS ACCOUNT			
Net interest income	57	50	13.6%
Other net income	14	13	7.7%
	71	63	12.4%
Operating costs	36	32	14.8%
Impairment and provision	23	1	
Income before tax	12	30	-61.8%
Income taxes	8	7	4.1%
Income after income tax	4	23	-83.8%
BALANCE SHEET			
Loans to Customers (net of impairment charges)	644	631	2.0%
Balance sheet Customer funds	2,299	2,150	6.9%

Note: The accounts presented are in accordance with the Consolidated Accounts of the Group, and may differ from the accounts disclosed locally.

million EUR

INTERNATIONAL BUSINESS	Mar 31, 2025	Mar 31, 2024	Chg. 25/24
PROFIT AND LOSS ACCOUNT			
Net interest income	395	357	10.7 %
Other net income (*)	17	20	-14.7 %
	412	377	9.3 %
Operating costs	171	154	11.5 %
Result on modification	-4	-7	-42.3 %
Impairment and provision	149	155	-4.2 %
Income before tax	88	61	44.6 %
Income taxes	41	8	>200%
Income after income tax	47	53	-11.3 %
SUMMARY OF INDICATORS			
Allocated capital (**)	2,439	2,171	12.3 %
Return on allocated capital	7.8%	9.8%	
Risk weighted assets	16,087	14,493	11.0%
Cost to income ratio	41.5%	40.8%	
Loans to Customers (net of impairment charges)	18,544	17,783	4.3%
Balance sheet Customer funds	30,812	28,507	8.1%

(*) Includes equity accounted earnings related to the investment in Banco Millennium Atlântico.

(**) Allocated capital figures based on average balance.

Financial performance

Income after tax from International Business, computed in accordance with the geographic perspective, was EUR 47 million as at 31 March 2025, comparing unfavourably with an amount of EUR 53 million achieved by the end of March 2024. This unfavourable evolution of 11.3% was primarily driven by higher operating costs and tax shield recognized in 2024 related to costs with foreign exchange mortgages in the Polish subsidiary, that had more than offset the positive performance of net interest income.

Considering the different items of the income statement, the performance of International Business can be analysed as follows:

- Net interest income stood at EUR 395 million as at 31 March 2025, which compares to EUR 357 million recorded on 31 March 2024. Excluding the impact arising from foreign exchange effects, it would have increased by 7.2%, reflecting the strong performance of the Polish subsidiary, driven by higher returns from the securities portfolio, and of the Mozambican subsidiary, which benefited from the reduction in the local requirement for non-remunerated cash reserves held with the central bank, as well as from lower interest paid on customer deposits, in line with the prevailing interest rate trends in that market.
- Other net income attained EUR 17 million as at 31 March 2025, decreasing 14.7% when compared to the EUR 20 million recorded in the same period of the previous year, determined by the performance of the Polish subsidiary, due to higher costs associated with mandatory contributions. However, this impact was partly offset by the positive effect related to foreign exchange mortgage loan portfolio, reflecting lower legal expenses and the recognition of a compensation income from a third party, related to costs previously incurred in provisioning for legal risks associated with these loans.
- Operating costs amounted to EUR 171 million as at 31 March 2025, 11.5% up from the end of March 2024. Excluding foreign exchange effects, operating costs would have increased 8.0%, mainly reflecting the impact of the Polish subsidiary, due to the strong pressure on basic wages, influenced by the inflation indicators and dynamism of the labour market. In the Mozambican subsidiary, although the increase was less pronounced, there was a headcount growth and a consistent and broad-based rise across the main cost categories..
- Results on modification totalled a negative amount of EUR 4 million by the end of March of 2025, which compares with an also negative amount of EUR 7 million recorded in

the same period of the previous year. In both periods, this item includes the amounts associated with contractual modifications, namely those negotiated with customers with foreign exchange mortgage loans.

- Impairment and provision charges at the end of March 2025 presented a 4.2% decrease compared to the figures reported by the end of March 2024. This decrease corresponds essentially to lower provision charges booked by the Polish subsidiary to address the foreign exchange mortgage legal risk, despite the impairment charges in the Mozambican subsidiary to cover the impacts arising from the downgrade of the sovereign debt rating of that country.

- Loans to customers (net) stood at EUR 18,544 million in March 2025, 4,3% up from the amount attained in March 2024 (EUR 17,783 million). Excluding foreign exchange effects, the loan portfolio increased 1.5%, influenced by the evolution of the Polish subsidiary. The International business balance sheet customer funds increased 8.1% from EUR 28,507 million reported in March 2024 to EUR 30,812 million in March 2025. Excluding the foreign exchange effects, balance sheet customer funds increased 5.3%, mainly driven by the performance of the subsidiary in Poland.

Liquidity Management

Until March 2025, the Group's balance sheet customer funds grew by 5.2% compared to the amount recorded a year earlier (vs. a growth of 7.7% in 2024). This evolution was mainly due to the growth of Bank Millennium's deposits, since in the activity in Portugal growth slowed in the same period.

The strengthening of the deposit portfolio, combined with the relative stability of the consolidated credit portfolio, the two new issues under the MREL (Minimum Requirements for Own Funds and Eligible Liabilities) carried out by BCP and Bank Millennium, the covered bond issues by Bank Millennium and the Group's overall profitability resulted in the strengthening of the consolidated liquidity position compared to the previous year, reflected in the evolution of regulatory indicators.

As of 31 March 2025, the regulatory Liquidity Coverage Ratio (LCR) stood on a consolidated basis at 354%, reflecting an improvement compared to the 342% recorded on 31 December 2024. On a year-on-year basis, the LCR increased significantly from 299% as of 31 March 2024, which had already marked a positive evolution from 276% at the end of 2023. These coverage levels continue to ensure a comfortable buffer well above the minimum regulatory requirement of 100%.

From a structural liquidity perspective, the Group continued to strengthen its stable funding base, characterised by a high proportion of customer deposits in its funding structure, complemented by medium and long-term instruments, mostly consisting of MREL (Minimum Requirements for Own Funds and Eligible Liabilities) issuances. As of 31 March 2025, the regulatory Net Stable Funding Ratio (NSFR) reached 180%, reflecting a stronger ASF (Available Stable Funding) position relative to RSF (Required Stable Funding), despite a slight decline compared to the 181% recorded at year-end 2024, and a solid increase from 172% as of 31 March 2024. This threshold, in turn, already represented a favourable evolution compared to the 167% recorded at the end of 2023. The levels achieved remain largely above the regulatory minimum of 100%, highlighting the Group's robust structural liquidity position.

The loan-to-deposit ratio continued its conservative trend, standing at 67% as of 31 March 2025, slightly below the 68% recorded on 31 March 2024, and further down from 71% at the end of 2023, confirming the Group’s prudent approach to balance sheet management.

BCP extended the length of its wholesale financing structure by issuing senior preferred debt in the amount of EUR 500 million in October 2024, the main objective of which was to refinance, under favourable price conditions, a EUR 350 million issue of the same instrument.

In compliance with its Liquidity Plan, the Bank returned to the market in March 2025, with the issuance of EUR 500 million of subordinated debt (T2), which refinanced, with a significantly lower spread, an issue of EUR 450 million of subordinated debt repaid early and also offset the reduction of the stock of eligible T2 debt as a result of the partial repurchase of another issue through a Liability Management operation, also carried out in March.

The liquidity buffer available for discount at the ECB stood at EUR 32.0 billion as of 31 March 2025, EUR 2.7 billion higher than that observed a year earlier, mainly due to the favourable evolution of the commercial gap from a liquidity perspective and the cash flow generated by the activity, with the consequent reinforcement of the portfolio of securities eligible for discount at the ECB.

Throughout 2024, and in addition to increasing its deposit base, Bank Millennium strengthened its liquidity position by placing on the market its inaugural issues of covered bonds (in the amount of PLN 300 million in June, followed by a second of PLN 500 million in November) and senior non-preferred green debt in September, with a nominal value of EUR 500 million, which qualifies for MREL purposes. In March 2025, Bank Millennium returned to the market to successfully place another PLN 800 million covered bonds, thus doubling the volume issued in this instrument compared to the end of 2024.

Millennium bim maintained a robust liquidity position in the first quarter of 2025, in which a significant increase in the deposit base allowed the reinforcement of the discountable buffer at its central bank, which also benefited from the reduction in the mandatory minimum reserve requirements in national and foreign currency imposed by its central bank.

Capital

The estimated CET1 ratio as at 31 March 2025 stood at 16.0% and 15.9% phased-in and fully implemented, reflecting a change of +2 and -12 basis points, respectively, compared to the 16.0% phased-in and fully implemented ratios reported on the same date of 2024, comfortably above the minimum regulatory ratios defined within the scope of SREP (Supervisory Review and Evaluation Process) for March 2025 (CET1 9.57%, T1 11.49% and Total 14.06%) and in line with the 2025-2028 strategic plan.

March 2025 estimated ratios already include an estimate of the impacts of the new CRR3 regulation for Operational and Credit Risk.

The organic growth of capital, due to the good performance of the recurring activity in Portugal and the careful and proactive management of capital, which includes the remuneration of shareholders, more than offset the impacts related to the provision for legal risks, associated with foreign currency loans, at Bank Millennium. The introduction of CRR3 led to a significant increase in risk-weighted assets to cover operational risk.

SOLVENCY RATIOS

million EUR

	31 Mar. 25		31 Mar. 24	
	FULLY	PHASED	FULLY	PHASED
Own funds				
Common Equity Tier 1 (CET1)	6,560	6,560	6,264	6,275
Tier 1	7,043	7,043	6,752	6,762
Total Capital	**8,248**	**8,248**	**8,029**	**8,031**
Risk weighted assets	**41,293**	**40,879**	**39,134**	**39,146**
Solvency ratios				
CET1	15.9 %	16.0 %	16.0 %	16.0 %
Tier 1	17.1 %	17.2 %	17.3 %	17.3 %
Total capital	20.0 %	20.2 %	20.5 %	20.5 %

Note: The capital ratios as at 31 March 2025 are estimated, including 25% of the unaudited net income of the period.

According with the transitional provisions in force, the capital ratios, not including the results of the first quarter, are as follows:

SOLVENCY RATIOS

million EUR

	31 mar. 25	31 mar. 24
	PHASED	PHASED
Own funds		
Common Equity Tier 1 (CET1)	6,506	6,164
Tier 1	6,989	6,652
Total Capital	**8,194**	**7,920**
Risk weighted assets	**40,879**	**39,146**
Solvency ratios		
CET1	15.9 %	15.7 %
Tier 1	17.1 %	17.0 %
Total capital	20.0 %	20.2 %

Deliver More Value - Strategic Plan 2025-28

"Deliver more value 28" sets a new bar for Millennium bcp's aspirations towards customers, people and shareholders. Millennium bcp is starting this cycle from a strengthened position that allows the Bank to confidently aim for a compelling profitability level (ROE >13.5%) and a material distribution to shareholders (up to 75%[5]), while preserving a robust capital position (>13.5% CET1).

The Strategic Cycle now ending consolidated an unrivaled path of transformation that led to early achievement of the ambitious financial targets set forth, cementing the group's competitive position in its markets, across most segments, excelling in profitability (ROE of 15.3% in 2023) and balance sheet robustness (CET1 of 16.5%[6] in 9M2024). Ultimately, these results are reflected in the upward trajectory in share price (+229%, September 2024 vs. December 2020) and investment grade ratings (3-4 notches since 2018). Millennium bcp has done so strengthening its leadership in customer centricity, while solidifying its technology foundations.

In Portugal, the bank was successful in significantly boosting revenues (+50% vs. 2021), exploring previous strides in technology to increase digital and mobile adoption. In Poland, the Bank completed the recovery plan and restored profitability, despite sizeable recognition of FX mortgage provisions, while maintaining a stable performance in Mozambique in a challenging environment.

Millennium bcp has consistently grown business volumes as a group (+4% CAGR since 2018) and in each business unit, with particular emphasis in Poland, notwithstanding the 65% reduction of NPEs since 2018. This evolution allowed Millennium bcp to consolidate a competitive position across most of the segments, in markets that offer a structural advantage in the upcoming cycle with GDP growth above EU-27 average, sizeable EU funding packages for Portugal and Poland, and substantial investments in large projects for Mozambique.

Looking to the future, the Bank is well-positioned to navigate 3 main trends: (i) the likely downward trajectory of interest rates and its implications to profitability, (ii) the evolving customer behaviour with increased demand for innovation and personalization in the rise of AI, and (iii) the growing cybersecurity risks with increasing sophistication of attacks and an evolving regulatory context (e.g., DORA).

In this context, Millennium bcp is launching a new Strategic Plan for 2028, "Deliver more value 28". In this plan, the Bank aspires to deliver more value to all stakeholders: for customers with a leading position in experience across markets, for talent with a satisfaction of >75/100 and >25% share of people promoted per year, and for shareholders with tangible returns and distribution. This will require an evolution of priorities (i) seeking growth options in attractive value pools with right-to-win, increasing portfolio balance towards the SME segment, (ii)innovating selectively in adjacencies, and (iii) strengthening credit risk capabilities.

In Portugal, Millennium bcp aspires to be the relationship bank with the best experience, human and digital enabled, for families and companies, ambitioning to capture 150-200k new active customers and +€4bn credit to companies (stock) by 2028. ActivoBank aims to lead customer acquisition in A/B digital first arena, with distinctive digital daily banking and value for money proposition, reaching 700k active customers in 2028.

In Poland, Bank Millennium aims to be the reference bank in acquisition and development of primary relationships with SMEs and individuals, embracing innovation and delivering top-quality services, reaching 3.7mn active customers, growing corporate lending stock at 14% p.a., and increasing the share of primary retail clients to 70%.

In Mozambique, Millennium bim will be focused on reinforcing its position as the main bank for families and companies and the reference bank for international investors in Mozambique's economy, with strong risk controls, targeting 1.7mn active customers and circa of 20% market share inlending to companies and individuals.

These priorities will enable Millennium bcp to deliver more value, visible in the main targets set for 2028. As a group, the bank aspires to deliver a healthy organic growth, achieving business volumes in excess of €190bn, more than 8mn active customers of which mobile more than 80%, maintain an execution discipline

[5] Of cumulative net income of €4.0-4.5bn in 2025-28 subject to supervisory approval and achievement of Plan's relevant capital and business targets in Portugal and in the international area and fulfillment of CET1 target. Including payout and share buyback, 2025 through 2028.
[6] Official ratio, without the Q3'24 net income, of 16.2%.

reflected in a cost-to-income below 40% and cost of risk of below 50bps, reinforcing the ESG commitment aiming for a top quartile position in S&P Global CSA rating, ultimately achieving returns with an RoE above 13.5%, keeping a sizeable capital buffer with a CET1 ratio of above 13.5% and shareholder distribution of up to 75%[7] of the cumulative net income of €4.0-4.5bn in 2025-28.

Deliver more value

Main targets for strategic cycle 2025-2028

	Metrics	Q1'25	2028
Healthy organic growth	Business volumes Portugal	163€bn 110€bn	> 190€bn > 120€bn
	Number of customers Portugal	7 mn 2.8mn	> 8mn > 3mn
	Mobile customers Portugal	72% 64%	>80% > 75%
Execution discipline	Cost-to-income Portugal	37% 34%	< 40% < 37%
	Cost of risk Portugal	38 bp 34 bp	< 50 bps < 45 bps
ESG commitment	S&P Global CSA (percentile)	Top quartile	Top quartile
Robust capital	CET1 ratio	15.9%[1]	> 13.5%
Superior returns	ROE	13.9%	> 13.5%
	Shareholder distribution	2024 activity 72%[3]	Up to 75% of cumulative net income of 4.0-4.5€bn in 2025-2028[2] subject to supervisory approval and achievement of Plan's relevant capital & business targets in Portugal and in the international area and fulfillment of CET1 target

[1] Fully implemented ratio including 25% of the unaudited net income of Q1'25.
[2] Including payout and share buyback, from 2025 through 2028.
[3] Including a 50% dividend payout of 2024 earnings and the effect of the share buyback programme amounting to 200 million approved by the supervisor.

[7] Subject to supervisory approval and achievement of Plan's relevant capital and business targets in Portugal and in the international area and fulfillment of CET1 target. Including payout and share buyback, 2025 through 2028.

Interim condensed consolidated financial statements

CONSOLIDATED INDICATORS, ACTIVITY IN PORTUGAL AND INTERNATIONAL ACTIVITY

million EUR

	Group			Activity in Portugal			International activity		
	Mar. 25	Mar. 24 (restated	Chg. 25/24	Mar. 25	Mar. 24 (restated	Chg. 25/24	Mar. 25	Mar. 24 (restated	Chg. 25/24
INCOME STATEMENT									
Net interest income	721.1	696.2	3.6 %	325.8	339.1	(3.9 %)	395.2	357.2	10.7 %
Dividends from equity instruments	0.0	0.0	(42.2 %)	0.0	0.0	0.0 %	0.0	0.0	(42.2 %)
Net fees and commissions income	201.4	197.3	2.1 %	147.8	142.2	3.9 %	53.6	55.0	(2.5 %)
Net trading income	29.5	(2.9)	>200%	13.3	(4.3)	>200%	16.2	1.4	>200%
Other net operating income	(56.3)	(32.5)	(73.2 %)	(2.0)	5.8	(135.3 %)	(54.3)	(38.3)	(41.9 %)
Equity accounted earnings	13.4	10.4	29.1 %	12.4	9.1	35.8 %	1.0	1.3	(19.0 %)
Net operating revenues	**909.1**	**868.5**	**4.7 %**	**497.3**	**491.9**	**1.1 %**	**411.8**	**376.7**	**9.3 %**
Staff costs	188.1	165.7	13.5 %	96.9	86.2	12.4 %	91.2	79.5	14.7 %
Other administrative costs	113.0	106.7	6.0 %	51.9	49.8	4.2 %	61.2	56.9	7.5 %
Amortisation and depreciation	38.6	35.4	9.0 %	19.9	18.3	8.4 %	18.7	17.1	9.7 %
Operating costs	**339.7**	**307.8**	**10.4 %**	**168.6**	**154.3**	**9.3 %**	**171.1**	**153.5**	**11.5 %**
Operating costs excluding specific items	339.6	308.7	10.0 %	168.5	155.2	8.6 %	171.1	153.5	11.5 %
Profit before impairment and provisions	**569.4**	**560.7**	**1.5 %**	**328.7**	**337.6**	**(2.6 %)**	**240.8**	**223.2**	**7.9 %**
Results on modification	(4.2)	(7.2)	42.3 %	0.0	0.0	0.0 %	(4.2)	(7.2)	42.3 %
Loan impairments (net of recoveries)	55.8	73.5	(24.1 %)	33.5	46.2	(27.5 %)	22.3	27.4	(18.5 %)
Other impairment and provisions	131.2	145.2	(9.6 %)	5.0	17.5	(71.7 %)	126.3	127.7	(1.1 %)
Profit before income tax	**378.2**	**334.8**	**13.0 %**	**290.2**	**273.9**	**6.0 %**	**88.0**	**60.9**	**44.6 %**
Income tax	**112.2**	**78.1**	**43.7 %**	**71.3**	**70.4**	**1.4 %**	**40.9**	**7.8**	**>200%**
Current	3.1	27.4	(88.8 %)	2.4	6.6	(63.4 %)	0.6	20.7	(96.9 %)
Deferred	109.2	50.8	115.0 %	68.9	63.7	8.1 %	40.3	(13.0)	>200%
Net income after income tax from continuing operations	**266.0**	**256.6**	**3.7 %**	**218.9**	**203.5**	**7.6 %**	**47.1**	**53.1**	**(11.3 %)**
Net income from discontinued operations	0.0	0.0	0.0 %	0.0	0.0	0.0 %	0.0	0.0	0.0 %
Non-controlling interests	22.5	22.3	1.0 %	0.0	0.0	44.8 %	22.6	22.4	0.9 %
Net income	**243.5**	**234.3**	**3.9 %**	**218.9**	**203.5**	**7.6 %**	**24.5**	**30.8**	**(20.2 %)**
BALANCE SHEET AND ACTIVITY INDICATORS									
Total assets	104,294	97,797	6.6 %	67,210	64,253	4.6 %	37,084	33,544	10.6 %
Total customer funds	**104,562**	**98,555**	**6.1 %**	**70,906**	**67,977**	**4.3 %**	**33,656**	**30,579**	**10.1 %**
Balance sheet customer funds	**86,415**	**82,147**	**5.2 %**	**55,603**	**53,640**	**3.7 %**	**30,812**	**28,507**	**8.1 %**
Deposits and other resources from customers	85,096	80,809	5.3 %	54,284	52,302	3.8 %	30,812	28,507	8.1 %
Debt securities	1,318	1,339	(1.5 %)	1,318	1,339	(1.5 %)	0	0	0.0 %
Off-balance sheet customer funds	**18,148**	**16,408**	**10.6 %**	**15,304**	**14,336**	**6.7 %**	**2,844**	**2,072**	**37.3 %**
Assets under management	6,240	5,722	9.1 %	4,286	4,357	(1.6 %)	1,953	1,365	43.2 %
Assets placed with customers	7,288	6,154	18.4 %	6,592	5,695	15.8 %	696	459	51.8 %
Insurance products (savings and investment)	4,620	4,533	1.9 %	4,425	4,284	3.3 %	194	249	(21.8 %)
Loans to customers (gross)	**58,096**	**56,822**	**2.2 %**	**38,909**	**38,409**	**1.3 %**	**19,187**	**18,413**	**4.2 %**
Individuals	**36,789**	**35,046**	**5.0 %**	**22,570**	**21,217**	**6.4 %**	**14,219**	**13,829**	**2.8 %**
Mortgage	29,214	28,100	4.0 %	20,015	18,844	6.2 %	9,200	9,257	(0.6 %)
Personal Loans	7,574	6,945	9.1 %	2,555	2,374	7.6 %	5,019	4,572	9.8 %
Companies	**21,307**	**21,776**	**(2.2 %)**	**16,340**	**17,192**	**(5.0 %)**	**4,968**	**4,584**	**8.4 %**
CREDIT QUALITY									
Total impairment (balance sheet)	1,416	1,593	(11.1 %)	774	963	(19.6 %)	642	630	1.9 %
Total impairment (balance sheet) / Loans to customers	2.4	2.8 %		2.0	2.5 %		3.3	3.4 %	
NPE (Loans to customers)	1,718	1,950	(11.9 %)	841	1,087	(22.6 %)	876	862	1.6 %
NPE / Loans to customers	3.0	3.4 %		2.2	2.8 %		4.6	4.7 %	
Total impairment (balance sheet) / NPE	82.4	81.7 %		92.0	88.6 %		73.3	73.0 %	
Restructured loans	1,396	1,771	(21.2 %)	837	1,218	(31.3 %)	559	553	1.0 %
Restructured loans / Loans to customers	2.4	3.1 %		2.2	3.2 %		2.9	3.0 %	
Cost of risk (net of recoveries, in b.p.)	38	52		34	48		46	59	

BANCO COMERCIAL PORTUGUÊS

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE THREE MONTHS PERIODS ENDED 31 MARCH 2025 AND 2024

(Thousands of euros)

	31 March 2025	31 March 2024
Interest and similar income	1,135,339	1,166,009
Interest and similar expense	(414,282)	(469,772)
NET INTEREST INCOME	721,057	696,237
Dividends from equity instruments	20	35
Net fees and commissions income	201,429	196,407
Gains/(losses) on financial operations at fair value through profit or loss	33,771	(6,779)
Foreign exchange gains/(losses)	2,645	9,833
Gains/(losses) on hedge accounting	1,958	(7,409)
Gains/(losses) arising from derecognition of financial assets and liabilities not measured at fair value through profit or loss	(8,850)	1,456
Other operating income/(expenses)	(59,063)	(31,515)
TOTAL OPERATING INCOME	892,967	858,265
Staff costs	188,087	165,707
Other administrative costs	113,038	106,956
Amortisations and depreciations	38,595	35,411
TOTAL OPERATING EXPENSES	339,720	308,074
NET OPERATING INCOME BEFORE PROVISIONS AND IMPAIRMENTS	553,247	550,191
Results on modification	(4,179)	(7,240)
Impairment of financial assets at amortised cost	(76,107)	(73,039)
Impairment of financial assets at fair value through other comprehensive income	(2,444)	(1,437)
Impairment of other assets	(4,004)	(5,681)
Other provisions	(104,447)	(138,588)
NET OPERATING INCOME	362,066	324,206
Share of profit of associates accounted for using the equity method	13,450	10,415
Gains/(losses) on disposal of subsidiaries and other assets	2,727	139
NET INCOME BEFORE INCOME TAXES	378,243	334,760
Income taxes		
Current	(3,070)	(27,366)
Deferred	(109,173)	(50,767)
NET INCOME AFTER INCOME TAXES	266,000	256,627
Net income for the period attributable to:		
Bank's Shareholders	243,452	234,309
Non-controlling interests	22,548	22,318
NET INCOME FOR THE PERIOD	266,000	256,627
Earnings per share (in Euros)		
Basic	0.063	0.061
Diluted	0.063	0.061

BANCO COMERCIAL PORTUGUÊS

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2025 AND 31 DECEMBER 2024

(Thousands of euros)

	31 March 2025	31 December 2024
ASSETS		
Cash and deposits at Central Banks	3,159,350	5,589,030
Loans and advances to credit institutions repayable on demand	326,753	251,157
Financial assets at amortised cost		
Loans and advances to credit institutions	1,282,203	797,535
Loans and advances to customers	54,638,175	53,907,058
Debt securities	24,053,647	21,345,171
Financial assets at fair value through profit or loss		
Financial assets held for trading	1,473,196	1,763,402
Financial assets not held for trading mandatorily at fair value through profit or loss	343,792	355,211
Financial assets designated at fair value through profit or loss	36,991	33,894
Financial assets at fair value through other comprehensive income	13,583,537	12,898,966
Hedging derivatives	70,733	69,349
Investments in associates	447,180	429,423
Non-current assets held for sale	43,717	45,245
Investment property	21,382	24,183
Other tangible assets	603,377	619,146
Goodwill and intangible assets	276,496	275,970
Current tax assets	24,831	21,159
Deferred tax assets	2,113,518	2,253,457
Other assets	1,795,379	1,464,246
TOTAL ASSETS	104,294,257	102,143,602
LIABILITIES		
Financial liabilities at amortised cost		
Deposits from credit institutions and other funds	876,090	777,719
Deposits from customers and other funds	83,353,842	82,084,687
Non-subordinated debt securities issued	3,743,851	3,528,710
Subordinated debt	1,395,376	1,427,359
Financial liabilities at fair value through profit or loss		
Financial liabilities held for trading	219,390	179,627
Financial liabilities designated at fair value through profit or loss	3,060,694	3,248,857
Hedging derivatives	24,694	39,041
Provisions	1,166,508	1,085,858
Current tax liabilities	83,337	136,008
Deferred tax liabilities	4,315	7,434
Other liabilities	1,817,057	1,435,745
TOTAL LIABILITIES	95,745,154	93,951,045
EQUITY		
Share capital	3,000,000	3,000,000
Share premium	16,471	16,471
Other equity instruments	400,000	400,000
Legal and statutory reserves	384,402	384,402
Reserves and retained earnings	3,366,995	2,387,592
Net income for the period attributable to Bank's Shareholders	243,452	906,378
Non-controlling interests	1,137,783	1,097,714
TOTAL EQUITY	8,549,103	8,192,557
TOTAL LIABILITIES AND EQUITY	104,294,257	102,143,602

Alternative performance measures

The BCP Group prepares financial information in accordance with International Financial Reporting Standards (IFRS) endorsed by European Union. As a complement to that information, the BCP Group uses a set of alternative performance measures that allow monitoring the evolution of its activity over the time. Following the guidelines on Alternative Performance Measures issued by the European Securities and Markets Authority (ESMA) on October 2015 (ESMA/2015/1415), the BCP Group presents some indicators related to the assessment of profitability and efficiency and the quality of the credit portfolio, among others, which are intended to facilitate comprehension of the evolution of the economic and financial position of the Group. The information presented in this context does not, under any circumstance, replace the financial information prepared in accordance with IFRS. It should also be noted that the definitions and concepts used by the BCP Group for the calculation of these indicators may differ from those used by other entities in the determination of other similar measures and may therefore not be directly comparable. These indicators and their components are also described in more detail in the glossary.

1) Loans to customers (net) / Balance sheet customer funds

Relevance of the indicator: the loans-to-deposits ratio is an indicator of liquidity that allows the evaluation of the Group's retail funding structure.

million EUR

	31 Mar. 25	31 Mar. 24
Loans to customers (net) (1)	56,680	55,229
Balance sheet customer funds (2)	86,415	82,147
(1) / (2)	**65.6%**	**67.2%**

2) Return on average assets (ROA)

Relevance of the indicator: allows measurement of the capacity of the Group to generate results with the volume of available assets.

million EUR

	3M25	3M24
Net income (1)	243	234
Non-controlling interests (2)	23	22
Average total assets (3)	103,440	95,982
[(1) + (2), annualised] / (3)	**1.0%**	**1.1%**

3) Return on average equity (ROE)

Relevance of the indicator: allows assessment of the capacity of the Group to remunerate its shareholders, assessing the level of profitability generated by the funds invested by the shareholders in the Group.

million EUR

	3M25	3M24
Net income (1)	243	234
Coupons on AT1 Instruments (2)	8	9
Average equity (3)	6,860	6,028
[(1)-(2), annualised] / (3)	**13.9%**	**15.0%**

4) Return on tangible equity (ROTE)

Relevance of the indicator: allows assessment of the capacity of the Group to remunerate its shareholders, excluding intangible items.

million EUR

	3M25	3M24
Net income (1)	243	234
Coupons on AT1 Instruments (2)	8	9
Goodwill impairment (3)	0	0
Adjusted net income (4)=[(1)-(2)+(3)]	235	225
Average equity excluding goodwill and intangible assets (5)	6,583	5,805
[(4), annualised] / (5)	**14.5%**	**15.6%**

5) Cost to income*

Relevance of the indicator: it allows for the monitoring of the level of efficiency of the Group (excluding specific items), evaluating the volume of operating costs to generate net operating revenues.

million EUR

	3M25	3M24 restated
Operating costs (1)	340	308
of which: specific items (2)	0	(1)
Net operating revenues (3)	909	869
of which: specific items (4)	—	—
[(1) - (2)] / [(3) - (4)]	**37.4%**	**35.5%**

* Excluding specific items: in the first quarter of 2025, there was an immaterial negative impact recognised as staff costs in the activity in Portugal; in the first quarter of 2024, the impact was positive in the amount of EUR 1 million also recognised as staff costs in the activity in Portugal.

6) Cost of risk, net of recoveries (expressed in basis points, annualised)

Relevance of the indicator: allows assessment of the quality of the loan portfolio by evaluating the ratio between impairment charges recognised in the period (net of reversals and recoveries of credit and interest) and the stock of loans to customers at the end of that period.

million EUR

	3M25	3M24
Loans to customers at amortised cost, before impairment (1)	58,094	56,817
Loan impairment charges (net of recoveries) (2)	56	74
[(2), annualised] / (1)	**38**	**52**

7) Non-performing exposures (NPE) / Loans to customers (gross)

Relevance of the indicator: allows the assessment of the level of credit risk to which the Group is exposed based on the proportion of the NPE loan portfolio in the loans-to-customers portfolio (gross).

million EUR

	31 Mar. 25	31 Mar. 24
Non-Performing Exposures (Loans to customers) (1)	1,718	1,950
Loans to customers (gross) (2)	58,096	56,822
(1) / (2)	**3.0%**	**3.4%**

8) Total impairment / Non-performing exposures (NPE)

Relevance of the indicator: it allows the assessment of the relationship between the total balance sheet impairment recognised by the Group and the NPE loan portfolio.

million EUR

	31 Mar. 25	31 Mar. 24
Non-Performing Exposures (Loans to customers) (1)	1,718	1,950
Total loan impairments (balance sheet) (2)	1,416	1,593
(2) / (1)	**82.4%**	**81.7%**

9) Impairments allocated to NPE / Non-performing exposures (NPE)

Relevance of the indicator: it allows the assessment of the relationship between the impairments allocated to NPE recognised by the Group and the NPE loan portfolio.

million EUR

	31 Mar. 25	31 Mar. 24
Non-Performing Exposures (Loans to customers) (1)	1,718	1,950
Impairments allocated to NPE (balance sheet) (2)	909	1,036
(2) / (1)	**52.9%**	**53.1%**

Glossary

Assets placed with customers – amounts held by customers in the context of the placement of third-party products that contribute to the recognition of commissions.

Balance sheet customer funds – deposits and other resources from customers and debt securities placed with customers.

Business Volumes - corresponds to the sum of total customer funds and loans to customers (gross).

Commercial gap – loans to customers (gross) minus on-balance sheet customer funds.

Core income - net interest income plus net fees and commissions income.

Core operating profit - net interest income plus net fees and commissions income deducted from operating costs.

Cost of risk, net (expressed in basis points) - ratio of loan impairments (P&L) accounted in the period to loans to customers at amortised cost and debt instruments at amortised cost related to credit operations before impairment at the end of the period.

Cost-to-core income - operating costs divided by core income.

Cost-to-income – operating costs divided by net operating revenues.

Debt instruments – non-subordinated debt instruments at amortised cost and financial liabilities measured at fair value through profit or loss (debt securities and certificates).

Debt securities placed with customers - debt securities issued by the Bank and placed with customers.

Deposits and other resources from customers – deposits from customers and other funds at amortised cost and customer deposits at fair value through profit or loss.

Dividends from equity instruments - dividends received from investments classified as financial assets at fair value through other comprehensive income and from financial assets held for trading.

Equity accounted earnings - results appropriated by the Group related to the consolidation of entities where, despite having some influence, the Group does not control the financial and operational policies.

Insurance products – includes unit linked saving products and retirement saving plans (“PPR”, “PPE” and “PPR/E”).

Loan impairments (balance sheet) – balance sheet impairment related to loans to customers at amortised cost, balance sheet impairment associated with debt instruments at amortised cost related to credit operations and fair value adjustments related to loans to customers at fair value through profit or loss.

Loan impairments (P&L) – impairment (net of reversals and net of recoveries - principal and accrual) of financial assets at amortised cost for loans to customers and for debt instruments related to credit operations.

Loans to customers (gross) – loans to customers at amortised cost before impairment, debt instruments at amortised cost associated to credit operations before impairment and loans to customers at fair value through profit or loss before fair value adjustments.

Loans to customers (net) - loans to customers at amortised cost net of impairment, debt instruments at amortised cost associated to credit operations net of impairment and balance sheet amount of loans to customers at fair value through profit or loss.

Loan to Deposits ratio (LTD) (Instruction from Banco de Portugal no. 16/2004) – loans to customers (net) divided by deposits and other resources from customers.

Loan to value ratio (LTV) – mortgage amount divided by the appraised value of property.

Net commissions - net fees and commissions income.

Net interest margin (NIM) - net interest income for the period as a percentage of average interest earning assets.

Net operating revenues - net interest income, dividends from equity instruments, net commissions, net trading income, other net operating income and equity accounted earnings.

Net trading income – gains/(losses) on financial operations at fair value through profit or loss, foreign exchange gains/(losses), gains/(losses) on hedge accounting and gains/(losses) arising from derecognition of financial assets and liabilities not measured at fair value through profit or loss.

Non-performing exposures (NPE) – non-performing loans and advances to customers (includes loans to customers at amortised cost, loans to customers at fair value through profit or loss and, from 2023, debt instruments at amortised cost associated to credit operations before impairment) more than 90 days past-due or unlikely to be paid without collateral realisation, if they recognised as defaulted or impaired.

Non-performing loans (NPL) – overdue loans (includes loans to customers at amortised cost, loans to customers at fair value through profit or loss and, from 2023, debt instruments at amortised cost associated to credit operations before impairment) more than 90 days past due including the non-overdue remaining principal of loans.

Off-balance sheet customer funds – assets under management, assets placed with customers and insurance products (savings and investment) subscribed by customers.

Operating costs - staff costs, other administrative costs and amortisation and depreciation.

Other impairment and provisions – impairment (net of reversals) for loans and advances of credit institutions classified at amortised cost, impairment for financial assets (classified at fair value through other comprehensive income and at amortised cost not associated with credit operations), impairment for other assets, namely assets received as payment in kind, investments in associates and goodwill of subsidiaries and other provisions.

Other net income – dividends from equity instruments, net commissions, net trading income, other net operating income and equity accounted earnings.

Other net operating income – other operating income/(expenses) and gains/(losses) arising from sales of subsidiaries and other assets.

Performing loans - loans to customers (gross) deducted from Non-performing exposures (NPE).

Profit before impairment and provisions – net operating revenues deducted from operating costs.

Return on average assets (Instruction from Banco de Portugal no. 16/2004) – net income (before tax and non-controlling interests) divided by the average total assets (weighted average of the average of monthly net assets in the period).

Return on average assets (ROA) – net income (before minority interests) divided by the average total assets (weighted average of the average of monthly net assets in the period).

Return on equity (Instruction from Banco de Portugal no. 16/2004) – net income (before tax and non-controlling interests) divided by the average equity (weighted average of the average of monthly equity in the period).

Return on equity (ROE) – net income (after minority interests) deducted from Coupons on AT1 (if they exist), divided by the average equity (weighted average of the average of monthly equity in the period), with Equity = Equity - preference shares - other capital instruments - non-controlling interests.

Return on tangible equity (ROTE) – net income (after minority interests) deducted from Coupons on AT1 and from goodwill impairment (if they exist), divided by the average equity, deducted from goodwill and intangible assets (weighted average of the average of monthly equity in the period), with Equity = Equity - preference shares - other capital instruments - non-controlling interests.

Securities portfolio - debt instruments at amortised cost not associated with credit operations (net of impairment), financial assets at fair value through profit or loss (excluding the ones related to loans to customers and trading derivatives), financial assets at fair value through other comprehensive income and assets with repurchase agreement.

Spread - increase (in percentage points) to the index used by the Bank in loans granting or fund raising.

Total customer funds - balance sheet customer funds and off-balance sheet customer funds.

Accounts and Notes to the Interim Condensed Consolidated Accounts

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE THREE MONTHS PERIODS ENDED 31 MARCH 2025 AND 2024

(Thousands of euros)

	Notes	31 March 2025	31 March 2024
Interest and similar income	2	1,135,339	1,166,009
Interest and similar expense	2	(414,282)	(469,772)
NET INTEREST INCOME		721,057	696,237
Dividends from equity instruments	3	20	35
Net fees and commissions income	4	201,429	196,407
Gains/(losses) on financial operations at fair value through profit or loss	5	33,771	(6,779)
Foreign exchange gains/(losses)	5	2,645	9,833
Gains/(losses) on hedge accounting	5	1,958	(7,409)
Gains/(losses) arising from derecognition of financial assets and liabilities not measured at fair value through profit or loss	5	(8,850)	1,456
Other operating income/(expenses)	6	(59,063)	(31,515)
TOTAL OPERATING INCOME		892,967	858,265
Staff costs	7	188,087	165,707
Other administrative costs	8	113,038	106,956
Amortisations and depreciations	9	38,595	35,411
TOTAL OPERATING EXPENSES		339,720	308,074
NET OPERATING INCOME BEFORE PROVISIONS AND IMPAIRMENTS		553,247	550,191
Results on modification	10	(4,179)	(7,240)
Impairment of financial assets at amortised cost	11	(76,107)	(73,039)
Impairment of financial assets at fair value through other comprehensive income	12	(2,444)	(1,437)
Impairment of other assets	13	(4,004)	(5,681)
Other provisions	14	(104,447)	(138,588)
NET OPERATING INCOME		362,066	324,206
Share of profit of associates accounted for using the equity method	15	13,450	10,415
Gains/(losses) on disposal of subsidiaries and other assets	16	2,727	139
NET INCOME BEFORE INCOME TAXES		378,243	334,760
Income taxes			
Current	30	(3,070)	(27,366)
Deferred	30	(109,173)	(50,767)
NET INCOME AFTER INCOME TAXES		266,000	256,627
Net income for the period attributable to:			
Bank's Shareholders		243,452	234,309
Non-controlling interests	43	22,548	22,318
NET INCOME FOR THE PERIOD		266,000	256,627
Earnings per share (in Euros)			
Basic	17	0.063	0.061
Diluted	17	0.063	0.061

CHIEF ACCOUNTANT

THE EXECUTIVE COMMITTEE

See accompanying notes to the interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THREE MONTHS PERIODS ENDED 31 MARCH 2025 AND 2024

(Thousands of euros)

	31 March 2025		
		Attributable to	
	Continuing operations	Bank's Shareholders	Non-controlling interests
NET INCOME FOR THE PERIOD	266,000	243,452	22,548
ITEMS THAT MAY BE RECLASSIFIED TO THE INCOME STATEMENT (NOTE 42)			
Debt instruments at fair value through other comprehensive income			
Gains / (losses) for the period	15,462	8,831	6,631
Reclassification of gains /(losses) to profit or loss (note 5)	(6,411)	(6,400)	(11)
Cash flows hedging			
Gains / (losses) for the period	99,436	98,459	977
Other comprehensive income from investments in associates and others	7,299	7,301	(2)
Exchange differences arising on consolidation	13,061	1,621	11,440
IAS 29 application			
Effect on equity of Banco Millennium Atlântico, S.A.	466	466	—
Fiscal impact	(31,637)	(30,056)	(1,581)
	97,676	80,222	17,454
ITEMS THAT WILL NOT BE RECLASSIFIED TO THE INCOME STATEMENT			
Equity instruments at fair value through other comprehensive income			
Gains / (losses) for the period			
Subsidiaries (note 42)	159	69	90
Associates	24	24	—
	183	93	90
Changes in own credit risk of financial liabilities at fair value through profit or loss (note 42)	264	264	—
Actuarial gains / (losses) for the period			
Pension Funds of foreign subsidiaries and associates	211	204	7
Fiscal impact	322	339	(17)
	980	900	80
Other comprehensive income / (loss) for the period	98,656	81,122	17,534
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	364,656	324,574	40,082

CHIEF ACCOUNTANT

THE EXECUTIVE COMMITTEE

See accompanying notes to the interim condensed consolidated financial statements.

(Thousands of euros)

	31 March 2024		
		Attributable to	
	Continuing operations	Bank's Shareholders	Non-controlling interests
NET INCOME FOR THE PERIOD	256,627	234,309	22,318
ITEMS THAT MAY BE RECLASSIFIED TO THE INCOME STATEMENT (NOTE 42)			
Debt instruments at fair value through other comprehensive income			
Gains / (losses) for the period	12,897	6,397	6,500
Reclassification of gains / (losses) to profit or loss (note 5)	694	700	(6)
Cash flows hedging			
Gains / (losses) for the period	23,688	22,295	1,393
Other comprehensive income from investments in associates and others	9,920	9,916	4
Exchange differences arising on consolidation	26,563	15,791	10,772
IAS 29 application			
Effect on equity of Banco Millennium Atlântico, S.A.	(204)	(204)	—
Fiscal impact	(10,008)	(8,455)	(1,553)
	63,550	46,440	17,110
ITEMS THAT WILL NOT BE RECLASSIFIED TO THE INCOME STATEMENT			
Equity instruments at fair value through other comprehensive income			
Gains / (losses) for the period			
Subsidiaries (note 42)	446	420	26
Associates	2,186	2,186	—
	2,632	2,606	26
Changes in own credit risk of financial liabilities at fair value through profit or loss (note 42)	2,480	2,480	—
Actuarial gains / (losses) for the period			
Pension Funds of foreign subsidiaries and associates	(3,021)	(2,743)	(278)
Fiscal impact	(913)	(908)	(5)
	1,178	1,435	(257)
Other comprehensive income / (loss) for the period	64,728	47,875	16,853
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	321,355	282,184	39,171

CHIEF ACCOUNTANT

THE EXECUTIVE COMMITTEE

See accompanying notes to the interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2025 AND 31 DECEMBER 2024

(Thousands of euros)

	Notes	31 March 2025	31 December 2024
ASSETS			
Cash and deposits at Central Banks	18	3,159,350	5,589,030
Loans and advances to credit institutions repayable on demand	19	326,753	251,157
Financial assets at amortised cost			
Loans and advances to credit institutions	20	1,282,203	797,535
Loans and advances to customers	21	54,638,175	53,907,058
Debt securities	22	24,053,647	21,345,171
Financial assets at fair value through profit or loss			
Financial assets held for trading	23	1,473,196	1,763,402
Financial assets not held for trading mandatorily at fair value through profit or loss	23	343,792	355,211
Financial assets designated at fair value through profit or loss	23	36,991	33,894
Financial assets at fair value through other comprehensive income	23	13,583,537	12,898,966
Hedging derivatives	24	70,733	69,349
Investments in associates	25	447,180	429,423
Non-current assets held for sale	26	43,717	45,245
Investment property	27	21,382	24,183
Other tangible assets	28	603,377	619,146
Goodwill and intangible assets	29	276,496	275,970
Current tax assets	30	24,831	21,159
Deferred tax assets	30	2,113,518	2,253,457
Other assets	31	1,795,379	1,464,246
TOTAL ASSETS		104,294,257	102,143,602
LIABILITIES			
Financial liabilities at amortised cost			
Deposits from credit institutions and other funds	32	876,090	777,719
Deposits from customers and other funds	33	83,353,842	82,084,687
Non-subordinated debt securities issued	34	3,743,851	3,528,710
Subordinated debt	35	1,395,376	1,427,359
Financial liabilities at fair value through profit or loss			
Financial liabilities held for trading	36	219,390	179,627
Financial liabilities designated at fair value through profit or loss	37	3,060,694	3,248,857
Hedging derivatives	24	24,694	39,041
Provisions	38	1,166,508	1,085,858
Current tax liabilities	30	83,337	136,008
Deferred tax liabilities	30	4,315	7,434
Other liabilities	39	1,817,057	1,435,745
TOTAL LIABILITIES		95,745,154	93,951,045
EQUITY			
Share capital	40	3,000,000	3,000,000
Share premium	40	16,471	16,471
Other equity instruments	40	400,000	400,000
Legal and statutory reserves	41	384,402	384,402
Reserves and retained earnings	42	3,366,995	2,387,592
Net income for the period attributable to Bank's Shareholders		243,452	906,378
Non-controlling interests	43	1,137,783	1,097,714
TOTAL EQUITY		8,549,103	8,192,557
TOTAL LIABILITIES AND EQUITY		104,294,257	102,143,602

CHIEF ACCOUNTANT

THE EXECUTIVE COMMITTEE

See accompanying notes to the interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THREE MONTHS PERIODS ENDED 31 MARCH 2025 AND 2024

(Thousands of euros)

	31 March 2025	31 March 2024
CASH FLOWS ARISING FROM OPERATING ACTIVITIES		
Interests received	788,857	888,339
Commissions received	244,773	255,131
Fees received from services rendered	19,676	17,569
Interests paid	(409,277)	(380,615)
Commissions paid	(27,392)	(39,795)
Recoveries on loans previously written off	3,198	4,723
Payments (cash) to suppliers and employees (*)	(431,611)	(365,485)
Income taxes (paid) / received	(46,207)	(122,710)
	142,017	257,157
Decrease / (increase) in operating assets:		
Receivables from / (Loans and advances to) credit institutions	(301,912)	140,129
Deposits held with purpose of monetary control	(183,042)	(76,847)
Loans and advances to customers receivable / (granted)	(626,846)	(434,421)
Short term trading securities	322,476	(765,239)
Increase / (decrease) in operating liabilities:		
Loans and advances to credit institutions repayable on demand	87,177	66,684
Deposits from credit institutions with agreed maturity date	13,009	118,771
Loans and advances to customers repayable on demand	542,522	(540,339)
Deposits from customers with agreed maturity date	521,169	3,359,301
	516,570	2,125,196
CASH FLOWS ARISING FROM INVESTING ACTIVITIES		
Dividends received	20	35
Interest income from financial assets at fair value through other comprehensive income and at amortised cost	236,177	164,066
Sale of financial assets at fair value through other comprehensive income and at amortised cost	2,125,774	3,551,953
Acquisition of financial assets at fair value through other comprehensive income and at amortised cost	(45,168,565)	(42,995,461)
Maturity of financial assets at fair value through other comprehensive income and at amortised cost	39,522,537	36,714,696
Acquisition of tangible and intangible assets	(18,099)	(18,937)
Sale of tangible and intangible assets	1,396	1,030
Decrease / (increase) in other sundry assets	(307,728)	(125,429)
	(3,608,488)	(2,708,047)
CASH FLOWS ARISING FROM FINANCING ACTIVITIES		
Issuance of subordinated debt	500,000	—
Reimbursement of subordinated debt	(529,500)	—
Issuance of debt securities	191,465	225
Repayment of debt securities	(10,452)	(97,874)
Issuance of commercial paper and other securities	287,764	22,596
Repayment of commercial paper and other securities	(166,782)	(4,677)
Dividends paid to non-controlling interests	—	(28,727)
Interest paid of the issue of Perpetual Subordinated Bonds (Additional Tier 1)	(8,125)	(9,250)
Increase / (decrease) in other sundry liabilities and non-controlling interests (**)	460,403	94,797
	724,773	(22,910)
Exchange differences effect on cash and equivalents	13,061	26,563
Net changes in cash and equivalents	(2,354,084)	(579,198)
Cash (note 19)	666,175	688,501
Deposits at Central Banks (note 18)	4,922,855	3,857,025
Loans and advances to credit institutions repayable on demand (note 19)	251,157	337,687
CASH AND EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5,840,187	4,883,213
Cash (note 19)	546,450	566,924
Deposits at Central Banks (note 18)	2,612,900	3,541,812
Loans and advances to credit institutions repayable on demand (note 19)	326,753	195,279
CASH AND EQUIVALENTS AT THE END OF THE PERIOD	3,486,103	4,304,015

(*) In 31 March 2025, this balance includes the amount of EUR 16,000 (31 March 2024: EUR 37,000) related to short-term lease contracts and the amount of EUR 635,000 (31 March 2024: EUR 606,000) related to lease contracts of low value assets.

(**) In 31 March 2025, this balance includes the amount of EUR 14,585,000 (31 March 2024: EUR 14,097,000) corresponding to principal payments on lease liabilities.

CHIEF ACCOUNTANT THE EXECUTIVE COMMITTEE

See accompanying notes to the interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTHS PERIODS ENDED 31 MARCH 2025 AND 2024

(Thousands of euros)

	Share capital	Share premium	Other equity instruments	Legal and statutory reserves	Reserves and retained earnings	Net income for the period attributable to Bank's Shareholders	Non-controlling interests (note 43)	Total equity
BALANCE AS AT 31 DECEMBER 2023 (RESTATED)	3,000,000	16,471	400,000	316,375	1,714,083	856,050	987,427	7,290,406
Net income for the period	—	—	—	—	—	234,309	22,318	256,627
Other comprehensive income	—	—	—	—	47,875	—	16,853	64,728
TOTAL COMPREHENSIVE INCOME	—	—	—	—	47,875	234,309	39,171	321,355
Results application:								
Transfers for reserves and retained earnings	—	—	—	—	856,050	(856,050)	—	—
Interest on perpetual subordinated bonds (Additional Tier 1)	—	—	—	—	(9,250)	—	—	(9,250)
Early repayment of perpetual subordinated bonds AT1 issued in January 2019 (note 40)	—	—	(400,000)	—	—	—	—	(400,000)
Perpetual subordinated bonds AT1 issued in January 2024 (note 40)	—	—	400,000	—	—	—	—	400,000
Expenses on the issuance of perpetual subordinated bonds AT1 (January 2024)	—	—	—	—	(2,400)	—	—	(2,400)
Taxes on expenses with the new AT1 issuance (January 2024)	—	—	—	—	751	—	—	751
Dividendos (a)	—	—	—	—	—	—	(28,727)	(28,727)
Other reserves	—	—	—	—	4	—	9	13
BALANCE AS AT 31 MARCH 2024	3,000,000	16,471	400,000	316,375	2,607,113	234,309	997,880	7,572,148
Net income for the period	—	—	—	—	—	672,069	71,787	743,856
Other comprehensive income	—	—	—	—	129,855	—	28,039	157,894
TOTAL COMPREHENSIVE INCOME	—	—	—	—	129,855	672,069	99,826	901,750
Results application:								
Legal reserve	—	—	—	68,027	(68,027)	—	—	—
Dividends paid	—	—	—	—	(256,938)	—	—	(256,938)
Interest on perpetual subordinated bonds (Additional Tier 1)	—	—	—	—	(24,375)	—	—	(24,375)
Outras reservas	—	—	—	—	(36)	—	8	(28)
BALANCE AS AT 31 DECEMBER 2024	3,000,000	16,471	400,000	384,402	2,387,592	906,378	1,097,714	8,192,557
Net income for the period	—	—	—	—	—	243,452	22,548	266,000
Other comprehensive income	—	—	—	—	81,122	—	17,534	98,656
TOTAL COMPREHENSIVE INCOME	—	—	—	—	81,122	243,452	40,082	364,656
Results application:								
Transfers for reserves and retained earnings	—	—	—	—	906,378	(906,378)	—	—
Interest on perpetual subordinated bonds (Additional Tier 1)	—	—	—	—	(8,125)	—	—	(8,125)
Other reserves	—	—	—	—	28	—	(13)	15
BALANCE AS AT 31 MARCH 2025	3,000,000	16,471	400,000	384,402	3,366,995	243,452	1,137,783	8,549,103

(a) Dividends of BIM - Banco Internacional de Moçambique, S.A.

CHIEF ACCOUNTANT

THE EXECUTIVE COMMITTEE

See accompanying notes to the interim condensed consolidated financial statements.

1. Accounting policies

A. Basis of presentation

Banco Comercial Português, S.A. (the 'Bank') is a private capital bank, established in Portugal in 1985. It started operating on 5 May 1986, and these consolidated financial statements reflect the results of the operations of the Bank and all its subsidiaries (together referred to as the 'Group') and the Group's interest in associates, for the three-month periods ended on 31 March 2025 and 2024.

In accordance with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002, and Banco de Portugal Notice no. 5/2015 (which revoked Banco de Portugal Notice no. 1/2005), the Group's consolidated financial statements are required to be prepared, since 2005, in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU). IFRS comprise accounting standards issued by the International Accounting Standards Board (IASB), as well as interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and its predecessor bodies. The interim condensed consolidated financial statements and the accompanying notes were approved on 27 May 2025 by the Bank's Board of Directors and are presented in thousands of euros, rounded to the nearest thousand.

All the references in this document related to any normative always report to the respective current version.

The interim condensed consolidated financial statements for the three-month period ended on 31 March 2025 were prepared for the purpose of recognition and measurement, in accordance with the IAS 34 - Interim Financial Reporting adopted by the EU and, therefore, they do not include all the information required in accordance with IFRS adopted by the EU. Consequently, the adequate comprehension of the interim condensed consolidated financial statements requires that they should be read with the consolidated financial statements with reference to 31 December 2024.

These interim condensed consolidated financial statements are a translation of the financial statements originally issued in Portuguese. In the event of discrepancies, the Portuguese version prevails.

A1. Comparative information

The Group has adopted IFRS and interpretations mandatory for accounting periods beginning on or after 1 January 2024. The accounting policies were applied consistently to all entities of the Group and are consistent with those used in the preparation of the financial statements of the previous period.

The Group's financial statements were prepared under the going concern assumption, the accrual-based accounting regime and under the historical cost convention, as modified by the application of fair value for derivative financial instruments, financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income. Financial assets and liabilities that are covered under hedge accounting are stated at fair value in respect of the risk that is being hedged, if applicable. Other financial assets and liabilities and non-financial assets and liabilities are stated at amortised cost or historical cost. Non-current assets and disposal groups held for sale are stated at the lower of carrying amount or fair value less costs to sell. Investment properties recognised on the Group's balance sheet are recognised at fair value.The liability for defined benefit obligations is recognised as the present value of the past liabilities with pensions net of the value of the fund's assets.

The preparation of the financial statements in accordance with IFRS requires the Board of Directors, under advice of the Executive Committee, to make judgments, estimations and assumptions that affect the application of the accounting policies and reported amounts of assets, liabilities, income and expenses. The estimations and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances and form the basis for making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimations. The issues involving a higher degree of judgment or complexity or for which assumptions and estimations are significant are presented in note 1.Y.

B. Basis of consolidation

As from 1 January 2010, the Group began to apply IFRS 3 (revised) for the accounting of business combinations. The changes in the accounting policies resulting from the application of IFRS 3 (revised) are applied prospectively.

The consolidated financial statements now presented reflect the assets, liabilities, income and expenses of the Bank and its subsidiaries (the Group), and the results attributable to the Group financial investments in associates.

B1. Investments in subsidiaries

Subsidiaries are entities controlled by the Group (including structure entities and investment funds). The Group controls an entity when it holds the power to direct the relevant activities of the entity, and when it is exposed, or has rights, to variable returns from its involvement with the entity and can take possession of these results through the power it holds over the relevant activities of that entity (de facto control). The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Accumulated losses are attributed to non-controlling interests in the respective proportion, implying that the Group can recognise negative non-controlling interests.

On a step acquisition process resulting in the acquisition of control, the revaluation of any participation previously acquired is recorded against the profit and loss account when goodwill is calculated. On a partial disposal resulting in loss of control over a subsidiary, any participation retained is revalued at market value on the sale date and the gain or loss resulting from this revaluation is booked against the income statement.

B2. Investments in associates

Investments in associates are recorded by the equity method from the date that the Group acquires significant influence until the date it ceases to exist. Associates are those entities in which the Group has significant influence but not control over the financial and operating policy decisions of the investee. It is assumed that the Group has significant influence when it holds, directly or indirectly, more than 20% or of the voting rights of the investee. If the Group holds, directly or indirectly, less than 20% of the voting rights of the investee, it is presumed that the Group does not have significant influence, unless such influence can be clearly demonstrated.

The existence of significant influence by the Group is usually evidenced in one or more of the following ways:

- representation on the Board of Directors or equivalent governing body of the investee;
- participation in policy-making processes, including participation in decisions about dividends or other distributions;
- material transactions between the Group and the investee;
- interchange of the management team;
- provision of essential technical information.

The consolidated financial statements include the part that is attributable to the Group of the total reserves and results of associates accounted on an equity basis. When the Group's share of losses exceeds its interest in the associate, the carrying amount is reduced to zero and recognition of further losses is discontinued, with exception of the part in which the Group incurs in a legal obligation to assume these losses on behalf of an associate.

B3. Goodwill

Business combinations are accounted under the purchase method. The acquisition cost corresponds to the fair value, determined at the acquisition date, of the assets given and liabilities incurred or assumed. Costs directly attributable to the acquisition of a subsidiary are recorded directly in the income statement.

Positive goodwill arising from acquisitions is recognised as an asset carried at acquisition cost and is not subject to amortisation, however, it is subject to impairment tests. Goodwill arising from the acquisition of subsidiaries and associates is defined as the difference between the cost of acquisition and the total or corresponding share of the fair value of the net assets and contingent liabilities acquired, depending on the option taken.

Negative goodwill arising from an acquisition is recognised directly in the income statement of the period in which the business combination occurs.

Goodwill is not adjusted due to changes in the initial estimation of the contingent purchase price, being the difference recorded in the income statement or in equity, when applicable.

According to IFRS 3 – Business combinations, if the initial accounting of a business combination is not concluded until the end of the first financial reporting period in which the combination occurs, it is recorded at the respective provisional values. These provisional values can be adjusted over the measurement period, which can't exceed a year since the acquisition date. Over this period, the Group should retrospectively adjust the amounts recognised previously on the acquisition date, to reflect newly obtained information about facts and circumstances that existed at the acquisition date and that, if they were known by then, would have impacted the measurement of the amounts recognised at that date.

During this period, the Group should also recognise additional assets and liabilities in the case of obtaining new information about facts and circumstances that existed at the acquisition date and that, if they were known by then, would have resulted in the recognition of those assets and liabilities at that time.

The recoverable amount of the goodwill recorded in the Group's asset is assessed annually in the preparation of the accounts with reference to the end of the year or whenever there are indications of eventual loss of value. Impairment losses are recognised in the income statement. The recoverable amount is determined based on the higher of the asset value in use and the market value after deducting selling costs, calculated using valuation methodologies supported by discounted cash flow techniques, considering market conditions, the time value of money and the business risks.

B4. Purchases and dilution of non-controlling interests

The acquisition of non-controlling interests that do not impact the control position of a subsidiary is accounted as a transaction with shareholders and, therefore, no additional goodwill resulting from this transaction is recognised. The difference between the acquisition cost and the fair value of non-controlling interests acquired is recognised directly in reserves. On this basis, the gains and losses resulting from the sale of controlling interests that do not impact the control position of a subsidiary are always recognised against reserves.

B5. Loss of control

The gains or losses resulting from the dilution or sale of a financial position in a subsidiary, with loss of control, are recognised by the Group in the income statement.

B6. Investments in foreign subsidiaries and associates

The financial statements of foreign subsidiaries and associates of the Group are prepared in their functional currency, defined as the currency of the primary economic environment in which they operate or the currency in which the subsidiaries obtain their income or finance their activity. In the consolidation process, assets and liabilities, including goodwill, of foreign subsidiaries are converted into euro at the official exchange rate on the balance sheet date.

Regarding the investments in foreign operations that are consolidated under the full consolidation or equity methods, exchange differences, between the conversion to euro of the equity at the beginning of the year and its value in euro at the exchange rate on the balance sheet date in which the consolidated accounts are reported, are recognised against "Reserves - exchange differences". The changes in fair value resulting from instruments that are designated and qualified as hedging instruments related to foreign operations are recorded in equity under "Reserves and retained earnings". Whenever the hedge is not fully effective, the ineffective portion is accounted against profit and loss of the year.

The income and expenses of these subsidiaries are converted to euro at an approximate rate of the rates on the dates of the transactions, using a monthly average considering the initial and final exchange rates of each month. Exchange differences from the conversion to euro of the profits and losses for the reporting period, arising from the difference between the exchange rate used in the income statement and the exchange rate prevailing at the balance sheet date, are recognised in "Reserves and retained earnings - exchange differences resulting from the consolidation of Group's companies". The exchange rates used by the Group are detailed in note 54.

On disposal of investments in foreign subsidiaries for which there is loss of control, exchange differences related to the investment in the foreign operation and to the associated hedge transaction previously recognised in reserves are transferred to profit and loss, as part of the gains or loss arising from the disposal.

The Group applies IAS 29 – Financial reporting in hyperinflationary economies in financial statements of entities that present accounts in functional currency of an economy that has hyperinflation. In applying this policy, non-monetary assets and liabilities are adjusted based on the price index from the date of acquisition or the date of the last revaluation until 31 December 2021. The restated values of assets are reduced by the amount that exceeds their recoverable amount, in accordance with the applicable IFRS.

Equity components are also updated considering the price index from the beginning of the period or date of the contribution if it is earlier.

When the classification as a hyperinflationary economy is applied to associates, its effects are included in the Group's financial statements by applying the equity method of accounting on the financial statements restated in accordance with the requirements of IAS 29. The effects of the application of IAS 29 with impact on capital items are recognised against the item "Reserves and retained earnings".

In accordance with the requirements provided in IAS 29, Angola was considered as a hyperinflationary economy until 31 December 2018. This classification is no longer applicable as of 1 January 2019.

B7. Transactions eliminated on consolidation

The balances and transactions between Group's companies, as well as any unrealised gains and losses arising from these transactions, are eliminated in the preparation of the consolidated financial statements. Unrealised gains and losses arising from transactions with associates and jointly controlled entities are eliminated in the proportion of the Group's investment in these entities.

C. Financial instruments (IFRS 9)

C1. Financial assets

C1.1. Classification, initial recognition and subsequent measurement

At the 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 consideration the following aspects:

– the Group's business model for the management of the financial asset; and,
– the characteristics of the contractual cash flows of the financial asset.

Business Model Evaluation

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

- the policies and purposes established for the portfolio and the practical operability of these policies, including how the management strategy focuses on receiving contractual interest, maintaining a certain interest rate profile, adjusting the duration of financial assets to the duration of liabilities that finance these assets or on the realization of cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management bodies;
- the evaluation of the risks that affect the performance of the business model (and of the financial assets held under this business model) and the way these risks are managed;
- the remuneration of business managers, i.e., in what way the compensation depends on the fair value of the assets under management or on contractual cash flows received; and,
- the frequency, volume and sales periodicity in previous periods, the reasons for these sales and the expectations about future sales. However, sales information should not be considered individually, but as part of an overall assessment of how the Group establishes financial asset management objectives and how cash flows are obtained.

Financial assets held for trading and financial assets managed and evaluated at fair value by option are measured at fair value through profit or loss because they are not held either for the collection of contractual cash flows (HTC), nor for the collection of cash flows and sale of these financial assets (HTC and Sell).

Evaluation if the contractual cash flows correspond to Solely Payments of Principal and Interest (SPPI)

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset at initial recognition. "Interest" is defined as the counterparty for the time value of money, for the credit risk associated with the amount owed over a given period and for other risks and costs associated with the activity (e.g., liquidity risk and administrative costs), as well as for a profit margin.

In the evaluation of the financial instruments in which contractual cash flows refer exclusively to the receipt of principal and interest, the Group considered the original contractual terms of the instrument. This evaluation included the analysis of the existence of situations in which the contractual terms can modify the periodicity and the amount of the cash flows so that they do not fulfil the SPPI condition. In the evaluation process, the Group considered:

- contingent events that may change the periodicity and the amount of the cash flows;
- characteristics that result in leverage;
- terms of prepayment and extension of maturity;
- terms that may limit the right of the Group to claim cash flows in relation to specific assets (e.g., contracts with terms that prevent access to assets in case of default – non-recourse asset); and,
- characteristics that may change the time value of money.

In addition, an advance payment is consistent with the SPPI criterion if:

- the financial asset is acquired or originated with a premium or discount in relation to the contractual nominal value;
- the prepayment represents substantially the nominal amount of the contract plus accrued contractual interest, but not paid (may include reasonable compensation for prepayment); and,
- the prepaid fair value is insignificant at initial recognition.

C1.1.1. Financial assets at amortised cost

Classification

A financial asset is classified under the category "Financial assets at amortised cost" if both of the following conditions are met:

– the financial asset is held within a business model whose objective is to hold financial assets in order to collect their contractual cash flows; and,

– its contractual cash flows occur on specific dates and are solely payments of principal and interest on the principal amount outstanding (SPPI).

The "Financial assets at amortised cost" category includes loans and advances to credit institutions, loans and advances to customers and debt instruments managed based on a business model whose purpose is to receive their contractual cash flows (government bonds, bonds issued by companies and commercial paper).

Initial recognition and subsequent measurement

Loans and advances to credit institutions and loans and advances to customers are recognised at the date the funds are made available to the counterparty (settlement date). Debt instruments are recognised on the trade date, that is, on the date the Group accepts to acquire them.

Financial assets at amortised cost are initially recognised at fair value plus transaction costs and are subsequently measured at amortised cost. In addition, they are subject, at their initial recognition, to the measurement of impairment losses for expected credit losses (note C1.5), which are recognised in "'Impairment of financial assets measured at amortised cost".

Interest of financial assets at amortised cost is recognised under "Interest and similar income", based on the effective interest rate method and in accordance with the criteria described in note C3.

Gains or losses generated at the time of derecognition are recorded in "Gains/(losses) arising from derecognition of financial assets and liabilities not measured at fair value through profit or loss".

C1.1.2. Financial assets at fair value through other comprehensive income

Classification

A financial asset is classified under the category of "Financial assets at fair value through other comprehensive income" if both of the following conditions are met:

– the financial asset is held within a business model whose objective is both to collect its contractual cash flows and to sell this financial asset; and,
– its contractual cash flows occur on specific dates and are solely payments of principal and interest on the principal amount outstanding (SPPI).

In addition, at the initial recognition of an equity instrument that is not held for trading, nor a contingent retribution recognised by an acquirer in a business combination to which IFRS 3 applies, the Group may irrevocably choose to classify it in the category of "Financial assets at fair value through other comprehensive income" (FVOCI). This option is exercised on a case-by-case basis and is only available for financial instruments that comply with the definition of equity instruments provided in IAS 32 and cannot be used for financial instruments whose classification as an equity instrument under the scope of the issuer is made under the exceptions provided in paragraphs 16A to 16D of IAS 32.

Initial recognition and subsequent measurement

Debt instruments at fair value through other comprehensive income are initially recognised at fair value plus transaction costs and are subsequently measured at fair value. Changes in the fair value of these financial assets are recognised against other comprehensive income and, at the time of their disposal, the respective gains or losses accumulated in other comprehensive income are reclassified to a specific income statement item designated "Gains or losses on derecognition of financial assets at fair value through other comprehensive income”.

Debt instruments at fair value through other comprehensive income are also subject from their initial recognition to the measurement of impairment losses for expected credit losses (note C1.5). Impairment losses are recognised in the income statement under "Impairment of financial assets at fair value through other comprehensive income", against "Other comprehensive income", and do not reduce the carrying amount of the financial asset in the balance sheet.

Interest, premiums or discounts on financial assets at fair value through other comprehensive income are recognised in "Interest and similar income", based on the effective interest rate method and in accordance with the criteria described in note C3.

Equity instruments at fair value through other comprehensive income are initially recognised at fair value plus transaction costs and are subsequently measured at fair value. The changes in the fair value of these financial assets are recognised against "Other comprehensive income". Dividends are recognised in the income statement when the right to receive them is attributed.

Impairment is not recognised for equity instruments at fair value through other comprehensive income, and the respective accumulated gains or losses recognised in "Fair value changes" are transferred to "Retained earnings" at the time of their derecognition.

C1.1.3. Financial assets at fair value through profit or loss

Classification

A financial asset is classified in the category "Financial assets at fair value through profit and loss" if the business model defined by the Group for its management or the characteristics of its contractual cash flows do not meet the conditions described above to be measured at amortised cost or at fair value through other comprehensive income (FVOCI).

In addition, the Group may irrevocably designate a financial asset at fair value through profit or loss that meets the criteria to be measured at amortised cost or at FVOCI at the time of its initial recognition if this eliminates or significantly reduces an inconsistency in measurement or recognition (accounting mismatch), that will otherwise arise from measuring assets or liabilities or recognising their gains and losses in different bases.

The Group classified "Financial assets at fair value through profit and loss" in the following items:

a) "Financial assets held for trading"

These financial assets are acquired with the purpose of short-term selling; at the initial recognition, they are part of a portfolio of identified financial instruments and for which there is evidence of profit-taking in the short-term; or they can be defined as derivatives (except for hedging derivatives).

b) "Financial assets not held for trading mandatorily at fair value through profit or loss"

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

c) "Financial assets designated at fair value through profit or loss" (Fair Value Option)

This item includes the financial assets that the Group has chosen to designate at fair value through profit or loss to eliminate accounting mismatch.

Initial recognition and subsequent measurement

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

The accrual of interest and of the premium/discount (when applicable) is recognised in "Net interest income", based on the effective interest rate of each transaction, except the accrual of interest from trading derivatives that are recognised in "Gains/(losses) on financial operations at fair value through profit or loss". Dividends are recognised in profit and loss when the right to receive them is attributed.

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

C1.2. Reclassification between categories of financial assets

Financial assets should be reclassified into other categories only if the business model used in their management has changed. In this case, all financial assets affected must be reclassified.

The reclassification must be applied prospectively from the date of reclassification and any gains, losses (including the ones related to impairment) or interest previously recognised should not be restated.

The reclassification of investments in equity instruments measured at fair value through other comprehensive income is not allowed, nor of financial instruments designated at fair value through profit or loss.

C1.3. Modification and derecognition of financial assets

General principles

i) The Group shall derecognise a financial asset when, and only when:

- the contractual rights to the cash flows from the financial asset expire; or,
- it transfers the financial asset as set out in notes ii) and iii) below and the transfer qualifies for derecognition in accordance with note iv).

ii) The Group transfers a financial asset if, and only if, it either:

- transfers the contractual rights to receive the cash flows of the financial asset; or,
- retains the contractual rights to receive the cash flows of the financial asset but assumes a contractual obligation to pay the cash flows to one or more recipients in an arrangement that meets the conditions presented in note iii).

iii) When the Group retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay these cash flows to one or more entities (the 'eventual recipients'), the Group shall treat the transaction as a transfer of a financial asset if all the following three conditions are met:

- the Group does not have any obligation to pay amounts to the eventual recipients, unless it collects equivalent amounts from the original asset. Short-term advances with the right of full recovery of the amount lent, plus accrued interest at market rates, do not violate this condition;
- the Group is contractually prohibited from selling or pledging the original asset other than as a security to the eventual recipients due its obligation to pay them cash flows; and,
- the Group has an obligation to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, it is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents (as defined in IAS 7 – Statement of Cash Flows) during the short settlement period from the collection date until the date of required remittance to the eventual recipients, and interest earned on such investments is passed to the eventual recipients.

iv) When the Group transfers a financial asset (see note ii) above), it shall evaluate the extent to which it retains the risks and benefits arising from owning the financial asset. In this case:

- if the Group transfers substantially all the risks and benefits arising from owning the financial asset, it shall derecognise the financial asset and recognise separately any rights and obligations created or retained in the transfer, as assets or liabilities;
- if the Group retains substantially all the risks and benefits arising from owning the financial asset, it shall continue to recognise the financial asset;
- if the Group neither transfers nor retains substantially all the risks and benefits arising from owning the financial asset, it shall determine whether it retained control of the financial asset. In this case:

a) if the Group did not retain control, it shall derecognise the financial asset and recognise separately, as assets or liabilities, any rights and obligations created or retained in the transfer;

b) if the Group retained control, it shall continue to recognise the financial asset to the extent of its continued involvement in the financial asset.

v) The transfer of risks and benefits (see prior note) is evaluated by comparing the Group's exposure, before and after the transfer, with the variability in the amounts and timing of the net cash flows of the transferred asset.

vi) The question of whether the Group retained or not control (see note iv) above) over the transferred asset depends on the transferee's ability to sell the asset. If the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and can exercise that ability unilaterally without needing to impose additional restrictions on the transfer, the entity did not retain control. In all other cases, the entity retained control.

Derecognition criteria

In the context of the general principles listed in the previous section, and considering that contract modification processes may lead, in some circumstances, to the derecognition of the original financial assets and recognition of new ones (subject to POCI identification), the purpose of this section is to set the criteria and circumstances that may lead to the derecognition of a financial asset.

The Group considers that a modification of the terms and conditions of a credit exposure will result in derecognition of the transaction and in recognition of a new transaction when the modification translates into at least one of the following conditions:

– Creation of a new exposure that results from a debt consolidation, without any of the derecognised instruments having a nominal value higher than 90% of the nominal amount of the new instrument;

– Double extension of the residual maturity, provided that the extension is not shorter than 3 years compared to the residual maturity in the moment of the modification;

– Increase of on balance exposure by more than 10% compared to the nominal amount (refers to the last approved amount on the operation subject to modification);

– Change in qualitative features, namely:

i) Change of currency, unless the exchange rate between the old and the new currency is pegged or managed within limits restricted by law or the relevant monetary authorities;

ii) Exclusion or addition of a substantial equity conversion feature to a debt instrument, unless it is not reasonably possible that it will be exercised over its term;

iii) Transfer of the instrument's credit risk to another borrower, or a significant change in the structure of borrowers within the instrument.

iv) Deletion or addition to the debt instrument of features of the "Pay If You Can" type or dependent on the financial performance of the debt instrument.

In the case of a restructuring due to financial difficulties of the debtor, only the criteria set out in items ii, iii and iv of the above paragraphs should be checked (the other criteria listed in this paragraph are not relevant in such situations).

Under the regulatory changes that occurred in Poland and the negotiations with customers holding mortgage loans in foreign currency described in note 51, and which correspond to contractual modifications made in accordance with IFRS 9, when the cash flows resulting from the agreement are subject to modification and a given asset is not derecognised, Bank Millennium adjusts the gross book value of the financial asset and recognises the profit or loss due to the modification in the Income Statement - Results on modification. The adjustment to the gross carrying amount of a financial asset is the difference between the discounted cash flows before and after contract modification.

Loans written-off

The Group writes off a loan when it does not have reasonable expectations of recovering a financial asset in its entirety or partially. Loans written-off are recognised in off-balance sheet accounts.

C1.4. Purchased or originated credit-impaired assets

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

The two events that lead to the origin of a POCI exposure are presented as follows:

– financial assets arising from a recovery process, where there have been changes to the terms and conditions of the original agreement, which presented objective evidence of impairment that resulted in its derecognition (note C1.3) and recognition of a new contract that reflects the credit losses incurred;
– financial assets acquired with a significant discount, where the existence of a significant discount reflects credit losses incurred at the time of their initial recognition.

At initial recognition, POCI assets do not carry an impairment allowance. Instead, lifetime expected credit losses (ECL) are incorporated into the calculation of the effective interest rate (EIR). Consequently, at initial recognition, the gross book value of POCI (initial balance) is accounted for at fair value and it's equal to the net book value before being recognised as POCI (difference between the initial balance and the total discounted cash flows).

C1.5. Impairment losses

C1.5.1. Financial instruments subject to impairment losses recognition

The Group recognises impairment losses for expected credit losses on financial instruments recognised in the following accounting items:

C1.5.1.1. Financial assets at amortised cost

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

C1.5.1.2. Debt instruments at fair value through other comprehensive income

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

C1.5.1.3. Credit commitments, documentary credits and financial guarantees

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

C1.5.2. Classification of financial instruments by stages

	Changes in credit risk since the initial recognition		
	Stage 1	Stage 2	Stage 3
Classification criterion	Initial recognition	Significant increase in credit risk since initial recognition	Impaired
Impairment losses	12-month expected credit losses	Lifetime expected credit losses	

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

- Stage 1: the operations in which there is no significant increase in credit risk since its initial recognition are classified in this stage. Impairment losses associated with operations classified in this stage correspond to expected credit losses resulting from a default event that may occur within 12 months after the reporting date (12-month expected credit losses);
- Stage 2: the operations in which there is a significant increase in credit risk since its initial recognition (note C1.5.3) but are not impaired (note C1.5.4) are classified in this stage. Impairment losses associated with operations classified in this stage correspond to the expected credit losses resulting from default events that may occur over the expected residual life of the operations (lifetime expected credit losses);
- Stage 3: impaired operations are classified in this stage. Impairment losses associated with operations classified at this stage correspond to lifetime expected credit losses.

C1.5.3. Significant increase in credit risk (SICR)

The Bank uses a set of criteria to determine whether there is a significant increase in the Probability of Default (PD) (Significant increase in Credit Risk) associated with credit exposures, which leads to a stage 2 classification. Among the criteria considered by the Bank, the following are noteworthy: (i) customers classified with an internal procedural risk grade of 123 or 124, for material arrears exceeding 30 days or in the context of credit recovery procedures, or classified as unrated; (ii) customers with a downgrade in their internal risk grade, above pre-defined thresholds, between the initial recognition date of the contract and the impairment calculation date; (iii) customers with restructured exposures due to financial difficulties, (iv) customers with incidents reported through the Banco de Portugal's CRC, and (v) customers subject to individual analysis for whom a stage 2 classification has been concluded due to the occurrence of a significant increase in credit risk, taking into account a set of predetermined indicators.

Exposures that no longer meet the criteria to be classified as stage 2 are classified as stage 1.

C1.5.4. Definition of financial assets in default and impaired

All customers who meet at least one of the following conditions are marked as default and, consequently, in NPE:

a) Delay over 90 days of material payment:

- Amounts of principal, interest or fees not paid on the due date that, cumulatively, represent:
i) more than EUR 100 (retail) or more than EUR 500 (non-retail); and,
ii) more than 1% of the total debt (direct liabilities).

After these two conditions are met, the counting of days of delay begins: if more than 90 consecutive days in which the customer is in this situation have been counted, it is classified as default.

The existence of a material payment delay gives rise to the default setting of all holders of the operation (or operations).

b) Signs of low probability of payment:

i. Credit restructuring due to financial difficulties with loss of value;
ii. Delay after restructuring due to financial difficulties;
iii. Recurrence of restructuring due to financial difficulties;
iv. Credit with signs of impairment (or stage 3 of IFRS 9);
v. Insolvency or equivalent proceedings;
vi. Litigation;
vii. Guarantees of operations in default;
viii. Credit sales with losses;
ix. Credit fraud;
x. Unpaid credit status;
xi. Breach of covenants in a credit agreement;
xii. Spread of default in an economic group;
xiii. Cross default in BCP Group.

C1.5.5. Estimates of expected credit losses - Individual analysis

1. Customers who are in one of the following conditions are subject to individual analysis:

Customers in default	Customers in litigation or insolvency, if the total exposure of the group members in these situations exceeds EUR 1 million
	Customers integrated into groups with an exposure over EUR 5 million, if they have a risk grade 125
Groups or customers who are not in default	Other customers belonging to groups in the above conditions
	Groups or customers with an exposure over EUR 5 million, if a group member has a risk grade 124 or has a restructured loan and a risk grade 123
	Groups or customers with an exposure over EUR 10 million, if at least one member of the group is in stage 2
	Groups or customers not included in the preceding paragraphs, whose exposure exceeds EUR 25 million

2. Regardless of the criteria described in the previous point, the individual analysis is only performed for customers with a credit exposure over EUR 500,000, while customers with exposure below this limit are not considered for the purpose of determining the exposure referred to in the previous point.

3. Other customers that do not meet the criteria defined in 1 will also be subject to individual analysis, if under the following conditions:

– they have impairment as a result of the latest individual analysis;

– are classified in stage 2 as a result of the latest revision of the questionnaire analysing the signs of financial difficulties;

– according to recent information, they show a significant deterioration in risk levels.

4. The individual analysis includes the following procedures:

– for customers that are not in default, the analysis of financial difficulties indicators to determine whether the customer has objective signs of impairment, or whether it should be classified in stage 2 given the occurrence of a significant increase in credit risk, considering for this purpose a set of predetermined signs;

– for customers in default or for which the previous analysis has allowed to conclude that the customer has objective signs of impairment, determination of the loss.

5. For the situations identified in the first paragraph of point 4 above, involving corporate customers, the analysis is the responsibility of the Rating Division, and the responsibility of the Credit Division for the remaining customers.

6. For the situations identified in the second paragraph of point 4 above, the individual analysis to determine the loss is the responsibility of the customer's management divisions and of the Credit Division, the latter with regard to the customers managed by the Commercial Networks.

The assessment of existence of impairment losses in individual terms is determined through an analysis of the total credit exposure on a case-by-case basis. For each loan considered individually significant, the Group assessed at each balance sheet date the existence of objective evidence of impairment. In the assessment of impairment losses in individual terms, the following factors were considered:

– total exposure of each customer towards the Group and the existence of overdue loans;

– viability of the customer’s business and its capacity to generate enough cash flows to service debt obligations in the future;

– the existence, nature and estimated value of the collaterals associated to each loan;

– the customer’s available assets in liquidation or insolvency situations;

– the existence of preferential creditors;

– the amount and expected recovery term.

7. Each of the units referred to in the previous point is responsible for assigning an expectation and a recovery period to exposures relating to customers subject to individual analysis, which must be transmitted to the Risk Office as part of the regular process of collecting information, accompanied by detailed justification of the proposed impairment.

8. The expected recovery shall be represented by a recovery rate of the total outstanding exposure, which may be a weighted rate considering the different recovery prospects for each part of the customer's liabilities.
9. The recovery estimation referred to in the previous point should be influenced by future prospects (forward-looking), contemplating not only a more expected scenario but also alternative scenarios (an unbiased and probability-weighted amount). The application and weighting of the scenarios should be carried out both in a global perspective and in an individualized perspective, the latter when cases that, due to their specificity, have a high degree of uncertainty regarding the expected recovery estimation are identified.
10. The macroeconomic adjustment set out in previous point should be analysed annually and weighted according to the type of recovery strategy associated with the exposure under analysis:

- for Going Concern strategies (i.e., the estimation is based on the cash flows of the business), the possibility of applying the 2 additional macroeconomic scenarios (optimistic and pessimistic) should be analysed in a global way, to ascertain if there is the risk of a skewed view of the expected losses from the consideration of only one scenario;
- for Gone Concern strategies (i.e., the recovery estimation is based on the realization of the collateral), the impact of the macroeconomic scenario on collaterals should be analysed, for example, to what extent the projected real estate index indicates significant changes ahead for the current valuation values.

11. It is the responsibility of the units referred to in points 5 and 6 to consider in their forecast macroeconomic expectations that may influence the recoverability of the debt.
12. For the purposes of the preceding paragraphs, the Bank's Economic Studies Area shall disclose the macroeconomic data that allow the estimations to be made.
13. The decision to consider global impacts related to the going and gone concern scenarios should be made by the Risk Committee, as proposed by the Risk Office.
14. For specific cases with a high degree of uncertainty, the allocation of alternative scenarios should be considered casuistically. Examples of recovery situations with a degree of uncertainty include:

- recovery of collateral in geographies in which the Bank has no relevant recovery experience;
- recovery of debt related to geographies in which there is strong political instability;
- recovery of non-real estate collateral for which there is no evidence of market liquidity;
- recovery of related collateral or government guarantees in a currency other than the country's own;
- recovery of debt related to debtors for whom there is a strong negative public exposure.

15. The Risk Office is responsible for reviewing the information collected and for clarifying all identified inconsistencies, as well as for the final decision on the customer's impairment.
16. Customers that have objective signs of impairment, but an individual impairment amount is equal to zero, are included in the collective analysis, assuming a PD 12-month equivalent to the risk grade 115 of the Master Scale.
17. The individual impairment analysis must be carried out annually and may be carried out more frequently for customers who fall into certain situations of possible increased risk. In case significant signs of deterioration or improvement in the customer’s economic and financial situation are detected, as well as the macroeconomic conditions affecting the customer's ability to accomplish debt, it is the responsibility of the Risk Office to promote the review of the expected impairment of this customer.

C1.5.6. Estimates of expected credit losses - Collective analysis

Transactions that are not subject to an individual impairment analysis are grouped considering their risk characteristics and subject to a collective impairment analysis. The Group's credit portfolio is divided by internal risk grades and according to the following segments:

a) Segments with a reduced history of defaults, designated 'low default': Large corporate exposures, Project finance, Institutions (banks/financial institutions) and Sovereigns;

b) Segments not 'low default': - Retail: Mortgages; Overdrafts; Credit cards; Small and medium enterprises - Retail ('SME Retail'); and Others - Corporate: Small and medium enterprises - Corporate ('Large SME'); and Real Estate.

The Group performs statistical tests in order to prove the homogeneity of the segments mentioned above, with a minimum period of one year.

Expected credit losses are estimates of credit losses that are determined as follows:

– financial assets with no signs of impairment at the reporting date: the present value of the difference between the contractual cash flows and the cash flows that the Group expects to receive;

– financial assets with impairment at the reporting date: the difference between the gross book value and the present value of the estimated cash flows;

– unused credit commitments: the present value of the difference between the resulting contractual cash flows if the commitment is made and the cash flows that the Group expects to receive;

– financial guarantees: the current value of the expected repayments less the amounts that the Group expects to recover.

The main inputs used to measure ECLs on a collective basis should include the following variables:

– Probability of Default – PD;

– Loss Given Default – LGD; and,

– Exposure at Default – EAD.

These parameters are obtained through internal statistical models and other relevant historical data, considering the already existing regulatory models adapted to the requirements of IFRS 9.

PDs are estimated based on a certain historical period and will be calculated based on statistical models. These models are based on internal data including both quantitative and qualitative factors. If there is a change in the risk of the counterparty or exposure, the estimate of the associated PD will also vary. The PDs will be calculated considering the contractual maturities of exposures.

The risk grades are a highly relevant input for determining the PD associated with each exposure.

The Group collects performance and default indicators about their credit risk exposures with analysis by types of customers and products.

LGD is the magnitude of the loss that is expected to occur if an exposure goes into default. The Group estimates the LGD parameters based on the historical recovery rates after entry into counterparty defaults. The LGD models consider the associated collaterals, the counterparty activity sector, the default time, as well as the recovery costs. In the case of contracts secured by real estate, it is expected that the LTV (loan-to-value) ratios are a parameter of high relevance in the determination of LGD.

The EAD represents the expected exposure if the exposure and/or customer defaults. The Group obtains the EAD values from the counterparty's current exposure and potential changes to its current value as a result of the contractual conditions, including amortisations and prepayments. For commitments and financial guarantees, the value of the EAD will consider both the amount of credit used and the expectation of future potential value that may be used in accordance with the agreement.

As described above, except for financial assets that consider a 12-month PD as they do not present a significant increase in credit risk, the Group will calculate the ECL value considering the risk of default during the maximum contractual maturity period of the contract, even if, for the purpose of risk management, it is considered to be a longer period. The maximum contractual period shall be considered as the period up to the date on which the Group has the right to require payment or end the commitment or guarantee.

The Bank conservatively considers a residual term of 5 years in the case of renewable operations, when in stage 2. This term was determined based on the behavioural models of this type of product applied by the Bank in the liquidity risk and interest rate analysis.

The Group uses models to forecast the evolution of the most relevant parameters for the expected credit losses, namely probability of default, which incorporate forward-looking information. This incorporation of forward-looking information is carried out in the relevant elements considered for the calculation of expected credit losses (ECL).

In particular, the PD point-in-time (PDpit) considered for the determination of the probability of performing exposures at the reference date becoming defaulted exposures considers the expected values for a set of macroeconomic variables, based on three scenarios (Central, Upside and Downside Scenario) prepared by the Bank's Economic Studies area. These scenarios, which are used across the Bank for various purposes besides calculating impairment, consider existing forecasts by reference entities.

In December 2024 the Bank carried out an update of the macroeconomic scenarios and of the corresponded adjustment of the parameters considered in the collective impairment model.

C2. Financial liabilities

C2.1. Classification, initial recognition and subsequent measurement

At initial recognition, financial liabilities are classified in one of the following categories:

– "Financial liabilities at amortised cost";

– "Financial liabilities at fair value through profit or loss".

C2.1.1. Financial liabilities at fair value through profit or loss

Classification

Financial liabilities classified under "Financial liabilities at fair value through profit or loss" include:

a) "Financial liabilities held for trading"

In this balance the issued liabilities are classified with the purpose of repurchasing in the near term, those that form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or is a derivative (except for a derivative classified as hedging instrument).

b) "Financial liabilities designated at fair value through profit or loss"

The Group may irrevocably assign a financial liability at fair value through profit or loss at the time of its initial recognition if at least one of the following conditions is met:

– the financial liability is managed, evaluated and reported internally at its fair value; or,

– the designation eliminates or significantly reduces the accounting mismatch of transactions.

Initial recognition and subsequent measurement

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

Subsequent changes in the fair value of these financial liabilities are recognised as follows:

– the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability shall be presented in other comprehensive income;

– the remaining amount of change in the fair value of the liability shall be presented in profit or loss.

The accrual of interest and the premium/discount (when applicable) is recognised in "Interest and similar expense" based on the effective interest rate of each transaction.

C2.1.2. Financial guarantees

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

– the provision for losses determined according to the criteria described in note C1.5;

– the amount initially recognised deducted, when appropriate, from the accumulated amount of income recognised according to IFRS 15 - Revenue from contracts with customers.

Financial guarantee contracts that are not designated at fair value through profit or loss are presented under "Provisions".

C2.1.3. Financial liabilities at amortised cost

Classification

Financial liabilities that were not classified at fair value through profit or loss, or correspond to financial guarantee contracts, are measured at amortised cost.

The category "Financial liabilities at amortised cost" includes deposits from credit institutions and other funds, deposits from customers and other funds, as well as subordinated and non-subordinated debt securities.

Initial recognition and subsequent measurement

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

C2.2. Reclassification between categories of financial liabilities

Reclassifications of financial liabilities are not allowed.

C2.3. Derecognition of financial liabilities

The Group derecognises financial liabilities when these are cancelled or extinct.

C3. Interest recognition

Income and expense related to interest from financial instruments measured at amortised cost are recognised in "Interest and similar income" and "Interest and similar expense" (net interest income) through the effective interest rate method. Interest related to financial assets at fair value through other comprehensive income is also recognised in net interest income.

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

For calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instrument (e.g., early payment options) but without considering future impairment losses. The calculation includes all fees paid or received considered as included in the effective interest rate, transaction costs and all other premiums or discounts directly related to the transaction, except for assets and liabilities at fair value through profit and loss.

Interest income recognised in income associated with contracts classified in stage 1 or 2 are determined by applying the effective interest rate for each contract on its gross book value. The gross balance of a contract is its amortised cost, before deducting the respective impairment. For financial assets included in stage 3, interest is recognised in the income statement based on its net book value (less impairment). The interest recognition is always made in a prospective way, i.e., for financial assets entering stage 3, interest is recognised at the amortised cost (net of impairment) in subsequent periods.

For purchased or originated credit-impaired assets (POCI), the effective interest rate reflects the expected credit losses in determining the expected future cash flows receivable from the financial asset.

C4. Hedge accounting

As allowed by IFRS 9, the Group opted to continue to apply the hedge accounting requirements in accordance with IAS 39.

The Group designates derivatives and other financial instruments to hedge its exposure to interest rate and foreign exchange risk, resulting from financing and investment activities. Derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative hedging instruments are stated at fair value and gains and losses on revaluation are recognised in accordance with the hedge accounting model adopted by the Group. A hedge relationship exists when:

- at the inception of the hedge there is formal documentation of the hedge;
- the hedge is expected to be highly effective;
- the effectiveness of the hedge can be reliably measured;
- the hedge is assessed in a continuous basis and highly effective throughout the reporting period; and,
- for hedges of a forecasted transaction, the transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect profit or loss.

When a derivative financial instrument is used to hedge foreign exchange variations arising from monetary assets or liabilities, no hedge accounting model is applied. Any gain or loss associated to the derivative is recognised through profit and loss, as well as changes in currency risk of the monetary items.

C4.1. Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedge instruments are recognised in profit and loss, together with changes in the fair value attributable to the hedged risk of the asset or liability or group of assets and liabilities. If the hedge relationship no longer meets the criteria for hedge accounting, the cumulative gains and losses due to variations of hedged risk linked to the hedge item recognised until the discontinuance of the hedge accounting are amortised through profit and loss over the residual term of the hedged item.

C4.2. Cash flow hedge

In a hedge relationship, the effective portion of changes in fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity - cash flow hedge reserves in the effective part of the hedge relations. Any gain or loss relating to the ineffective portion of the hedge is immediately recognised in profit and loss when occurred.

Amounts accumulated in equity are reclassified to profit and loss in the periods in which the hedged item will affect profit or loss.

In case of hedging variability of cash flows, when the hedge instrument expires or is disposed or when the hedging relationship no longer meets the criteria for hedge accounting, or when the hedge relation is revoked, the hedge relationship is discontinued on a prospective basis. Therefore, the fair value changes of the derivative accumulated in equity until the date of the discontinued hedge accounting can be:

– deferred over the residual period of the hedged instrument; or,
– recognised immediately in results if the hedged instrument is extinguished.

In the case of a discontinued hedge of a forecast transaction, the change in fair value of the derivative recognised in equity at that time remains in equity until the forecasted transaction is ultimately recognised in the income statement. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to profit and loss.

C4.3. Hedge effectiveness

For a hedge relationship to be classified as such according to IAS 39, effectiveness must be demonstrated. As such, the Group performs prospective tests at the beginning date of the initial hedge, if applicable, and retrospective tests in order to demonstrate at each reporting period the effectiveness of the hedging relationships, demonstrating that the variations in fair value of the hedging instrument are hedged by the fair value variations of the hedged item in the portion assigned to the risk covered. Any ineffectiveness is recognised immediately in profit and loss when incurred.

C4.4. Hedge of a net investment in a foreign operation

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any exchange gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity. The gain or loss relating to the ineffective portion is immediately recognised in profit and loss. Gains and losses accumulated in equity related to the investment in a foreign operation and to the associated hedge operation are recognised in equity and transferred to profit and loss, on the disposal of the foreign operation as part of the gain or loss from the disposal.

C5. Embedded Derivatives

An embedded derivative is a component of a hybrid agreement, which also includes a non-derived host instrument.

If the main instrument included in the hybrid contract is considered a financial asset, the classification and measurement of the entire hybrid contract is carried out in accordance with the criteria described in note C1.1.3.

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

D. Securitization operations

D1. Traditional securitizations

As at 31 March 2025, Banco Comercial Português has in Portugal two residential mortgage credit securitization operations, Magellan Mortgages no.3 and no.4, in which the respective portfolios were derecognised from the Bank's individual balance sheet, as the risks and rewards related to the residual portions of the referred transactions, were transferred to institutional investors.

By purchasing a part or all of the most subordinated residual portion, the Group maintained control of the assets and liabilities of Magellan Mortgages no.3, this Special Purpose Entity (SPE) being consolidated in the Group's financial statements, in accordance with the accounting policy referred to in note 1 B.

The two operations are traditional securitizations, where each mortgage loan portfolio was sold to a Portuguese Loan Securitisation Fund, which has financed this purchase through the sale of securitisation units to an Irish-SPE. At the same time, this Special Purpose Entity (SPE) issued and sold in capital markets the different tranches of bonds.

D2. Synthetic securitizations

As at 31 March 2025, Banco Comercial Português has in Portugal four synthetic securitization operations, with similar characteristics, with reference to credit portfolios granted by the Bank mainly to Small and Medium Enterprises (SMEs).

Caravela SME no.3, which started on 28 June 2013, has a medium and long-term loan portfolio of current accounts and authorized overdrafts.

Caravela SME no.4, initiated on 5 June 2014, has a reference portfolio of vehicle, real estate and equipment leasing.

Caravela SME no.5, initiated on 20 December 2022, is supported on a credit portfolio of medium-and-long-term loans, leasing contracts and commercial paper programmes.

Caravela SME no.6, initiated on 28 February 2024, is supported on a credit portfolio of short-term exposures to Corporate customers, in the form of current accounts overdrafts, authorised overdrafts and confirming agreements.

In any of these operations, the Bank contracted a Credit Default Swap (CDS) from a Special Purpose Entity (SPE), buying, this way, protection over the total referenced portfolio. As in all synthetic securitizations, under CDS, the risk of the respective portfolios was divided in 3 tranches: senior, mezzanine and equity.

In the case of both Caravela no.3 and no.4, the mezzanine and part of the equity (20%) were placed in the market through the issuance of Credit Linked Notes (CLNs) by the above mentioned SPE which were subscribed by investors, while the Group retained the senior risk and the remaining part of the equity (80%). In the case of Caravela, SME no. 5 and no.6, only the full amount of the mezzanine was placed in the market, while the Group retained the risk of the full amount of the senior and equity tranches.

Note that in all the above-mentioned synthetic transactions, the product of the CLNs issue was invested by the SPE in a deposit, which fully collateralizes the responsibilities in the presence of its creditors including BCP in accordance with the CDS.

E. Equity instruments

A financial instrument is an equity instrument only if: i) the instrument includes no contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; and, ii) the instrument will or may be settled in the issuer's own equity instruments, it is either a non-derivative that includes no contractual obligation for the issuer to deliver a variable number of its own equity instruments or a derivative that will be settled only by the issuer exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

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

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

Preference shares issued by the Group are considered as an equity instrument when redemption of the shares is solely at the discretion of the Group and dividends are paid at the discretion of the Group.

Income from equity instruments (dividends) are recognised when the obligation to pay is established and are deducted to equity.

F. Securities borrowing and repurchase agreement transactions

F1. Securities borrowing

Securities lent under securities lending arrangements continue to be recognised in the balance sheet and are measured in accordance with the applicable accounting policy. Cash collateral received in respect of securities lent is recognised as a financial liability. Securities borrowed under securities borrowing agreements are not recognised. Cash collateral placements in respect of securities borrowed are recognised under loans and advances to either banks or customers. Income and expenses arising from the securities borrowing and lending business are recognised on an accrual basis over the period of the transactions and are included in interest income or expense (net interest income).

F2. Repurchase agreements

The Group performs acquisition/sale of securities under reselling/repurchase agreements of securities substantially equivalent in a future date at a predetermined price ('repos'/'reverse repos'). The securities related to reselling agreements in a future date are not recognised in the balance sheet. The amounts paid are recognised in loans and advances to customers or loans and advances to credit institutions. The receivables are collateralised by the related securities. Securities sold through repurchase agreements continue to be recognised in the balance sheet and are revaluated in accordance with the applicable accounting policy. The amounts received from the proceeds of these securities are considered as Deposits from customers and other funds or Deposits from credit institutions and other funds. The difference between the acquisition/sale and reselling/repurchase conditions is recognised on an accrual basis over the period of the transaction and is included in interest income or expenses.

G. Non-current assets held for sale and Discontinued or discontinuing operations

Non-current assets, groups of non-current assets held for sale (groups of assets together with related liabilities that include at least a non-current asset) and discontinued operations are classified as held for sale when the intention is to sell the referred assets and liabilities and when the referred assets or group of assets are available for immediate sale, subject to the terms of sale usually applicable to these types of assets, and its sale is highly probable, in accordance with IFRS 5. For the sale to be considered highly probable, the Group must be committed to a plan to sell the asset (or disposal group) and must have initiated an active program to locate a buyer and complete the plan. In addition, the asset (or disposal group) must be actively marketed for sale at a price that is reasonable in relation to its current fair value. Furthermore, it should be expected that the sale qualifies for recognition as a completed sale within one year from the date of classification, except as permitted by paragraph 9 of IFRS 5, and that the Group remains committed to the asset sales plan and the delay is caused by events or circumstances beyond its control.

If the requirements set out in IFRS 5 for these assets are not met, the balance sheet value and respective impairment are reflected in the balance "Other assets". In 2023, a group of properties was reclassified, as described in notes 26 and 31.

The Group also classifies as non-current assets held for sale those non-current assets or groups of assets acquired exclusively with a view to its subsequent disposal, which are available for immediate sale and its sale is highly probable. Immediately before classification as held for sale, the measurement of the non-current assets or all assets and liabilities in a disposal group, is performed in accordance with the applicable IFRS. After their reclassification, these assets or disposal groups are measured at the lower of their cost and fair value less costs to sell.

Discontinued operations and the subsidiaries acquired exclusively with the purpose to sell in the short-term are consolidated until the moment of their sale.

G1. Non-operating real estate (INAE)

The Group also classifies as non-current assets held for sale the non-operating real estate (INAE), which include properties acquired by the Group as a result of the resolution of customer credit processes, as well as own properties that are no longer used by the Group's services.

Properties held by real estate companies and real estate investment funds, which are part of the Group's consolidation perimeter, whose capital or units acquired by the Group as a result of the recovery loans are treated as INAE.

At the time of acquisition, real estate classified as INAE is recognised at the lower of the value of the loans existing on the date on which the recovery occurs, or the judicial decision is formalised, and the fair value of the property, net of estimated costs for sale. Subsequent measurement of INAE is made at the lower of their book value and the corresponding fair value, net of the estimated costs for their sale and are not subject to amortisation. Impairment losses are recorded in the results of the period in which they arise.

The fair value is determined based on the market value, which is determined based on the expected sales price obtained through periodic evaluations made by expert external evaluators accredited to the Comissão do Mercado de Valores Mobiliários (CMVM).

The principles used to determine the net fair value of selling costs of a property apply, whenever possible, to real estate like INAE held by Real Estate Companies and Real Estate Investment Funds for the purpose of consolidating Group accounts.

Whenever the net fair value of the selling costs calculated for an INAE is less than the amount by which the same is recognised in the Group's balance sheet, an impairment loss is recorded in the amount of the decrease in value ascertained. Impairment losses are recorded against income for the year.

If the net fair value of the selling costs of an INAE, after recognition of impairment, indicates a gain, the Group may reflect that gain up to the maximum of the impairment that has been recorded on that property.

H. Lease transactions (IFRS 16)

This standard establishes the requirements regarding the scope, classification/recognition and measurement of leases:

– from the lessor's perspective, leases will continue to be classified as finance leases or operating leases;

– from the lessee’s perspective, the standard defines a single model of accounting for lease contracts, which results in the recognition of a right-of-use asset and a lease liability for all leases, except for those which the lease term ends within 12 months or for those which the underlying asset is of low-value and, in these cases, the lessee may opt for the exemption from recognition under IFRS 16 and shall recognise the lease payments associated with these leases as an expense.

The Group chose not to apply this standard to short-term lease contracts, i.e. contracts with a term shorter than or equal to one year, and to lease contracts in which the underlying asset’s value is below EUR 5,000. Additionally, this standard was not applied to leases of intangible assets.

Lease definition

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

Impacts from the lessee's perspective

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

- a right-of-use asset initially measured at cost must consider the Net Present Value (NPV) of the lease liability plus the value of payments made (fixed and/or variable), deducted from any lease incentives received, penalties for terminating the lease (if reasonably certain), as well as any cost estimates to be supported by the lessee with the dismantling and removal of the underlying asset and/or with the recovery of its location. Subsequently, it will be measured according to the cost model (subject to depreciations/amortisations and impairment tests);
- a lease liability initially recorded at the present value of the remaining lease payments (NPV), which includes:
  - fixed payments deducted from any lease incentives receivable;
  - variable lease payments that depend on a rate or an index, initially measured considering the rate or index as at the commencement date;
  - amounts expected to be paid by the lessee under residual values guarantees;
  - the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option;
  - payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to end the lease.

Since it is not possible to easily determine the implicit interest rate in the lease (paragraph 26 of IFRS 16), lease payments are discounted according to the lessee's incremental borrowing rate, which embodies the risk-free rate curve (swap curve) plus the Group's spread of risk, applied over the weighted average term of each lease contract. For term contracts, that date is considered as the end of lease date, while for contracts without term, or with renewable terms, it is assessed using the date in which the contract is enforceable, as well as eventual economic penalties associated with the lease contract. In the evaluation of enforceability, the particular clauses of the contracts are considered, as well as the current law on Urban Leases.

Subsequently, lease payments are measured as follows:

- by increasing their carrying amount to reflect interest;
- by reducing their carrying amount to reflect lease payments;
- carrying amount shall be remeasured to reflect any leases' revaluations or changes, as well as to reflect the review of in -substance fixed payments and the review of the lease term.

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

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

The Group did not make any adjustment during the periods presented.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If the lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The implementation of this standard implies changes in the Group's financial statements, namely:

– in the consolidated income statement:

  (i) recording in "Interest Income" the interest expenses related to lease liabilities;

  (ii) recording in "Other administrative costs" the amounts related to short-term lease contracts and to lease contracts of low-value assets; and,

  (iii) recording in "Amortisations and depreciations" the depreciation expenses related to right-to-use assets.

– in the consolidated balance sheet:

  (i) recording in "Financial assets at amortised cost – Loans and advances to customers" the recognition of financial assets related to sublease operations measured accordingly to IFRS 9;

  (ii) recording in "Other tangible assets" the recognition of right-to-use assets; and,

  (iii) recording in "Other liabilities" the amount of recognised lease liabilities.

– in the consolidated statement of cash flows, the balance "Cash flows arising from operating activities – Payments (cash) to suppliers and employees" includes amounts related to short-term lease contracts and to lease contracts of low-value assets, and the balance "Cash flows arising from financing activities - Decrease in other sundry liabilities and non-controlling interests" includes amounts related to payments of lease liabilities' capital portions, as detailed in the consolidated statement of cash flows.

Impact from the lessor's perspective

In accordance with IFRS 16, paragraph 62, lessors shall classify leases as finance or operational leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards inherent to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards inherent to ownership of an underlying asset.

Subleases

A sublease implies that the lessee establishes a lease contract with a third party, which acts as an intermediary, and the lease contract with the original lessor is kept in force.

IFRS 16 – Leases requires that the lessor evaluates subleases regarding right-to-use and not regarding the underlying asset.

The sublease's lessor, simultaneously lessee regarding the original lease, shall recognise an asset in the financial statement – a right-to-use related to the initial lease (if the lease is classified as operating) or a financial asset, measured according to IFRS 9, related to the sublease (if the lease is classified as financing).

In case the primary lease is short-term, then the sublease should be classified as an operating lease.

I. Recognition of income from services and commissions

In accordance with IFRS 15, the Group recognises revenue associated with services and commissions when (or as) a performance obligation is satisfied when transferring a service, based on the transaction price associated with this performance obligation. In this context, the Group takes the following steps to recognise revenue associated with services and commissions:

- Recognition (satisfaction of the performance obligation): (i) identification of the contract associated with the service provided and whether it should be covered by IFRS 15; (ii) identification of performance obligations associated with each contract; (iii) definition of the criteria for the fulfilment of performance obligations, also considering the contractual terms established with the counterparty. According to this definition, a service is transferred when the customer obtains the benefits and control associated with the service provided. In this context, the Group also identifies whether performance obligations are met over time ("over time") or at an exact moment ("point in time"), with revenue being recognised accordingly.

- Measurement (price to be recognised associated with each performance obligation): (i) determine the transaction price associated with the service provided, considering the contractual terms established with the counterparty and its usual commercial practices. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised services to the customer, excluding amounts collected on behalf of third parties. The Group includes in the transaction price part or all of the estimated amount of the variable consideration associated with a performance obligation, only to the extent that it is highly probable that a significant reversal in the amount of the accrued revenue recognised will not occur when the uncertainty associated with that variable consideration is subsequently resolved; and (ii) allocate the transaction price to each of the performance obligations identified under the contract established with the customer.

It should be noted that when services or commissions are an integral part of the effective interest rate of a financial instrument, income resulting from services and commissions is recorded in net interest income (note C.3).

J. Gains/(losses) on financial operations at fair value through profit or loss, Foreign exchange gains/(losses), Gains/(losses) on hedge accounting and Gains/(losses) arising from derecognition of financial assets and liabilities not measured at fair value through profit or loss

These balances include gains and losses on financial assets and liabilities at fair value through profit and loss, i.e., fair value changes and interest on trading derivatives and embedded derivatives, as well as the corresponding dividends received. This balance also includes the gains and losses on sale of financial assets at fair value through other comprehensive income and financial assets and financial liabilities at amortised cost. The changes in fair value of hedging derivatives and hedged items, when fair value hedge is applicable, are also recognised in this balance, as well as the foreign exchange gains or losses.

K. Fiduciary activities

Assets held in the scope of fiduciary activities are not recognised in the Group's consolidated financial statements. Fees and commissions arising from this activity are recognised in the income statement in the period in which they occur.

L. Other tangible assets

Other tangible assets are stated at acquisition cost less accumulated depreciation and impairment losses. Subsequent costs are recognised as a separate asset only when it is probable that future economic benefits will result for the Group. All other repairs and maintenance expenses are charged to the income statement during the financial period in which they are incurred, under the principle of accrual-based accounting.

Depreciation is calculated on a straight-line basis, over the following periods which correspond to their estimated useful life:

	Number of years
Buildings	50
Expenditure on freehold and leasehold buildings	10
Equipment	4 to 12
Other tangible assets	3

Whenever there is an indication that a fixed tangible asset might be impaired, its recoverable amount is estimated and an impairment loss shall be recognised if the net value of the asset exceeds its recoverable amount. The recoverable amount is determined as the highest between the fair value less costs to sell and its value in use calculated based on the present value of future cash flows estimated to be obtained from the continued use of the asset and its sale at the end of the useful life. The impairment losses of the fixed tangible assets are recognised in the income statement of the period.

M. Investment properties

Real estate properties owned by the Group are recognised as 'Investment properties' considering that the main objective of these buildings is their capital appreciation on a long-term basis and not their sale in a short-term period, nor their maintenance for own use.

These investments are initially recognised at their acquisition cost, including transaction costs, and subsequently revaluated at their fair value. The fair value of investment properties should reflect the market conditions at the balance sheet date. Changes in fair value are recognised in the income statement, as "Other operating income/(expenses)" (note 6).

The experts responsible for the valuation of the assets are properly certified for that purpose, being registered in CMVM.

N. Intangible assets

N1. Research and development expenditure

The Group does not capitalise any research and development costs. All expenses are recognised as costs in the period in which they occur.

N2. Software

The Group recognises as intangible assets the costs associated to software acquired from external entities and depreciates them on a straight-line basis by an estimated lifetime of 6 years. The Group does not capitalise internal costs arising from software development.

O. Cash and cash equivalents

For the purposes of the cash flow statement, the balance "Cash and cash equivalents" comprises balances with a maturity of less than three months from the date of acquisition, where "Cash", "Cash and deposits at Central Banks" and "Loans and advances to credit institutions" are included.

P. Offsetting

Financial assets and liabilities are offset and recognised at their net book value when: i) the Group has a legal right to offset the amounts recognised and transactions can be settled at their net value; and, ii) the Group intends to settle on a net basis or realize the asset and settle the liability simultaneously. Considering the current operations of the Group, no compensation of material amount is made. In case of reclassification of comparative amounts, the provisions of IAS 1.41 are disclosed: i) the nature of the reclassification; ii) the amount of each item (or class of items) reclassified; and, iii) the reason for the reclassification.

Q. Foreign currency transactions

Transactions in foreign currencies are converted into the respective functional currency of the operation at the foreign exchange rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are converted into the respective functional currency of the operation at the foreign exchange rate on the reporting date. Foreign exchange differences arising from conversion are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are converted into the respective functional currency of the operation at the foreign exchange rate on the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are converted into the respective functional currency of the operation at the foreign exchange rate on the date that the fair value was determined against profit and loss, except for financial assets at fair value through other comprehensive income, for which the difference is recognised against equity.

R. Employee benefits

R1. Defined benefit plans

The Group has the responsibility to pay its employees' retirement pensions, invalidity pensions and survivor's pensions for their death, in accordance with the terms of the two collective labour agreements approved. These benefits are provided for in the pension plans 'Plano ACT' and 'Plano ACTQ' of the Banco Comercial Português Group Pension Fund.

Following the publication of Decree-Law no. 54/2009, of 2 March, banking entities are obligatorily enrolling new employees in the General Social Security System (RGSS). These employees have the RGSS as their basic retirement scheme, and do not have any benefits under the ACT (base plan). Under the scope of its management and human resources, the Group had already adopted as a rule the inclusion of new employees in the RGSS since July 2005. However, until the transposition into the ACT of the alterations resulting from the referred Decree-Law no. 54/2009, all employees were covered by the provisions of the social security chapter of the ACT, and for employees who were already registered with the RGSS, the ACT benefit worked as a complement to the RGSS. As of 1 July 2009, in accordance with the ACT, all new employees only have the RGSS as their basic social security scheme.

Until 2011, in addition to the benefits provided for in the two plans above-mentioned, the Group had assumed the responsibility, if certain conditions of profitability were verified in each year, of assigning retirement supplements to the Group's employees hired up to 21 September 2006 (Complementary Plan). The Group, at the end of 2012, determined the extinction (cut) of the old-age benefit of the Complementary Plan. On 14 December 2012, Instituto de Seguros de Portugal (ISP) formally approved this change to the Group's benefit plan, effective from 1 January 2012. The plan was cut, and employees were given individual acquired rights. On that date, the Group also proceeded to the settlement of the respective liability.

From 1 January 2011, Bank employees were integrated in the General Social Security Scheme which now covers their maternity, paternity, adoption and pension benefits. However, the banks remain liable for benefits that concern illness, disability and life insurance (Decree-Law no. 1-A/2011, of 3 January).

The contributory rate is 26.6% divided between 23.6% supported by the employer and 3% supported by the employee, replacing the Banking Social Healthcare System which was extinguished by the decree law referred above. As a consequence of this amendment the capability to receive pensions by the actual employees are covered by the General Social Security Scheme regime, considering the service period between 1 January 2011 and the retirement age. The banks support the remaining difference for the total pension assured in the Collective Labour Agreement (ACT).

This integration has led to a decrease in the present value of the total benefits reported to the retirement age to be borne by the Pension Fund, and this effect is to be recorded in accordance with the Projected Unit Credit during the average lifetime of the pension until the normal retirement age is reached. The calculation of the liability for pensions carried out periodically by the actuary considers this effect and is calculated considering the actuarial assumptions in force, ensuring that the liabilities calculated as at 31 December 2010, not considering the effect of the integration of bank employees into the General Social Security Scheme are fully covered and deducted from the amount of the effect recognised until the date. The component of this effect for the year is recognised under the heading "Current service costs".

Following the approval by the Government of the Decree-Law no. 127/2011, which was published on 31 December, an agreement was established between the Government, the Portuguese Banking Association and the Banking Labour Unions in order to transfer, to the Social Security, the liabilities related to pensions currently being paid to pensioners and retirees, as at 31 December 2011.

This agreement established that the responsibilities to be transferred related to the pensions in payment as at 31 December 2011 at fixed amounts (discount rate 0%) in the component established in the IRCT - Instrument of Collective Regulation of Work of the retirees and pensioners. The responsibilities related to the increase in pensions as well as any other complements, namely, contributions to the Health System (SAMS), death benefit and death before retirement benefit continued to be under the responsibility of the Financial Institutions.

At the end of December 2016, a revision of the ACT was reached between the BCP Group and four unions from the two union federations of the unions that represent the Group's employees, which introduced changes in the Social Security clause and consequently in the pension plan financed by the BCP Group Pension Fund. The new ACT was published by the Ministry of Labour in the Bulletin of Labour and Employment on 15 February 2017 and the effects were recorded in the financial statements of 31 December 2016, for employees associated with these four unions.

The negotiation with Sindicato dos Bancários do Norte (SBN), which was also involved in the negotiations of the new ACT, was concluded in April 2017 with the publication of the Bulletin of Labour and Employment, with the effects of this new ACT recorded in the financial statements as at 31 December 2017, for SBN associate employees.

The most relevant changes in the ACT were the change in the retirement age (presumed disability) from 65 years to 66 years and two months in 2016 and the subsequent update of an additional month in each year, which cannot, in any case, be higher than the one in force at any moment in the General Regime of Social Security, the change in the formula for determining the employer's contribution to SAMS and, lastly, the introduction of a new benefit called the End of Career Premium, which replaces the Seniority Premium.

These changes were framed by the Group as a change to the pension plan under the terms of IAS 19, as such had an impact on the present value of the liabilities with services rendered and were recognised in the income statement for the year under "Staff costs".

In 2017, after the authorization of the Autoridade de Supervisão de Seguros e Fundos de Pensões (ASF - Portuguese Insurance and Pension Funds Supervision Authority), the BCP Group's pension fund agreement was amended. The main purpose of the process was to incorporate into the pension fund the changes introduced in the Group's ACT in terms of retirement benefits, as well as to transfer to the pension fund the responsibilities that were directly chargeable to the company (extra-fund liabilities). The pension fund has a part exclusively for the financing of these liabilities which, in the scope of the fund, is called Additional Complement. The End of Career Premium also became the responsibility of the pension fund under the basic pension plan.

The Group's net obligation in respect of pension plans (defined benefit pensions plan) is calculated on a half year basis on 31 December and 30 June of each year, and whenever there are significant market fluctuations or significant specific events, such as changes in the plan, curtailments or settlements since the last estimation. The responsibilities with past service are calculated using the Projected Unit Credit method and actuarial assumptions considered adequate.

Pension liabilities are calculated by the responsible actuary, who is certified by the ASF.

The Group's net obligation in respect of defined benefit pension plans and other benefits is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value, using a discount rate determined by reference to interest rates of high- quality corporate bonds that have maturity dates approximating the terms of the Group's obligations. The net obligations are determined after the deduction of the fair value of the Pension Plan's assets.

The income/cost of interest with the pension plan is calculated by the Group, multiplying the net asset/liability with retirement pension (liabilities less the fair value of the plan's assets) by the discount rate used in the determination of the retirement pension liabilities. On this basis, the income/cost net of interest includes the interest costs associated with retirement pension liabilities and the expected return of the plan's assets, both measured based on the discount rate used to calculate the liabilities.

Gains and losses from the re-measurement, namely (i) actuarial gains and losses resulting from differences between actuarial assumptions used and the amounts actually observed (experienced gains and losses) and changes in actuarial assumptions and (ii) gains and losses arising from the difference between the expected return of the plan's assets and the amounts obtained, are recognised against equity under "Other comprehensive income".

The Group recognises in its income statement a net total amount that comprises (i) the current service cost, (ii) the income/cost net of interest with the pension plan, (iii) the effect of early retirement, (iv) past service costs and, (v) the effects of any settlement or curtailment occurred during the period. The net income/cost with the pension plan is recognised as interest and similar income or interest and similar expense depending on their nature. The costs of early retirements correspond to the increase in liabilities due to the employee's retirement before reaching the age of retirement.

Employee benefits, other than pension plans, namely post-retirement health care benefits and benefits for the spouse and descendants for death before retirement are also included in the benefit plan calculation.

The contributions to the funds are made annually by each company of the Group, according to a specific contribution plan that ensures the solvency of the fund. In the end of each year, according to Banco de Portugal Notice no. 12/2001, the minimum level required for the responsibilities funding must be 100% regarding pension payments and 95% regarding past services of active employees.

R2. Revision of the salary tables for employees in service and pensions in payment

As at 31 March 2025, negotiations continued with all the unions subscribing to the Group's Collective Labour Agreements, for the conclusion of the full review of the respective clauses, negotiations which are still ongoing.

At the same time, an increase of 2.50% was agreed on January 2, 2025 for salary tables and other pecuniary clauses for the year 2025, with the unions: "SBN – Sindicato dos Trabalhadores do Setor Financeiro de Portugal", "SBC - Sindicato Nacional dos Trabalhadores da Banca, Seguros e Tecnologias" and "Sindicato da Banca, Seguros e Tecnologias - MAIS SINDICATO", within the scope of the mediation process taking place at Government Labour Minister Department "DGERT – Direção-Geral do Emprego e das Relações de Trabalho", and according with the proposal presented by this entity on December 23, 2024 to the parties under mediation.

Negotiations are also taking place with the "SIB – Sindicato Independente da Banca" for the review of salary tables and other pecuniary expression clauses relating to the years 2024 and 2025, as well as negotiations with the "Sindicato Nacional dos Quadros Técnicos Bancários (SNQTB)" for the 2025 review.

R3. Defined contribution plan

For the defined contribution plans, the responsibilities related to the benefits attributed to the Group's employees are recognised as expenses when incurred.

As at 31 March 2025, the Group has two defined contribution plans. One plan covers employees who were hired before 1 July 2009. For this plan, called non-contributory, Group's contributions will be made annually and equal to 1% of the annual remuneration paid to covered employees in the previous year. Contributions shall only be made if the following requirements are met: (i) the Bank's ROE equals or exceeds the rate of government bonds of 10 years plus 5 percentage points, and (ii) distributable profits or reserves exist in the accounts of Banco Comercial Português. As in the year 2024 the indicated requirements were fulfilled a provision for the annual contribution, which was carried out in May 2025, was recorded in the 2024 costs.

The other plan covers employees who have been hired after 1 July 2009. For this plan, designated contributory, monthly contributions will be made equal to 1.5% of the monthly remuneration received by employees in the current month, by the Group and by the employees. This contribution has a mandatory character and is defined in the Collective Labour Agreement of the BCP Group and does not have a performance criterion.

R4. Variable remuneration paid to employees

In the remuneration policy for employees in force it is foreseen an annual variable remuneration system / profit distribution for employees not covered by commercial incentive systems, which is based on the principle of distinction based on the level of responsibility and contribution of everyone to the Bank's results. Based on this assessment, and provided that a Bank's minimum level of performance, as measured by a set of quantitative indicators, is met, the amount of the variable remuneration to be attributed to each employee is determined

The Executive Committee is responsible, under the terms defined in the remuneration policy, for setting the respective allocation criteria for each employee, whenever it is attributed. The variable remuneration attributed to employees is recorded against the income statement in the period to which it relates.

R5. Share-based compensation plan

As at 31 March 2025, a variable compensation plan with BCP shares is in force for the members of the Executive Committee and for the employees considered Key Function Holders (includes Key Management Members), resulting from the Remuneration Policy for Employees approved for the year 2025 and the Remuneration Policy for members of the management and supervisory bodies approved for the fiscal year 2024 and following years, with the changes that may be approved in each financial year, namely by the General Shareholders' Meeting regarding the Remuneration Policy for the members of the management and supervisory bodies, and by the Board of Directors regarding the Remuneration Policy for Employees.

Key Function Holders include Key Management Members, which are the first line directors who report directly to the Board of Directors and the remaining employees whose professional activities have a significant impact on the Bank's risk profile.

As defined in the Remuneration Policy for the members of the management and supervisory bodies, an annual variable remuneration system is foreseen, for which an assessment of the performance of the Executive Committee is carried out on an annual basis based on quantitative and qualitative criteria. According to this assessment and the annual fixed remuneration, and provided that a Bank's minimum level of performance as measured by a set of quantitative indicators is met, the amount of the variable remuneration to be attributed to the members of the Executive Committee is decided by the Remuneration and Welfare Board. The payment of the amount of the variable remuneration attributed is subject to a deferral period of 5 years for 50% of its value, being 50% of its value paid in the year following the financial year in question. For the members with variable remuneration awarded greater than two thirds of the fixed annual remuneration earned in the financial year in question, 60% of the amount must be deferred. The amounts related to the non-deferred and deferred portion are paid 50% in cash and 50% in BCP shares. The number of BCP shares attributed results from their valuation at a price defined in accordance with the approved Remuneration Policy.

The Remuneration Policy for Employees foresees an annual variable remuneration system for Employees not covered by Commercial Incentives Systems, which is based on the principle of distinction based on the level of responsibility and contribution of everyone to the Bank's results. As a result of this assessment and the fixed reference remuneration for the function performed, and provided that a Bank's minimum level of performance in a set of quantitative indicators is met, the value of the variable remuneration to be attributed to each Employee is decided by the Executive Committee. For Employees considered as Key Function Holders (KFH), the payment of the amount of the variable remuneration to be attributed to each Employee is decided by the Nominations and Remunerations Committee, and its payment subject to a deferral period of 5 years for 40% of its value, with 60% of its value paid in the year following the financial year in question. For the KFH with variable remuneration awarded greater than two thirds of the fixed annual remuneration earned in the financial year in question, 60% of the amount must be deferred. The amounts related to the non-deferred and deferred portion are paid 50% in cash and 50% in BCP shares. The number of BCP shares attributed and to be attributed results from their valuation at a price defined in accordance with the approved Remuneration Policy. As provided for in the Remuneration Policy for Employees, if the amount of the annual variable remuneration awarded to a Key Function Holder is less than EUR 50,000 and does not represent more than one third of the total annual remuneration of the Key Function Holder the payment of the annual variable remuneration will be 100% in cash and there will be no deferral.

Employees considered as Key Function Holders are not covered by Commercial Incentives Systems.

For the remaining Employees not covered by Commercial Incentive Systems, the payment of the variable remuneration amount awarded is fully paid in cash in the following year to which it relates.

For the members of the Executive Committee and to the Employees considered as Key Function Holders (KFH), a long-term variable remuneration (LTVR) system is also foreseen, through which these members may receive variable remuneration fully paid in BCP shares after the end of the assessment period, from 1 January 2022 until 31 December 2025 (from 1 January 2023 until 31 December 2025 to the Employees Key Function Holders), provided that a certain level of performance is achieved in a set of long-term objectives. The amount of the long-term variable remuneration attributed is subject to a deferral period of 5 years for 50% of its value, being 50% of its value paid in the year following the assessment period to which it relates. If the LTVR of each member of the Executive Committee or KFH, equal to or greater than two thirds of the annual fixed remunerations due in the LTVR valuation period, the deferred amount will correspond to 60%. The number of BCP shares attributed results from their valuation at a price defined in accordance with the approved Remuneration Policy.

All the shares attributed to the members of the Executive Committee and to the Key Function Holders, within the scope of the payment of variable remuneration, including long-term, are subject to a retention period of 1 year after their payment.

The total variable remuneration to be attributed, each year, to each member of the Executive Committee and to the Key Function Holders, regarding the proportion between its amount and the annual fixed remuneration, is limited to the limits provided in the respective Remuneration Policy.

As foreseen in the approved Remuneration Policy and in the applicable legislation, the amounts of variable remuneration attributed to the members of the Executive Committee and to the Employees Key Function Holders are subject to reduction and reversal mechanisms, to be applied in case of verification of extremely significant events, duly identified, in which the people covered have had a direct participation.

S. Income taxes

The Group is subject to income tax in several jurisdictions. The Bank is subject, in individual terms, to the regime established by the Corporate Income Tax Code (CIRC), the Special Regime applicable to Deferred Tax Assets approved by Law no. 61/2014 of 26 August, to which it adhered, and individual legislation. Additionally, deferred taxes relating to tax losses and to temporary differences between the accounting net income and the net income accepted by the Tax Authorities for Income Taxes calculation are accounted for, whenever there is a reasonable probability that these taxes will be paid or recovered in the future.

Income tax recorded in net income for the year comprises current and deferred tax effects. Income tax is recognised in the income statement, except when related to items recognised directly in equity, which implies its recognition in equity. Deferred taxes arising from the revaluation of financial assets at fair value through other comprehensive income and cash flow hedging derivatives are recognised in shareholders' equity and are recognised after in the income statement at the moment the profit and loss that originated the deferred taxes are recognised.

Current tax is the value that determines the taxable income for the year, using tax rates enacted or substantively enacted by authorities at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred taxes are calculated in accordance with the liability method based on the balance sheet, considering temporary differences, between the carrying amounts of assets and liabilities and the amounts used for taxation purposes using the tax rates approved or substantially approved at balance sheet date and that is expected to be applied when the temporary difference is reversed.

Deferred tax liabilities are recognised for all taxable temporary differences except for non-deductible goodwill for tax purposes, differences arising from initial recognition of assets and liabilities that affect neither accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that probably they will not reverse in the foreseeable future.

The item "Deferred tax assets" includes amounts associated with credit impairments not accepted for tax purposes whose credits have been written-off, according to the expectation that the use of such impairments will be deductible for the purposes of determining taxable income for the tax periods in which the legal conditions required for their tax deductibility are met.

Deferred tax assets are recognised when it is probable that there will be future taxable profits that absorb the deductible temporary differences for tax purposes (including reportable tax losses).

The Group, as established in IAS 12, paragraph 74, compensates the deferred tax assets and liabilities if, and only if: (i) it has a legally enforceable right to offset current tax assets and current tax liabilities; and, (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes released by the same Tax Authority on the same taxable entity.

The Group complies with the guidelines of IFRIC 23 – Uncertainty over Income Tax Treatments on the determination of taxable profit, tax bases, tax losses to be reported, tax credits to be used and tax rates in scenarios of uncertainty regarding the income tax treatment, not having occurred any material impact on the Bank's financial statements resulting from its application.

In 2016, the Banco Comercial Português adhered to the Special Tax Regime for Groups of Companies (RETGS) for the purposes of corporate income (IRC) taxation, with BCP being the dominant entity. In the financial years of 2025 and 2024, RETGS application was maintained. The group's taxable profit is calculated by the algebraic sum of taxable profits and individual tax losses of the companies that integrate it.

T. Segmental reporting

The Group adopted IFRS 8 – Operating Segments for the purpose of disclosing financial information by geographic segments, breaking them down into their respective operating segments whenever deemed relevant. A business segment is a Group's component: (i) which develops business activities that can obtain revenues or expenses; (ii) whose operating results are regularly reviewed by the management with the aim of taking decisions about allocating resources to the segment and assess its performance; and (iii) for which separate financial information is available.

The Group controls its activity through the following major operating segments:

Portugal activity:

- Retail Banking, also including ActivoBank;
- Companies and Corporate;
- Private Banking;
- Other.

The Other segment (Portugal activity) includes activities that are not allocated to remaining segments, namely centralized management of financial investments, corporate activities, and insurance activity.

International activity:

- Poland:
    - Retail;
    - Companies and Corporate;
    - Other.
- Mozambique;
- Other.

The contribution of the participation in the associate in Angola is included in the "Other" segment (International activity).

U. Provisions, Contingent liabilities and Contingent assets

U1. Provisions

Provisions are recognised when (i) the Group has a present obligation (legal or resulting from past practices or published policies that imply the recognition of certain responsibilities); (ii) it is probable that a payment will be required to settle; and, (iii) a reliable estimation can be made of the amount of the obligation.

Additionally, when fundamental reorganizations occur that have a material effect on the nature and focus of the company's operations, and the criteria for recognition of provisions referred to above are met, provisions are recognised for restructuring costs.

The measurement of provisions considers the principles set in IAS 37 regarding the best estimate of the expected cost, the most likely result of current actions and considering the risks and uncertainties inherent to the process result. On the cases that the discount effect is material, provision corresponds to the actual value of the expected future payments, discounted at a rate that considers the associated risk of the obligation.

Provisions are reviewed at each balance sheet date and adjusted to reflect the best estimate, being reverted through profit and loss in the proportion of the payments that are not probable.

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

U2. Contingent assets

Contingent assets are not recognised in the financial statements and are disclosed when a future economic inflow of resources is probable.

U3. Contingent liabilities

Contingent liabilities are not recognised in the financial statements, being framed under IAS 37 whenever the possibility of an outflow of resources regarding economic benefits are not remote. The Group records a contingent liability when:

i) it is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non- occurrence of one or more uncertain future events that are not wholly within the control of the Group; or,
ii) it is a present obligation that arises from past events but is not recognised because:
    a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or,
    b) the amount of the obligation cannot be measured with sufficient reliability.

The contingent liabilities identified are subject to disclosure, unless the possibility of an outflow of resources incorporating economic benefits is remote.

V. Earnings per share

Basic earnings per share are calculated by dividing net income attributable to shareholders of the Group by the weighted average number of ordinary shares outstanding, excluding the average number of ordinary shares purchased by the Group and held as treasury shares.

For the diluted earnings per share, the weighted average number of ordinary shares outstanding is adjusted to consider conversion of all dilutive potential ordinary shares. Potential or contingent share issues are treated as dilutive when their conversion to shares would decrease net earnings per share. If the earnings per share are changed because of an issue with premium or discount or other event that changed the potential number of ordinary shares or because of changes in the accounting policies, the earnings per share for all presented periods should be adjusted retrospectively.

W. Insurance contracts

W1. Classification

IFRS 17 is the new accounting standard for insurance contracts, reinsurance contracts and for Investment contracts with discretionary participation features, covering aspects such as recognition and measurement, presentation and disclosure of information, replacing IFRS 4 – Insurance contracts.

The Group issues contracts that include insurance risk, financial risk or a combination of both insurance and financial risk. A contract, in which the Group accepts a significant insurance risk from another party, by agreeing to compensate that party on the occurrence of a specified uncertain future event, is classified as an insurance contract.

A contract issued by the Group without significant insurance risk, but on which financial risk is transferred with discretionary participating features is classified as an investment contract recognised and measured in accordance with the accounting policies applicable to insurance contracts. A contract issued by the Group that transfers only financial risk, without discretionary participating features, is accounted for as a financial instrument.

W2. Recognition and measurement

IFRS 17 defines new principles for recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and Investment contracts with discretionary participation features. The references below apply to these three types of contracts.

In terms of recognition and measurement, insurance contracts are divided into portfolios, annual cohorts and groups of contracts. In the initial recognition, contracts that have similar risk and can be managed together, must be identified, grouping them into portfolios. For measurement purposes, these portfolios are further subdivided into annual cohorts, according to the issuance year. Each of the cohorts, according to the expected future return, is then divided into the following groups: i) contracts that are onerous at initial recognition; ii) contracts that do not present a significant possibility of subsequently becoming onerous; and iii) remaining contracts in the portfolio.

The liability of an insurance contract begins when one of the following conditions is met: i) beginning of the coverage period of the contract, ii) date on which the first payment is made by the insured and this becomes due or iii) in the case of an onerous contract, when it becomes onerous.

IFRS 17 defines 3 measurement models of the insurance liabilities: GMM (General Measurement Model) as a general modal, VFA (Variable Fee Approach) to be applied for investment contracts, which does not include a transfer of significant insurance risk and PAA (Premium Allocation Approach), which can be applied for short term contracts (less than 1 year).

The measurement of the value of a contract is the sum of (except where contracts are being measured using the premium allocation approach): (i) the present value of future cash flows; (ii) a non-financial risk adjustment; and the amount of future profit that is estimated that this contract will generate the Contractual Service Margin (CSM), unless the contract group is onerous. In this case, the estimated loss is recognised immediately.

The liability for future services in contracts measured using the premium allocation approach is based on premiums received, less amounts recognised in profit or loss already incurred in the period.

In terms of the discount rate for determining future cash flows, it should: (i) reflect the time value of money; ii) be consistent with similar ones applied in the market for situations with similar characteristics and iii) exclude the effect of factors that do not affect the future cash flows of the insurance contract.

In the subsequent valuation, the Statement of Financial Position shall include liabilities for insurance contracts, divided into i) liabilities for future services and ii) liabilities for past services. In terms of the Income Statement, it should include: i) income from insurance contracts, ii) expenses from insurance contracts and iii) losses from the financial component of insurance contracts.

W3. Presentation and disclosures

In the Statement of Financial Position should appear in disaggregated form i) insurance contract assets, ii) reinsurance ceded contract assets iii) insurance contracts liabilities and iv) reinsurance ceded contract liabilities.

In terms of the Income Statement, it should be evidenced i) insurance revenue, ii) insurance service expense and iii) Insurance finance result, as well as iv) the net result arising from reinsurance contracts.

Together with the Financial Statements, the standard provides for additional qualitative and quantitative disclosures of i) amounts recognised in the financial statements that fall within the scope of IFRS 17; ii) significant judgments and changes to those judgments made with the application of IFRS 17 and iii) nature and extent of the risks inherent in contracts that fall within the scope of IFRS 17.

For risks falling within the scope of IFRS 17, the entity shall analyse: (i) concentration risk, (ii) sensitivity analysis to the most significant risks, (iii) claims development, (iv) credit risk and (v) liquidity risk.

X. Insurance or reinsurance intermediation services

Banco Comercial Português and Banco ActivoBank are entities authorized by the Insurance and Pension Funds Supervisory Authority (ASF - Autoridade de Supervisão de Seguros e Fundos de Pensões) for the practice of the activity of insurance mediation, in the category of tied Insurance Intermediary, in accordance with article 8(a)(i) of Decree-Law no. 144/2006, of 31 July, developing the activity of insurance intermediation in the life and non-life branches.

Within the scope of insurance mediation services, these Banks sell insurance contracts. As remuneration for the services provided of insurance mediation, they receive commissions for the mediation of insurance contracts and investment contracts, which are defined in agreements/protocols established with the Insurers.

Commissions received by insurance mediation services are recognised in accordance with the accrual principle, so that commissions received at a time other than the period to which it relates are recorded as receivables under "Other assets". Commissions received for insurance mediation services are recognised in accordance with the policy described in note I. Recognition of income from services and commissions.

Y. Accounting estimates and judgments in applying accounting policies

IFRS set forth a range of accounting treatments that require the Board of Directors, under advice of the Executive Committee, to apply judgments and to make estimations when deciding which treatment is the most appropriate. These estimates were made considering the best information available at the date of preparation of the consolidated financial statements, considering the context of uncertainty that results from the current economic scope and the geopolitical conflict in Eastern Europe. The most significant of these accounting estimates and judgments used when applying accounting principles are discussed in this section to improve understanding of how they affect the Group's reported results and related disclosure.

Considering that in some cases there are several alternatives to the accounting treatment chosen by the Board of Directors, under advice of the Executive Committee, the Group's reported results would differ if a different treatment was chosen. The Executive Committee believes that the choices made are appropriate and that the financial statements present the Group's financial position and results fairly in all material relevant aspects.

The alternative outcomes discussed below are presented solely to assist the reader in understanding the financial statements and are not intended to suggest that other alternatives or estimations would be more appropriate.

Y1. Entities included in the consolidation perimeter

For the purposes of determining entities to include in the consolidation perimeter, the Group assesses whether it is exposed to, or has rights to, the variable returns from its involvement with the entity and if it can take possession of these results through the power it holds *(de facto control)*. The decision if an entity needs to be consolidated by the Group requires the use of judgment, estimations and assumptions to determine at what extent the Group is exposed to the variable returns and its ability to use its power to affect these returns. Different estimations and assumptions could lead the Group to a different scope of consolidation perimeter with a direct impact in consolidated income.

Y2. Goodwill impairment

The recoverable amount of the goodwill recorded in the Group's assets is assessed annually in the preparation of accounts with reference to the end of the year or whenever there are indications of eventual loss of value. For this purpose, the carrying amount of the business units of the Group for which goodwill has been recognised is compared with the respective recoverable amount. A goodwill impairment loss is recognised when the carrying amount of the business unit exceeds the respective recoverable amount.

In the absence of an available market value, the recoverable amount is determined using cash flows predictions, applying a discount rate that includes a risk premium appropriated to the business unit being tested. Determining the cash flows to discount and the discount rate, involves judgment.

Y3. Income taxes

Interpretations and estimations were required to determine the total amount of income taxes in each of the jurisdictions where the Group operates. There are many transactions and calculations for which the tax determination is uncertain during the ordinary course of business. Different interpretations and estimations could result in a different level of income taxes, current and deferred, recognised in the year.

This aspect assumes greater relevance for the purposes of the analysis of the recoverability of deferred taxes, in which the Group considers forecasts of future taxable income based on a set of assumptions, including the estimate of income before tax, adjustments to taxable income, evolution of tax legislation and its interpretation. Thus, the recoverability of deferred tax assets depends on the implementation of the Bank's Board of Directors strategy, namely the ability to generate the estimated taxable income, the evolution of tax law and its interpretation.

Regarding the activity in Portugal, the Law No. 98/2019, of 4 September established the tax regime for credit impairments and provisions for guarantees for tax periods beginning on or after 1 January 2019, providing for approximation between the accounting and tax rules for the purposes of deductibility of expenses with the reinforcement of credit impairments. The rules in force until 2018 could continue to be applied until the end of the 2023 financial year, unless the option to apply the new regime was exercised in advance.

In 2022, the Banco Comercial Português, S.A. and the Banco ActivoBank, S.A. exercised the option to apply the new regime, under the terms of which the impairment losses for credit risk relating to exposures analysed on an individual or on a collective basis recognised in accordance with the applicable accounting standards and regulations are fully deductible for the purposes of determining taxable profit, with the exceptions provided for in the Corporate Income Tax Code. The exceptions apply to impairment losses relating to credits and other rights over natural or legal persons who hold, directly or indirectly, more than 10 % of the Bank's capital, over members of its corporate bodies, over companies in which the Bank holds, directly or indirectly, more than 10 % of the capital or over entities with which it is in a situation of special relations.

The Impairment losses and other value corrections for specific credit risk recorded until 31 December 2021 and still not accepted for tax purposes are only deductible up to the amount that, in each tax period, corresponds to the application of the mandatory minimum limits set out in Notice of Banco de Portugal No. 3/95, as amended before its repeal by Notice of Banco de Portugal No. 5/2015, and, between other conditions, provided that they are not credits covered by real estate rights.

Following the amendments provided for in Law No. 24-D/2022, of 30 December, within the scope of the State Budget for 2023, the time limit applicable to the carrying forward of tax losses in Portugal was eliminated. This amendment applies to tax losses calculated in tax periods beginning on or after 1 January 2023, as well as to tax losses calculated in tax periods prior to 1 January 2023 and whose deduction period is still in progress on that date. Thus, tax losses calculated in 2014 and subsequent years may be deducted from future taxable income. The deduction limit for tax losses went from 70% to 65%, being increased by ten percentage points when the difference results from the deduction of tax losses calculated in the 2020 and 2021 tax periods, under the terms of the special regime provided for in Law n. 27-A/2020, of 24 July.

In the forecasts of future taxable income, namely for purposes of the analysis of the recoverability of deferred taxes assets carried out with reference to 31 December 2024, the approximation between the accounting and tax rules provided for in the aforementioned Law n.° 98/2019, of 4 September, taking into account the option for applying the new regime exercised in 2022, as well as the changes in terms of the elimination of the time limit on the use of tax losses provided for in said Law no. 24-D/2022, of 30 December.

The taxable profit or tax loss calculated by the Bank or its subsidiaries residing in Portugal can be corrected by the Portuguese tax administration within a period of four years, except in the case of any tax losses deduction has been made or tax credit has been used, in which the expiry period is the exercise of that right. The Bank recorded provisions, current tax liabilities or deferred taxes liabilities in the amount it considers appropriate to cover tax corrections or tax losses incurred, as well as contingencies relating to years not yet reviewed by the tax authorities.

Y4. Valuation of real estate recorded in Non-current assets held for sale and in Other assets

The valuation of these assets, and consequently the impairment losses, is supported by evaluations carried out by external experts, which incorporate several assumptions, namely the selling price per square meter, discount rate, better use of the real estate and expectations regarding the development of real estate projects, as applicable, and also considers the Bank's historical experience in the commercialization of real estate, its perspectives on the evolution of the real estate market and the intentions of the management body regarding the commercialization of these assets. The assumptions used in the valuations of these assets have an impact on their valuation and consequently on the determination of impairment.

Y5. Pension and other employees' benefits

Determining pension liabilities requires the use of assumptions and estimations, including the use of actuarial forecasts, estimated returns on investment, and other factors, such as discount rate, pensions and salary growth rates, mortality tables, that could impact the cost and liability of the pension plan.

The discount rate used to update the Bank's pension fund liabilities, regarding the defined benefit pension plans of its employees and managers, was determined based on an analysis carried out on a set of available information, which includes, among other elements, the market references for this indicator published by internationally recognised specialized entities and which are based, as defined by IAS 19, on market yields of a universe of high quality bond issues (low risk), different maturities, called in euro and relating to a diverse and representative range of issuers (non-sovereign).

Y6. Financial instruments – IFRS 9

Y6.1. Classification and measurement

The classification and measurement of financial assets depends on the results of the SPPI test (analysis of the characteristics of the contractual cash flows to determine if they correspond only to payments of principal and interest on the outstanding capital) and the testing of the business model.

The Group determines the business model at a level that reflects how financial asset groups are managed together to achieve a specific business objective. This evaluation requires judgment, since the following aspects, among others, must be considered: the way in which the performance of assets is evaluated; the risks that affect the performance of the assets and the way these risks are managed; and how asset managers are rewarded.

The Group monitors the financial assets measured at amortised cost and at fair value through other comprehensive income that are derecognised prior to their maturity to understand the underlying reasons for their disposal and to determine whether they are consistent with the purpose of the business model defined for these assets. This monitoring is part of a process of continuous evaluation by the Group of the business model of the financial assets that remain in the portfolio, to determine if it is adequate and, if it is not, if there was a change in the business model and, consequently, a prospective classification change of these financial assets.

Y6.2. Impairment losses on financial assets at amortised cost and debt instruments at fair value through other comprehensive income

The determination of impairment losses on financial instruments involves judgments and estimations regarding, among others, the following:

Significant increase in credit risk:

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

In order to comply with the supervisors' guidelines, namely regarding to the identification and measuring credit risk in the current context of uncertainty, largely associated with the worsening of the international geopolitical context, the constraints in several relevant European economies (political instability, public budgetary pressures and lower growth) and the existence of higher interest rate levels (albeit in an process of adjustment), the Group proceeded to record additional impairments in relation to the current models of collective impairment calculation (overlays).

The exercise carried out was based on an analysis of migrations from customers identified as having the highest risk for Stage 2 and Stage 3, with the greatest impact on the corporate segment.

Definition of groups of assets with common credit risk characteristics:

When expected credit losses are measured on a collective basis, the financial instruments are grouped based on common risk characteristics. The Group monitors the adequacy of credit risk characteristics on a regular basis to assess whether it maintains its similarity. This procedure is necessary to ensure that, in the event of a change in the credit risk characteristics, the asset segmentation is reviewed. This review may result in the creation of new portfolios or in transferring assets to existing portfolios that better reflect their credit risk characteristics.

Definition of the number and relative weight of prospective information for each type of product/market and determination of relevant prospective information:

In estimating expected credit losses, the Group uses reasonable and sustainable forecasting information that is based on assumptions about the future evolution of different economic drivers and how each of the drivers impacts the remaining drivers.

Probability of default:

The probability of default represents a determining factor in the measurement of expected credit losses and corresponds to an estimation of the probability of default in each period, which is calculated based on historical data, assumptions and expectations about future conditions.

Loss given default:

It corresponds to a loss estimation in a default scenario. It is based on the difference between the contractual cash flows and those that the Bank expects to receive, through the cash flows generated by the customers' business or credit collaterals. The estimation of loss given default is based on, among other aspects, the different recovery scenarios, historical information, the costs involved in the recovery process and the estimation of the valuation of collaterals associated with credit operations.

Y6.3. Fair value of financial instruments

Fair value is determined based on market quotations when available. In their absence, it is determined using prices of recent transactions for similar instruments carried out under market conditions or through valuation methodologies supported by discounted cash flow techniques, taking into consideration factors such as market conditions, the time value, the yield curve, and volatility. When these methodologies involve the use of significant unobservable inputs or assumptions, the instruments are classified as Level 3 in the fair value hierarchy, in accordance with applicable accounting standards (IFRS 13). The use of different methodologies, assumptions, or judgments may result in outcomes that differ from those reported.

In market environments characterized by higher macroeconomic uncertainty, the Bank may, among other measures, reallocate risk limits and review both stress scenarios and the calculation of fair value adjustments.

Y7. Provisions for legal risk related to foreign currency-indexed mortgage loans (mostly to Swiss franc)

The Group creates provisions for legal contingencies related foreign currency-indexed mortgage loans, mostly to Swiss franc granted by Bank Millennium, S.A.

The assumptions used by Bank Millennium are essentially based on historical observations and will have to be updated in subsequent periods, which may have a relevant impact on the provision's estimation. The methodology developed by Bank Millennium is based on the following parameters: (i) the number of ongoing cases (including class action agreements) and potential future lawsuits; (ii) the currently estimated amount of Bank Millennium's potential loss in the event of a specific court judgment; (iii) the probability of obtaining a specific court judgment calculated on the basis of statistics of judgments in cases where Bank Millennium is a party and legal opinions obtained; (iv) customer behaviours monitoring by analysing their willingness to sue the Bank, including due to economic factors (v) estimates involved with amicable settlements with customers, concluded in court or out of court.

The evolution of responsibilities with legal contingencies related to mortgage loans indexed to the Swiss franc and the amount of the Bank Millennium's actual losses depend, namely, on the number of ongoing and potential lawsuits, as well as on the final court decisions about each case and amicable settlement with customers, concluded in court or out of court.

Z. Subsequent events

The Group analyses events occurred after the balance sheet date, i.e., favourable and/or unfavourable events that occur between the balance sheet date and the date the financial statements were authorized for issue. In this context, two types of events can be identified:

i) those that provide evidence of conditions that existed at the balance sheet date (events after the balance sheet date that give rise to adjustments); and,
ii) those that are indicative of the conditions that arose after the balance sheet date (events after the balance sheet date that do not give rise to adjustments).

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

2. Net interest income

The amount of this account is comprised of:

(Thousands of euros)	31 March 2025	31 March 2024
Interest and similar income		
Interest on deposits at Central Banks and on loans and advances to credit institutions repayable on demand	19,773	28,927
Interest on financial assets at amortised cost		
Loans and advances to credit institutions	24,618	20,748
Loans and advances to customers	708,435	809,079
Debt securities	178,129	149,002
Interest on financial assets at fair value through profit or loss		
Financial assets held for trading	16,357	6,854
Financial assets not held for trading mandatorily at fair value through profit or loss	2,076	60
Financial assets designated at fair value through profit or loss	245	228
Interest on financial assets at fair value through other comprehensive income	142,938	110,864
Interest on hedging derivatives	39,218	35,559
Interest on other assets	3,550	4,688
	1,135,339	1,166,009
Interest and similar expense		
Interest on financial liabilities at amortised cost		
Deposits from credit institutions and other funds	(10,107)	(10,944)
Deposits from customers and other funds	(266,763)	(290,115)
Non-subordinated debt securities issued	(48,573)	(43,178)
Subordinated debt	(20,966)	(20,610)
Interest on financial liabilities at fair value through profit or loss		
Financial liabilities held for trading		
Derivatives	(6,170)	(12,023)
Financial liabilities designated at fair value through profit or loss		
Deposits from customers and other funds	(8,460)	(2,284)
Non-subordinated debt securities issued	—	(100)
Interest on hedging derivatives	(50,095)	(87,359)
Interest on leasing	(3,096)	(3,096)
Interest on other liabilities	(52)	(63)
	(414,282)	(469,772)
	721,057	696,237

The balance Interest and similar income - Interest on financial assets at amortised cost - Loans and advances to customers includes the amount of EUR 23,763,000 (31 March 2024: EUR 8,369,000) related to commissions and other gains accounted for under the effective interest method, as referred in the accounting policy described in note 1 C3. The balance also includes the amount of EUR 18,689,000 (31 March 2024: EUR 17,707,000) related to interest income arising from customers classified in stage 3.

The balances Interest and similar income and Interest and similar expense include the following amounts related to hedge breakages: Interest on financial assets at amortised cost - Loans and advances to customers, negative interest of EUR 94,854,000 (31 March 2024: negative interests of EUR 59,504,000), Interest on financial assets at amortised cost - Debt securities, positive interest of EUR 15,644,000 (31 March 2024: positive interests of EUR 16,156,000), Interest on financial assets at fair value through other comprehensive income, interests of EUR 0 (31 March 2024: negative interests of EUR 453,000), Interest on financial liabilities at amortised cost - Deposits from customers and other funds, positive interests of EUR 2,572,000 (31 March 2024: EUR 0).

The balance Interest and similar expense - Interest on non-subordinated debt securities issued and Interest on subordinated debt include the amount of EUR 817,000 and EUR 250,000, respectively (31 March 2024: EUR 841,000 and EUR 202,000, respectively) related to commissions and other costs accounted for under the effective interest method, as referred in the accounting policy described in note 1 C3.

The balance Interest and similar expense - Interest on leasing refers to the interest cost related to the leasing liabilities recognised under IFRS 16, as referred in accounting policy described 1 H.

3. Dividends from equity instruments

The amount of this account is comprised of:

(Thousands of euros)

	31 March 2025	31 March 2024
Dividends from financial assets through other comprehensive income	20	35
	20	35

4. Net fees and commissions income

The amount of this account is comprised of:

(Thousands of euros)

	31 March 2025	31 March 2024
Fees and commissions received		
Banking services provided	133,675	131,296
Management and maintenance of accounts	44,033	42,181
Bancassurance	34,036	30,661
Securities operations	11,636	12,967
From guarantees granted	11,963	11,779
From commitments to third parties	1,450	1,325
Management and intervention commissions	6,656	6,313
Other commissions	5,660	5,381
	249,109	241,903
Fees and commissions paid		
Banking services provided by third parties	(36,386)	(34,938)
Securities operations	(2,404)	(2,059)
From guarantees received	(1,447)	(1,447)
Other commissions	(7,443)	(7,052)
	(47,680)	(45,496)
	201,429	196,407

5. Gains / (losses) on financial operations

The amount of this account is comprised of:

(Thousands of euros)

	31 March 2025	31 March 2024
Gains/(losses) on financial operations at fair value through profit or loss		
Gains/(losses) on financial assets held for trading	(27,580)	88,824
Gains/(losses) on financial assets not held for trading mandatorily at fair value through profit or loss	6,774	9,716
Gains/(losses) on financial assets and liabilities designated at fair value through profit or loss	54,577	(105,319)
	33,771	(6,779)
Foreign exchange gains/(losses)	2,645	9,833
Gains/(losses) on hedge accounting	1,958	(7,409)
Gains/(losses) arising from derecognition of financial assets and liabilities not measured at fair value through profit or loss	(8,850)	1,456
	29,524	(2,899)

The balances Gains/(losses) on financial operations at fair value through profit or loss is comprised of:

(Thousands of euros)

	31 March 2025	31 March 2024
Gains/(losses) on financial assets held for trading		
Gains		
Debt securities portfolio	4,680	2,757
Equity instruments	5,466	12,779
Derivative financial instruments	240,473	147,222
Other operations	321	179
	250,940	162,937
Losses		
Debt securities portfolio	(3,138)	(1,663)
Equity instruments	(1,528)	(12,436)
Derivative financial instruments	(273,748)	(59,911)
Other operations	(106)	(103)
	(278,520)	(74,113)
	(27,580)	88,824

(continues)

(continuation)

(Thousands of euros)

	31 March 2025	31 March 2024
Gains/(losses) on financial assets not held for trading mandatorily at fair value through profit or loss		
Gains		
Loans and advances to customers	122	1,113
Debt securities portfolio	8,249	14,178
Equity instruments	913	634
	9,284	15,925
Losses		
Loans and advances to customers	(79)	(256)
Debt securities portfolio	(943)	(1,555)
Equity instruments	(1,488)	(4,398)
	(2,510)	(6,209)
	6,774	9,716
Gains/(losses) on financial assets and liabilities designated at fair value through profit or loss		
Gains		
Debt securities portfolio	41	—
Deposits from customers and other funds	10,055	9,719
Debt securities issued		
Certificates and structured securities issued	122,986	474
Other debt securities issued	—	32
	133,082	10,225
Losses		
Debt securities portfolio	(25)	(291)
Deposits from customers and other funds	(8,356)	(8,454)
Debt securities issued		
Certificates and structured securities issued	(70,124)	(103,585)
Other debt securities issued	—	(3,214)
	(78,505)	(115,544)
	54,577	(105,319)

The balances Gains / (losses) on financial assets and liabilities designated at fair value through profit or loss - Gains/(Losses) - Certificates and structured securities issued record the valuations and devaluations of certificates issued by the Group. These liabilities are covered by futures, which valuation and devaluation are recorded in Gains / (losses) on financial assets held for trading - Gains/(Losses) - Derivative financial instruments and foreign exchange transactions recorded under the balances "Foreign exchange gains/(losses)" shown in the table below.

The balances Foreign exchange gains/(losses), Gains/(losses) on hedge accounting and Gains/(losses) arising from derecognition of financial assets and liabilities not measured at fair value through profit or loss, are presented as follows:

(Thousands of euros)

	31 March 2025	31 March 2024
Foreign exchange gains/(losses)		
Gains	910,463	952,461
Losses	(907,818)	(942,628)
	2,645	9,833
Gains/(losses) on hedge accounting		
Gains		
Hedging derivatives	259,686	45,212
Hedged items	130,118	53,935
	389,804	99,147
Losses		
Hedging derivatives	(209,041)	(77,441)
Hedged items	(178,805)	(29,115)
	(387,846)	(106,556)
	1,958	(7,409)
Gains/(losses) arising from derecognition of financial assets and liabilities not measured at fair value through profit or loss		
Gains		
Credit sales	3,739	2,819
Debt securities portfolio at amortised cost	742	—
Debt securities portfolio at fair value through other comprehensive income	7,735	74
Debt securities issued	778	519
Others	471	507
	13,465	3,919
Losses		
Credit sales	(240)	(1,177)
Debt securities portfolio at amortised cost	(12,524)	—
Debt securities portfolio at fair value through other comprehensive income	(1,324)	(768)
Debt securities issued	(8,115)	(374)
Others	(112)	(144)
	(22,315)	(2,463)
	(8,850)	1,456

6. Other operating income / (expenses)

The amount of this account is comprised of

(Thousands of euros)

	31 March 2025	31 March 2024
Operating income		
Gains on leasing operations	900	5,206
Income from services provided	8,796	8,553
Rents	439	483
Sales of cheques and others	1,719	1,928
Other operating income	10,380	14,782
	22,234	30,952
Operating expenses		
Donations and contributions	(1,749)	(1,362)
Contributions to Resolution Funds	(18,170)	(14,604)
Contributions to the Deposit Guarantee Fund	(4,619)	(78)
Special tax on the polish banking sector	(23,553)	—
Taxes	(3,428)	(3,530)
Losses on financial leasing operations	(9)	(10)
Other operating costs	(29,769)	(42,883)
	(81,297)	(62,467)
	(59,063)	(31,515)

7. Staff costs

The amount of this account is comprised of:

(Thousands of euros)

	31 March 2025	31 March 2024
Remunerations	151,010	134,945
Mandatory social security charges	31,856	26,393
Voluntary social security charges	3,449	3,787
Other staff costs	1,772	582
	188,087	165,707

8. Other administrative costs

The amount of this account is comprised of:

(Thousands of euros)

	31 March 2025	31 March 2024
Water, electricity and fuel	4,288	3,900
Credit cards and mortgage	5,079	4,990
Communications	7,430	6,758
Maintenance and related services	4,998	4,865
Legal expenses	911	2,042
Travel, hotel and representation costs	2,491	2,297
Advisory services	11,371	10,007
Training costs	292	139
Information technology services	7,520	6,997
Consumables	1,880	2,242
Outsourcing and independent labour	30,202	27,427
Advertising	7,891	7,692
Rents and leases	7,995	7,191
Insurance	1,311	1,446
Transportation	2,882	2,890
Other specialised services	9,059	9,094
Other supplies and services	7,438	6,979
	113,038	106,956

The balance Rents and leases includes the amount of EUR 16,000 (31 March 2024: EUR 37,000) related to short-term lease contracts and the amount of EUR 635,000 (31 March 2024: EUR 606,000) related to lease contracts of low-value assets, as described in the accounting policy 1 H.

9. Amortisations and depreciations

The amount of this account is comprised of:

(Thousands of euros)

	31 March 2025	31 March 2024
Amortisations of intangible assets (note 30):		
Software	10,161	8,751
Other intangible assets	1,898	1,569
	12,059	10,320
Depreciations of other tangible assets (note 29):		
Properties	3,729	3,669
Equipment		
Computers	5,240	4,522
Security equipment	309	247
Indoor facilities	867	814
Machinery	427	426
Furniture	552	612
Vehicles	1,584	1,272
Other equipment	512	442
Right-of-use		
Real estate	13,316	13,087
	26,536	25,091
	38,595	35,411

10. Results on modification

The Group has accounted for in this balance the negative amount of EUR 4,179,000 (31 March 2024: negative amount of EUR 7,240,000) relating to contractual modifications made in accordance with IFRS 9, namely those negotiated with customers holding foreign currency-indexed mortgage loans in Poland, described in note 51, which amounted, in the first quarter of 2025, to EUR 2,524,000 (31 março 2024: EUR 4,780,000).

11. Impairment of financial assets at amortised cost

The amount of this account is comprised of:

(Thousands of euros)

	31 March 2025	31 March 2024
Loans and advances to credit institutions (note 20)		
Charge for the period	163	68
Reversals for the period	(14)	(160)
	149	(92)
Loans and advances to customers (note 21)		
Charge for the period	170,402	203,126
Reversals for the period	(112,749)	(123,556)
Recoveries of loans and interest charged-off	(3,199)	(4,722)
	54,454	74,848
Debt securities (note 22)		
Associated to credit operations		
Charge for the period	1,344	15
Reversals for the period	(4)	(1,315)
	1,340	(1,300)
Not associated to credit operations		
Charge for the period	23,203	880
Reversals for the period	(3,039)	(1,297)
	20,164	(417)
	21,504	(1,717)
	76,107	73,039

12. Impairment of financial assets at fair value through other comprehensive income

The detail of this balance is comprised of:

(Thousands of euros)

	31 March 2025	31 March 2024
Impairment of financial assets at fair value through other comprehensive income (note 23)		
Charge for the period	2,745	1,437
Reversals for the period	(301)	—
	2,444	1,437

13. Impairment of other assets

The amount of this account is comprised of:

(Thousands of euros)

	31 March 2025	31 March 2024
Impairment of non-current assets held for sale (note 26)		
Charge for the period	270	1,738
Reversals for the period	(2)	(7)
	268	1,731
Impairment of tangible fixed assets (note 28)		
Reversals for the period	(54)	—
	(54)	—
Impairment of other assets (note 31)		
Charge for the period	2,393	3,684
Reversals for the period	(715)	(776)
	1,678	2,908
Impairment of real estate and other assets arising from recovered loans (note 31)		
Charge for the period	2,112	1,168
Reversals for the period	—	(126)
	2,112	1,042
	4,004	5,681

14. Other provisions

This balance is comprised of:

(Thousands of euros)

	31 March 2025	31 March 2024
Provision for guarantees and other commitments (note 38)		
Charge for the period	8,432	7,378
Reversals for the period	(12,760)	(11,892)
	(4,328)	(4,514)
Other provisions for liabilities and charges (note 38)		
Charge for the period	109,751	143,651
Reversals for the period	(976)	(549)
	108,775	143,102
	104,447	138,588

The balance Other provisions for liabilities and charges - Charge for the year refers essentially to provisions for legal risk accounted for by Bank Millennium, related to foreign currency-indexed mortgage loans, as described in note 51, which, in the first quarter of 2025, amounted to EUR 106,175,000 (31 março 2024: EUR 127,017,000).

15. Share of profit of associates accounted for using the equity method

The main contributions of the investments accounted for using the equity method are analysed as follows:

(Thousands of euros)

	31 March 2025	31 March 2024
Banco Millennium Atlântico, S.A. (note 25)		
Appropriation relating to the current year	691	835
Effect of the application of IAS 29:		
Amortization of the effect calculated until 31 December 2018 (a)	(29)	(39)
	662	796
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A.	8,720	6,426
Unicre - Instituição Financeira de Crédito, S.A.	1,928	(183)
SIBS, S.G.P.S, S.A.	3,173	2,102
Banque BCP, S.A.S.	910	769
Fidelidade Moçambique - Companhia de Seguros S.A.	370	476
Other companies	(2,313)	29
	12,788	9,619
	13,450	10,415

(a) Based on the requirements of IAS 29, Angola was considered as a high inflation economy until 31 December 2018, for the purposes of presentation of consolidated financial statements, as described in accounting policy 1 B6. This classification is no longer applied since 1 January 2019.

16. Gains/(losses) on disposal of subsidiaries and other assets

This balance is comprised of:

(Thousands of euros)

	31 March 2025	31 March 2024
Gains /(Losses) on disposal of investments	—	(13)
Gains /(Losses) on disposal of other assets	2,727	152
	2,727	139

The balance Gains /(Losses) on disposal of other assets essentially include the result deducted from intermediation costs from the sale of assets held by the Group and classified as non-current assets held for sale and as other assets, which corresponds to a gain of EUR 1,429,000 (31 March 2024: gain of EUR 289,000).

17. Earnings per share

The earnings per share are calculated as follows:

(Thousands of euros)

	31 March 2025	31 March 2024
Continuing operations		
Net income from continuing operations	266,000	256,627
Non-controlling interests	(22,548)	(22,318)
Appropriated net income from continuing operations	243,452	234,309
Interests on perpetual subordinated bonds (Additional Tier 1)	(8,125)	(9,250)
Adjusted net income from continuing operations	235,327	225,059
Average number of shares	15,113,989,952	15,113,989,952
Basic earnings per share (Euros):		
from continuing operations	0.063	0.061
from discontinued or discontinuing operations	0.000	0.000
	0.063	0.061
Diluted earnings per share (Euros):		
from continuing operations	0.063	0.061
from discontinued or discontinuing operations	0.000	0.000
	0.063	0.061

As at 31 March 2025, the Bank's share capital amounts to EUR 3,000,000,000 (31 March 2024: EUR 3,000,000,000) and is represented by 15,113,989,952 nominative book-entry shares without nominal value, fully subscribed and paid up.

There were not identified another dilution effects of the earnings per share as at 31 March 2025 and 31 March 2024, so the diluted result is equivalent to the basic result.

18. Cash and deposits at Central Banks

This balance is analysed as follows:

(Thousands of euros)

	31 March 2025	31 December 2024
Cash	546,450	666,175
Central Banks		
Banco de Portugal	975,339	2,998,047
Central Banks abroad	1,637,561	1,924,808
	3,159,350	5,589,030

The balance Central Banks includes deposits at Central Banks of the countries where the Group operates to satisfy the legal requirements to maintain a cash reserve calculated based on the value of deposits and other effective liabilities. According to the European Central Bank System for Euro Zone, the cash reserve requirements establish the maintenance of a deposit with the Central Bank equivalent to 1% of the average value of deposits and other liabilities, during each reserve requirement period. The rate is different for countries outside the Euro Zone.

19. Loans and advances to credit institutions repayable on demand

This balance is analysed as follows:

(Thousands of euros)

	31 March 2025	31 December 2024
Credit institutions in Portugal	5,412	3,553
Credit institutions abroad	230,363	166,850
Amounts due for collection	90,978	80,754
	326,753	251,157

The balance Amounts due for collection represents, essentially, cheques due for collection on other financial institutions. These balances were settled in the first days of the following month.

20. Loans and advances to credit institutions

This balance is analysed as follows:

(Thousands of euros)

	31 March 2025	31 December 2024
Loans and advances to Central Banks		
Central Banks abroad	456,254	273,212
	456,254	273,212
Loans and advances to credit institutions in Portugal		
Term deposits	77,349	1,913
Other	550	537
	77,899	2,450
Loans and advances to credit institutions abroad		
Very short-term deposits	404,758	99,486
Term deposits	300,404	324,524
Term deposits to collateralise CIRS and IRS operations (*)	30,490	38,909
Other	12,651	59,066
	748,303	521,985
	1,282,456	797,647
Impairment for loans and advances to credit institutions	(253)	(112)
	1,282,203	797,535

(*) Under the scope of derivative financial instruments operations (IRS and CIRS) with institutional counterparties, and as defined in the respective contracts ("Cash collateral"), these deposits are held by the counterparties and are given as collateral of the referred operations (IRS and CIRS), whose revaluation is negative for the Group.

The changes occurred in impairment of Loans and advances to credit institutions are analysed as follows:

(Thousands of euros)

	31 March 2025	31 December 2024
Balance as at 1 January	112	224
Transfers	—	(3)
Charge for the period (note 11)	163	216
Reversals for the period (note 11)	(14)	(327)
Exchange rate differences	(8)	2
Balance at the end of the period	253	112

21. Loans and advances to customers

The analysis of loans and advances to customers, by type of credit, is as follows:

(Thousands of euros)

	31 March 2025	31 December 2024
Mortgage loans	30,063,292	29,582,285
Loans	16,197,219	16,292,820
Finance leases	4,352,950	4,336,809
Factoring operations	2,455,037	2,495,783
Current account credits	867,814	827,079
Overdrafts	1,274,314	1,109,387
Discounted bills	140,771	143,419
	55,351,397	54,787,582
Overdue loans - less than 90 days	123,634	108,019
Overdue loans - Over 90 days	526,711	498,191
	56,001,742	55,393,792
Loans impairment	(1,363,567)	(1,486,734)
	54,638,175	53,907,058

The balance Loans and advances to customers, as at 31 March 2025, is analysed as follows:

(Thousands of euros)

	31 March 2025				
	Outstanding loans	Overdue loans	Gross amount	Impairment	Net amount
Public sector	527,715	—	527,715	(444)	527,271
Asset-backed loans	32,382,520	109,339	32,491,859	(330,770)	32,161,089
Other guaranteed loans	4,073,230	85,672	4,158,902	(172,904)	3,985,998
Unsecured loans	9,312,551	296,470	9,609,021	(687,039)	8,921,982
Foreign loans	2,247,394	2,786	2,250,180	(16,267)	2,233,913
Factoring operations	2,455,037	54,071	2,509,108	(69,047)	2,440,061
Finance leases	4,352,950	102,007	4,454,957	(87,096)	4,367,861
	55,351,397	650,345	56,001,742	(1,363,567)	54,638,175

The balance Loans and advances to customers, as at 31 December 2024, is analysed as follows:

(Thousands of euros)

	31 December 2024				
	Outstanding loans	Overdue loans	Gross amount	Impairment	Net amount
Public sector	521,599	—	521,599	(436)	521,163
Asset-backed loans	32,126,373	93,095	32,219,468	(491,470)	31,727,998
Other guaranteed loans	4,193,856	82,648	4,276,504	(193,038)	4,083,466
Unsecured loans	8,856,725	280,818	9,137,543	(625,803)	8,511,740
Foreign loans	2,256,437	2,288	2,258,725	(16,463)	2,242,262
Factoring operations	2,495,783	47,383	2,543,166	(69,609)	2,473,557
Finance leases	4,336,809	99,978	4,436,787	(89,915)	4,346,872
	54,787,582	606,210	55,393,792	(1,486,734)	53,907,058

The balances Asset-backed loans and Other guaranteed loans follow the subsequent types of guarantees considered:

- Asset-backed loans: Financial collaterals, physical collaterals (movable or immovable) and amounts receivable (income consignment);
- Credit with other guarantees: First-demand guarantees issued by banks or other entities and personal guarantees.

The analysis of loans and advances to customers, as at 31 March 2025, by sector of activity, is as follows:

(Thousands of euros)

	31 March 2025					
	Outstanding loans	Overdue loans	Gross amount	Impairment	Net amount	% Gross amount
Agriculture and forestry	385,993	9,729	395,722	(14,148)	381,574	0.71 %
Fisheries	17,670	160	17,830	(851)	16,979	0.03 %
Mining	52,690	3,058	55,748	(4,019)	51,729	0.10 %
Food, beverage and tobacco	741,451	14,951	756,402	(37,292)	719,110	1.35 %
Textiles	344,730	14,595	359,325	(41,472)	317,853	0.64 %
Wood and cork	210,938	5,394	216,332	(11,393)	204,939	0.39 %
Paper, printing and publishing	117,955	2,323	120,278	(3,213)	117,065	0.22 %
Chemicals	653,291	9,409	662,700	(29,882)	632,818	1.18 %
Machinery, equipment and basic metallurgical	1,279,521	43,823	1,323,344	(60,394)	1,262,950	2.36 %
Electricity and gas	249,337	395	249,732	(2,344)	247,388	0.45 %
Water	194,896	931	195,827	(7,135)	188,692	0.35 %
Construction	1,324,700	23,527	1,348,227	(47,458)	1,300,769	2.41 %
Retail business	1,595,705	18,803	1,614,508	(33,935)	1,580,573	2.88 %
Wholesale business	2,034,784	40,117	2,074,901	(57,008)	2,017,893	3.71 %
Restaurants and hotels	1,175,304	8,757	1,184,061	(30,149)	1,153,912	2.11 %
Transports	1,253,089	20,975	1,274,064	(34,676)	1,239,388	2.28 %
Post offices	19,626	630	20,256	(921)	19,335	0.04 %
Telecommunications	211,406	1,806	213,212	(6,536)	206,676	0.38 %
Services						
Financial intermediation	1,543,620	1,921	1,545,541	(34,537)	1,511,004	2.76 %
Real estate activities	2,277,746	26,196	2,303,942	(58,103)	2,245,839	4.11 %
Consulting, scientific and technical activities	870,645	14,031	884,676	(40,959)	843,717	1.58 %
Administrative and support services activities	504,365	4,946	509,311	(11,975)	497,336	0.91 %
Public sector	524,255	—	524,255	(4,852)	519,403	0.94 %
Education	117,378	508	117,886	(1,855)	116,031	0.21 %
Health and collective service activities	376,383	2,127	378,510	(8,749)	369,761	0.68 %
Artistic, sports and recreational activities	183,406	737	184,143	(5,846)	178,297	0.33 %
Other services	286,967	4,542	291,509	(94,529)	196,980	0.52 %
Consumer loans	7,309,121	262,797	7,571,918	(482,951)	7,088,967	13.52 %
Mortgage credit	29,103,792	110,637	29,214,429	(186,823)	29,027,606	52.17 %
Other domestic activities	1,130	8	1,138	(30)	1,108	0.00 %
Other international activities	389,503	2,512	392,015	(9,532)	382,483	0.70 %
	55,351,397	650,345	56,001,742	(1,363,567)	54,638,175	100 %

The analysis of loans and advances to customers, as at 31 December 2024, by sector of activity, is as follows:

(Thousands of euros)

	31 December 2024					
	Outstanding loans	Overdue loans	Gross amount	Impairment	Net amount	% Gross amount
Agriculture and forestry	390,267	10,196	400,463	(14,639)	385,824	0.72 %
Fisheries	18,901	58	18,959	(957)	18,002	0.03 %
Mining	52,001	3,078	55,079	(4,006)	51,073	0.10 %
Food, beverage and tobacco	736,423	9,472	745,895	(37,592)	708,303	1.35 %
Textiles	348,987	13,203	362,190	(32,943)	329,247	0.65 %
Wood and cork	207,603	5,955	213,558	(8,137)	205,421	0.39 %
Paper, printing and publishing	124,157	2,235	126,392	(3,305)	123,087	0.23 %
Chemicals	666,093	7,331	673,424	(29,424)	644,000	1.22 %
Machinery, equipment and basic metallurgical	1,239,540	38,533	1,278,073	(54,854)	1,223,219	2.31 %
Electricity and gas	248,088	394	248,482	(2,312)	246,170	0.45 %
Water	193,309	600	193,909	(6,842)	187,067	0.35 %
Construction	1,510,101	26,967	1,537,068	(99,662)	1,437,406	2.78 %
Retail business	1,679,344	18,041	1,697,385	(37,302)	1,660,083	3.06 %
Wholesale business	1,981,080	38,314	2,019,394	(57,474)	1,961,920	3.65 %
Restaurants and hotels	1,283,189	12,426	1,295,615	(44,778)	1,250,837	2.34 %
Transports	1,245,907	16,935	1,262,842	(34,216)	1,228,626	2.28 %
Post offices	20,007	333	20,340	(699)	19,641	0.04 %
Telecommunications	321,680	4,947	326,627	(13,091)	313,536	0.59 %
Services						
Financial intermediation	1,321,460	1,776	1,323,236	(29,438)	1,293,798	2.39 %
Real estate activities	2,092,573	22,147	2,114,720	(48,264)	2,066,456	3.82 %
Consulting, scientific and technical activities	895,509	9,567	905,076	(165,174)	739,902	1.63 %
Administrative and support services activities	507,604	4,164	511,768	(19,388)	492,380	0.92 %
Public sector	562,272	—	562,272	(3,272)	559,000	1.02 %
Education	106,513	483	106,996	(2,066)	104,930	0.19 %
Health and collective service activities	377,299	2,298	379,597	(9,429)	370,168	0.69 %
Artistic, sports and recreational activities	179,520	745	180,265	(6,329)	173,936	0.33 %
Other services	248,951	3,957	252,908	(68,290)	184,618	0.46 %
Consumer loans	7,204,086	240,734	7,444,820	(454,045)	6,990,775	13.44 %
Mortgage credit	28,625,742	108,450	28,734,192	(188,885)	28,545,307	51.87 %
Other domestic activities	1,577	191	1,768	(197)	1,571	0.00 %
Other international activities	397,799	2,680	400,479	(9,724)	390,755	0.72 %
	54,787,582	606,210	55,393,792	(1,486,734)	53,907,058	100 %

The loan to customers' portfolio includes contracts that resulted in a formal restructuring with the customers and which arise to the marking of operations as being restructured due to financial difficulties of customers. The restructuring may include in a reinforce of guarantees, liquidation of part of the credit and imply an extension of maturities or changes in interest rate. The analysis of the restructured loans, by sector of activity, is as follows:

(Thousands of euros)

	31 March 2025			31 December 2024		
	Restructured loans	Impairment (*)	Net amount	Restructured loans	Impairment (*)	Net amount
Agriculture and forestry	10,347	(3,469)	6,878	10,656	(3,355)	7,301
Fisheries	499	(10)	489	540	(23)	517
Mining	2,165	(1,809)	356	2,421	(1,867)	554
Food, beverage and tobacco	12,382	(6,828)	5,554	12,299	(6,785)	5,514
Textiles	8,700	(2,517)	6,183	8,176	(2,318)	5,858
Wood and cork	5,840	(1,514)	4,326	3,688	(504)	3,184
Paper, printing and publishing	3,143	(896)	2,247	1,290	(953)	337
Chemicals	21,293	(8,056)	13,237	18,869	(7,813)	11,056
Machinery, equipment and basic metallurgical	22,203	(8,059)	14,144	16,718	(5,461)	11,257
Electricity and gas	23,314	(329)	22,985	23,007	(325)	22,682
Water	219	(38)	181	247	(35)	212
Construction	16,038	(5,535)	10,503	61,430	(46,455)	14,975
Retail business	10,571	(2,140)	8,431	14,059	(2,479)	11,580
Wholesale business	31,896	(8,568)	23,328	30,457	(8,330)	22,127
Restaurants and hotels	23,379	(3,672)	19,707	117,672	(10,704)	106,968
Transports	5,483	(3,101)	2,382	5,334	(3,002)	2,332
Post offices	66	(24)	42	43	(13)	30
Telecommunications	1,093	(928)	165	4,213	(2,225)	1,988
Services						
Financial intermediation	95,816	(4,445)	91,371	8,610	(328)	8,282
Real estate activities	62,689	(27,142)	35,547	56,397	(14,015)	42,382
Consulting, scientific and technical activities	23,882	(4,330)	19,552	161,308	(132,149)	29,159
Administrative and support services activities	26,820	(1,688)	25,132	26,654	(8,869)	17,785
Public sector	61,917	(1,114)	60,803	65,172	(753)	64,419
Education	1,791	(106)	1,685	1,661	(90)	1,571
Health and collective service activities	7,387	(171)	7,216	7,589	(286)	7,303
Artistic, sports and recreational activities	7,228	(1,794)	5,434	7,764	(2,070)	5,694
Other services	10,882	(769)	10,113	8,236	(1,192)	7,044
Consumer loans	263,164	(125,020)	138,144	257,104	(119,696)	137,408
Mortgage credit	560,063	(74,181)	485,882	573,978	(75,614)	498,364
Other domestic activities	2	—	2	3	—	3
Other international activities	296	(169)	127	340	(201)	139
	1,320,568	(298,422)	1,022,146	1,505,935	(457,910)	1,048,025

(*) The impairment presented in the table does not include the amounts of impairment calculated using the overlays methodology.

The changes occurred in Loans impairment are analysed as follows:

(Thousands of euros)

	31 March 2025	31 December 2024
Balance as at 1 January	1,486,734	1,582,650
Charge for the period in net income interest	6,794	37,861
Other transfers	(181,179)	(992)
Impairment charge for the period (note 11)	170,402	804,883
Reversals for the period (note 11)	(112,749)	(550,457)
Loans charged-off		
Write-offs	(24,188)	(97,731)
Credit assignments	(12,748)	(301,290)
Exchange rate differences	30,501	11,810
Balance at the end of the period	1,363,567	1,486,734

According to note 38, regarding the proceedings related to foreign currency-indexed mortgage loans of Bank Millennium the amount of EUR 1,188,756,000 has been written-off from the gross carrying amount of loans portfolio (31 December 2024: EUR 1,324,672,000).

The analysis of Write-offs, by sector of activity, is as follows:

(Thousands of euros)

	31 March 2025	31 December 2024
Agriculture and forestry	29	1,880
Fisheries	—	1
Mining	10	138
Food, beverage and tobacco	38	226
Textiles	20	363
Wood and cork	38	194
Paper, printing and publishing	25	75
Chemicals	1,194	374
Machinery, equipment and basic metallurgical	444	1,216
Electricity and gas	—	51
Water	1	49
Construction	834	3,922
Retail business	655	1,050
Wholesale business	990	3,211
Restaurants and hotels	301	5,848
Transports	852	2,101
Post offices	7	61
Telecommunications	7	1,090
Services		
Financial intermediation	516	(15,097)
Real estate activities	56	1,130
Consulting, scientific and technical activities	89	23,911
Administrative and support services activities	111	(33,921)
Education	2	217
Health and collective service activities	7	165
Artistic, sports and recreational activities	11	5,525
Other services	585	4,575
Consumer loans	(4,390)	59,729
Mortgage credit	520	3,089
Other domestic activities	3	387
Other international activities	21,233	26,171
	24,188	97,731

According with the accounting policy described in note 1 C1.3, the Group writes off a loan when it does not have reasonable expectations of recovering a financial asset in its entirety or partially. Loans written-off are recognised in off-balance sheet accounts.

The analysis of recovered loans and interest occurred during first quarter of 2025 and 2024, by sector of activity, is as follows:

(Thousands of euros)

	31 March 2025	31 March 2024
Agriculture and forestry	1	3
Food, beverage and tobacco	111	550
Textiles	7	1
Wood and cork	53	15
Chemicals	162	70
Machinery, equipment and basic metallurgical	4	2
Water	34	—
Construction	134	78
Retail business	70	476
Wholesale business	24	355
Restaurants and hotels	5	3
Transports	160	65
Telecommunications	—	1
Services		
Financial intermediation	175	—
Real estate activities	69	—
Consulting, scientific and technical activities	14	—
Administrative and support services activities	9	1
Health and collective service activities	—	29
Other services	2	—
Consumer loans	2,007	2,970
Mortgage credit	129	88
Other domestic activities	—	14
Other international activities	29	1
	3,199	4,722

22. Debt securities

The balance Debt securities is analysed as follows:

(Thousands of euros)

	31 March 2025	31 December 2024
Debt securities held associated with credit operations		
Portuguese issuers		
Bonds	94,795	93,734
Commercial paper	1,967,324	1,681,923
Foreign issuers		
Commercial paper	25,197	26,224
	2,087,316	1,801,881
Overdue securities - over 90 days	4,449	4,449
	2,091,765	1,806,330
Impairment	(50,469)	(7,308)
	2,041,296	1,799,022
Debt securities held not associated with credit operations		
Bonds issued by public entities (*)		
Portuguese issuers	1,779,583	3,135,453
Foreign issuers	18,994,584	15,228,401
Bonds issued by public companies and other entities		
Portuguese issuers	731,296	695,257
Foreign issuers	550,486	539,011
	22,055,949	19,598,122
Overdue securities	27,402	—
	22,083,351	19,598,122
Impairment	(71,000)	(51,973)
	22,012,351	19,546,149
	24,053,647	21,345,171

(*) Includes the negative amount of EUR 242,817,000 (31 December 2024: negative amount of EUR 289,655,000) related to adjustments resulting from the application of fair value hedge accounting.

Under the terms of IFRS 9, the balance Debt securities held not associated with credit operations - Bonds issued by public issuers, includes essentially a portfolio of securities to support Bank's ALM (Asset and Liability Management), whose business model seeks to receive the respective income until maturity, that is, of a portfolio Held to Collect, whose value as at 31 March 2025 amounts to EUR 14,097,636,000 (31 December 2024: EUR 12,213,890,000).

The analysis of debt securities portfolio, net of impairment, by sector of activity, is analysed as follows:

(Thousands of euros)

	31 March 2025	31 December 2024
Debt securities held associated with credit operations		
Agriculture and forestry	2,501	2,484
Mining	130,944	98,541
Food, beverage and tobacco	121,102	118,851
Textiles	37,525	37,557
Wood and cork	21,545	25,811
Paper, printing and publishing	7,541	6,781
Chemicals	221,221	211,807
Machinery, equipment and basic metallurgical	63,996	67,948
Electricity and gas	213,154	201,886
Water	35,055	35,012
Construction	10,762	8,996
Retail business	39,031	40,359
Wholesale business	44,549	36,583
Restaurants and hotels	9,497	8,946
Transports	31,711	29,659
Services		
Financial intermediation	306,162	124,411
Real estate activities	40,745	59,793
Consulting, scientific and technical activities	649,987	626,336
Administrative and support services activities	17,422	17,422
Health and collective service activities	5,017	4,960
Artistic, sports and recreational activities	6,632	6,618
Other services	—	2,037
Other international activities	25,197	26,224
	2,041,296	1,799,022
Debt securities held not associated with credit operations		
Machinery, equipment and basic metallurgical	23,829	24,035
Electricity and gas	101,245	100,225
Wholesale business	100,969	100,170
Transports (*)	25,062	—
Services		
Financial intermediation	571,347	559,873
Consulting, scientific and technical activities	457,303	447,813
	1,279,755	1,232,116
Government and Public securities	20,732,596	18,314,033
	22,012,351	19,546,149
	24,053,647	21,345,171

The analysis of restructured debt securities portfolio, by sector of activity, is analysed as follows:

(Thousands of euros)

	31 March 2025			31 December 2024		
	Restructured loans	Impairment	Net amount	Restructured loans	Impairment	Net amount
Debt securities held associated with credit operations						
Food, beverage and tobacco	9,097	(204)	8,893	9,279	(205)	9,074
Textiles	300	(14)	286	354	(17)	337
Chemicals	4,449	(3,234)	1,215	4,449	(3,234)	1,215
Services						
Real estate activities	33,512	(31,330)	2,182	—	—	—
Consulting, scientific and technical activities	20,346	(11,193)	9,153	—	—	—
Administrative and support services activities	7,458	(43)	7,415	10,007	(84)	9,923
	75,162	(46,018)	29,144	24,089	(3,540)	20,549

The changes occurred in impairment of debt securities are analysed as follows:

(Thousands of euros)

	31 March 2025	31 December 2024
Debt securities held associated with credit operations		
Balance as at 1 January	7,308	8,668
Charge for the period in net income interest	—	48
Transfers	41,821	—
Charge for the period (note 11)	1,344	1,691
Reversals for the period (note 11)	(4)	(3,099)
Balance at the end of the period	50,469	7,308
Debt securities held not associated with credit operations		
Balance as at 1 January	51,973	16,720
Other transfers	1,000	940
Charge for the period (note 11)	23,203	35,485
Reversals for the period (note 11)	(3,039)	(2,571)
Amounts charged-off	—	(293)
Exchange rate differences	(2,137)	1,692
Balance at the end of the period	71,000	51,973

23. Financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income

The balances Financial assets at fair value through profit or loss and Financial assets at fair value through other comprehensive income are analysed as follows:

(Thousands of euros)

	31 March 2025	31 December 2024
Financial assets at fair value through profit or loss		
Financial assets held for trading		
Debt instruments	956,560	1,259,178
Equity instruments	139,841	117,151
Trading derivatives	376,795	387,073
	1,473,196	1,763,402
Financial assets not held for trading mandatorily at fair value through profit or loss		
Loans and advances to customers at fair value	350	427
Debt instruments	242,212	236,346
Equity instruments	101,230	118,438
	343,792	355,211
Financial assets designated at fair value through profit or loss		
Debt instruments	36,991	33,894
	36,991	33,894
Financial assets at fair value through other comprehensive income		
Debt instruments	13,556,423	12,872,637
Equity instruments	27,114	26,329
	13,583,537	12,898,966
	15,437,516	15,051,473

The portfolio of Financial assets at fair value through profit or loss (excluding Loans and advances to customers at fair value) and Financial assets at fair value through other comprehensive income, net of impairment, by type of asset, as at 31 March 2025, is analysed as follows:

(Thousands of euros)

	31 March 2025				
	At fair value through profit or loss				
	Held for trading	Not held for trading mandatorily at fair value through profit or loss	Designated at fair value through profit or loss	At fair value through other comprehensive income	Total
Debt instruments					
Bonds issued by public entities					
Portuguese issuers	10,812	—	36,991	739,850	787,653
Foreign issuers	133,305	—	—	8,438,294	8,571,599
Bonds issued by public companies and other entities					
Portuguese issuers	—	—	—	676,071	676,071
Foreign issuers	362	—	—	1,600,650	1,601,012
Treasury bills (Public Issuers and Central Banks)					
Portuguese issuers	662,896	—	—	—	662,896
Foreign issuers	149,185	—	—	2,101,558	2,250,743
Shares of foreign companies (a)	—	16,116	—	—	16,116
Investment fund units (b)	—	226,096	—	—	226,096
	956,560	242,212	36,991	13,556,423	14,792,186
Equity instruments					
Shares					
Portuguese companies	38,893	—	—	16,143	55,036
Foreign companies	45	15,902	—	10,971	26,918
Investment fund units (c)	—	85,328	—	—	85,328
Other securities (d)	100,903	—	—	—	100,903
	139,841	101,230	—	27,114	268,185
Trading derivatives	376,795	—	—	—	376,795
	1,473,196	343,442	36,991	13,583,537	15,437,166

(a) These shares are considered as debt instruments because they do not fall within the definition of equity instruments provided by IAS 32.
(b) These investment fund units are considered as debt instruments because they do not fall within the definition of equity instruments provided by IAS 32.
(c) These investment fund units were considered as equity instruments in accordance with the terms provided in IAS 32.
(d) Includes the amount of EUR 100,373,000 in Exchange Traded Funds (ETFs).

The balance Financial assets held for trading include bonds issued with different levels of subordination associated with the traditional securitization transactions Magellan Mortgages No. 4, referred in note 1 D, in the amount of EUR 56,000 (31 December 2024: EUR 59,000).

In accordance with the accounting policy C1.1.3 regarding the classification of financial assets, the securities accounted for in Financial assets designated at fair value through profit or loss are covering economically the "Treasury Bond Certificates October 2025" issued by Banco Comercial Português, S.A. which are recorded in Financial liabilities designated at fair value through profit or loss (note 37).

The portfolio of Financial assets at fair value through profit or loss (excluding Loans and advances to customers at fair value) and Financial assets at fair value through other comprehensive income, net of impairment, by type of asset, as at 31 December 2024, is analysed as follows:

(Thousands of euros)

	31 December 2024				
	At fair value through profit or loss				
	Held for trading	Not held for trading mandatorily at fair value through profit or loss	Designated at fair value through profit or loss	At fair value through other comprehensive income	Total
Debt instruments					
Bonds issued by public entities					
Portuguese issuers	11,454	—	33,894	740,378	785,726
Foreign issuers	129,858	—	—	7,671,017	7,800,875
Bonds issued by public companies and other entities					
Portuguese issuers	—	51	—	589,028	589,079
Foreign issuers	362	—	—	1,381,364	1,381,726
Treasury bills (Public Issuers and Central Banks)					
Portuguese issuers	846,797	—	—	138,055	984,852
Foreign issuers	270,707	—	—	2,352,795	2,623,502
Shares of foreign companies (a)	—	15,189	—	—	15,189
Investment fund units (b)	—	221,106	—	—	221,106
	1,259,178	236,346	33,894	12,872,637	14,402,055
Equity instruments					
Shares					
Portuguese companies	29,561	—	—	15,467	45,028
Foreign companies	27	15,575	—	10,862	26,464
Investment fund units (c)	—	102,863	—	—	102,863
Other securities (d)	87,563	—	—	—	87,563
	117,151	118,438	—	26,329	261,918
Trading derivatives	387,073	—	—	—	387,073
	1,763,402	354,784	33,894	12,898,966	15,051,046

(a) These shares are considered as debt instruments because they do not fall within the definition of equity instruments provided by IAS 32.

(b) These investment fund units are considered debt instruments because they do not fall within the definition of equity instruments provided by IAS 32.

(c) These investment fund units were considered as equity instruments in accordance with the terms provided in IAS 32.

(d) Includes the amount of EUR 87,108,000 in Exchange Traded Funds (ETFs).

The changes occurred in impairment of financial assets at fair value through other comprehensive income, are analysed as follows:

(Thousands of euros)

	31 March 2025	31 December 2024
Balance as at 1 January	1,169	1,150
Transfers to fair value changes (note 42)	(2,442)	(10,549)
Impairment through profit and loss (note 12)	2,745	10,255
Reversals through profit and loss (note 12)	(302)	(42)
Exchange rate differences	22	355
Balance at the end of the period	1,192	1,169

The accumulated impairment related to credit risk associated with the financial assets at fair value through other comprehensive income amounts to EUR 11,052,000 and is recognised against Fair value reserves (31 December 2024: EUR 8,699,000).

The portfolio of financial assets at fair value through other comprehensive income, as at 31 March 2025, is analysed as follows:

(Thousands of euros)

	31 March 2025			
	Amortised cost (a)	Fair value hedge adjustments (note 42)	Fair value adjustments (note 42)	Total
Debt instruments				
Bonds issued by public entities				
Portuguese issuers	800,737	(48,898)	(11,989)	739,850
Foreign issuers	8,419,771	5,496	13,027	8,438,294
Bonds issued by public companies and other entities				
Portuguese issuers	674,674	635	762	676,071
Foreign issuers	1,623,207	(20,569)	(1,988)	1,600,650
Treasury bills (Public Issuers and Central Banks)				
Foreign issuers	2,098,531	—	3,027	2,101,558
	13,616,920	(63,336)	2,839	13,556,423
Equity instruments				
Shares				
Portuguese companies	21,949	—	(5,806)	16,143
Foreign companies	6,131	—	4,840	10,971
	28,080	—	(966)	27,114
	13,645,000	(63,336)	1,873	13,583,537

(a) Includes interest accrued and accumulated impairment for debt securities classified as financial assets at fair value through other comprehensive income, as provided by IFRS 9, and according to the requirements defined in the accounting policy 1 C1.5.1.2.

The portfolio of financial assets at fair value through other comprehensive income, as at 31 December 2024, is analysed as follows:

(Thousands of euros)

	31 December 2024			
	Amortised cost (a)	Fair value hedge adjustments (note 42)	Fair value adjustments (note 42)	Total
Debt instruments				
Bonds issued by public entities				
Portuguese issuers	794,782	(42,290)	(12,114)	740,378
Foreign issuers	7,650,395	10,044	10,578	7,671,017
Bonds issued by public companies and other entities				
Portuguese issuers	585,957	1,091	1,980	589,028
Foreign issuers	1,408,681	(22,191)	(5,126)	1,381,364
Treasury bills (Public Issuers and Central Banks)				
Portuguese issuers	137,948	—	107	138,055
Foreign issuers	2,347,811	—	4,984	2,352,795
	12,925,574	(53,346)	409	12,872,637
Equity instruments				
Shares				
Portuguese companies	21,288	—	(5,821)	15,467
Foreign companies	6,092	—	4,770	10,862
	27,380	—	(1,051)	26,329
	12,952,954	(53,346)	(642)	12,898,966

(a) Includes interest accrued and accumulated impairment for debt securities classified as financial assets at fair value through other comprehensive income, as provided by IFRS 9, and according to the requirements defined in the accounting policy 1 C1.5.1.2.

The balance Financial assets not held for trading mandatorily at fair value through profit or loss - Loans to customers at fair value is analysed as follows:

(Thousands of euros)

	31 March 2025	31 December 2024
Unsecured loans	297	371
Overdue loans - less than 90 days	29	24
Overdue loans - Over 90 days	24	32
	350	427

The analysis of Financial assets at fair value through profit or loss (excluding loans and advances to customers at fair value and trading derivatives) and Financial assets at fair value through other comprehensive income, by sector of activity, as at 31 March 2025, is as follows:

(Thousands of euros)

	31 March 2025			
	Bonds and Treasury bills	Shares	Other Financial Assets	Total
Agriculture and forestry	5,030	—	—	5,030
Mining	—	18	—	18
Paper, printing and publishing	49,005	—	—	49,005
Chemicals	17,890	2	—	17,892
Machinery, equipment and basic metallurgical	—	3	—	3
Electricity and gas	208,464	—	—	208,464
Water	18,054	—	—	18,054
Construction	—	3	—	3
Wholesale business	7,216	307	—	7,523
Transports	54,907	—	—	54,907
Telecommunications	58,537	4,413	—	62,950
Services				
Financial intermediation	3,636,965	48,343	411,798	4,097,106
Consulting, scientific and technical activities	64,573	39,062	—	103,635
Administrative and support services activities	24,714	5,895	—	30,609
Public sector	48,862	—	529	49,391
Health and collective service activities	10,688	—	—	10,688
Other services	—	23	—	23
Other international activities	—	1	—	1
	4,204,905	98,070	412,327	4,715,302
Government and Public securities	10,345,069	—	—	10,345,069
	14,549,974	98,070	412,327	15,060,371

The analysis of Financial assets at fair value through profit or loss (excluding loans and advances to customers at fair value and trading derivatives) and Financial assets at fair value through other comprehensive income, by sector of activity, as at 31 December 2024, is as follows:

(Thousands of euros)

	31 December 2024			
	Bonds and Treasury bills	Shares	Other Financial Assets	Total
Agriculture and forestry	4,992	—	—	4,992
Mining	—	6	—	6
Paper, printing and publishing	49,225	—	—	49,225
Chemicals	—	5	—	5
Machinery, equipment and basic metallurgical	—	4	—	4
Electricity and gas	181,356	—	—	181,356
Water	17,841	—	—	17,841
Construction	—	3	—	3
Wholesale business	7,192	320	—	7,512
Transports	36,268	—	—	36,268
Telecommunications	43,126	4,413	—	47,539
Services				
Financial intermediation	3,569,543	46,281	410,948	4,026,772
Real estate activities	—	—	130	130
Consulting, scientific and technical activities	135,278	29,731	—	165,009
Administrative and support services activities	19,669	5,895	—	25,564
Public sector	49,415	—	454	49,869
Health and collective service activities	10,642	—	—	10,642
Other services	—	22	—	22
Other international activities	—	1	—	1
	4,124,547	86,681	411,532	4,622,760
Government and Public securities	10,041,213	—	—	10,041,213
	14,165,760	86,681	411,532	14,663,973

24. Hedging derivatives

This balance is analysed, by hedging instruments, as follows:

(Thousands of euros)

	31 March 2025		31 December 2024	
	Assets	Liabilities	Assets	Liabilities
Swaps	70,733	24,694	69,349	39,041

25. Investments in associates

This balance is analysed as follows:

(Thousands of euros)

	31 March 2025	31 December 2024
Portuguese credit institutions	52,821	50,153
Foreign credit institutions	129,745	128,829
Other Portuguese companies	267,217	253,146
Other foreign companies	41,759	42,746
	491,542	474,874
Impairment	(44,362)	(45,451)
	447,180	429,423

The balance Investments in associates, as at 31 March 2025, is analysed as follows:

(Thousands of euros)

	31 March 2025		
	Global value of investment	Impairment of investments in associates	Book value of investment
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A.	119,885	—	119,885
Banco Millennium Atlântico, S.A.	74,958	(26,351)	48,607
Banque BCP, S.A.S.	54,787	—	54,787
SIBS, S.G.P.S, S.A.	77,969	—	77,969
Unicre - Instituição Financeira de Crédito, S.A.	52,821	—	52,821
Fidelidade Moçambique - Companhia de Seguros S.A.	13,168	—	13,168
Lusofundo - Fundo de Investimento Imobiliário Fechado (in liquidation)	16,755	—	16,755
Fundo Especial de Investimento Imobiliário Fechado Eurofundo (in liquidation)	4,369	—	4,369
Fundo Turismo Algarve FCR	41,045	—	41,045
Europa Millennium Financial Services Sp. z o.o.	10,507	—	10,507
Nexponor - Sociedade de Investimento Coletivo Imobiliário Fechado, S.A. (in liquidation)	7,194	—	7,194
TIICC S.A.R.L.	73	—	73
Webspectator Corporation	18,011	(18,011)	—
	491,542	(44,362)	447,180

These investments correspond to unquoted companies. According to the accounting policy described in note 1 B, these investments are measured at the equity method.

The balance Investments in associates, as at 31 December 2024, is analysed as follows:

(Thousands of euros)

	31 December 2024		
	Global value of investment	Impairment of investments in associates	Book value of investment
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A.	106,675	—	106,675
Banco Millennium Atlântico, S.A.	74,882	(27,440)	47,442
Banque BCP, S.A.S.	53,947	—	53,947
SIBS, S.G.P.S, S.A.	74,795	—	74,795
Unicre - Instituição Financeira de Crédito, S.A.	50,153	—	50,153
Fidelidade Moçambique - Companhia de Seguros S.A.	14,371	—	14,371
Lusofundo - Fundo de Investimento Imobiliário Fechado (in liquidation)	19,175	—	19,175
Fundo Especial de Investimento Imobiliário Fechado Eurofundo (in liquidation)	4,305	—	4,305
Fundo Turismo Algarve FCR	41,045	—	41,045
Europa Millennium Financial Services Sp. z o.o.	10,291	—	10,291
Nexponor - Sociedade de Investimento Coletivo Imobiliário Fechado, S.A. (in liquidation)	7,151	—	7,151
TIICC S.A.R.L.	73	—	73
Webspectator Corporation	18,011	(18,011)	—
	474,874	(45,451)	429,423

The Group's companies included in the consolidation perimeter are presented in note 52, as well as the main indicators of the most relevant ones.

The movements occurred in Impairment of investments in associates are analysed as follows:

(Thousands of euros)

	31 March 2025	31 December 2024
Balance as at 1 January	45,451	46,355
Exchange rate differences	(1,089)	(904)
Balance at the end of the period	44,362	45,451

26. Non-current assets held for sale

This balance is analysed as follows:

(Thousands of euros)

	31 March 2025			31 December 2024		
	Gross value	Impairment	Net value	Gross value	Impairment	Net value
Real estate						
Assets arising from recovered loans	31,087	(5,875)	25,212	37,643	(12,151)	25,492
Assets belong to investments funds and real estate companies	5,608	(1,898)	3,710	5,528	(1,900)	3,628
Assets for own use (closed branches)	1,748	(820)	928	1,980	(820)	1,160
Equipment and other	3,794	(831)	2,963	4,462	(755)	3,707
Other assets (*)	16,631	(5,727)	10,904	16,985	(5,727)	11,258
	58,868	(15,151)	43,717	66,598	(21,353)	45,245

(*) includes Shares, Price Deposit and Property Adjudication Proposals

The assets included in this balance are accounted for in accordance with the accounting policy described in note 1 G.

The balance Real estate - Assets arising from recovered loans includes, essentially, real estate resulted from process of recovered loans or judicial auction being accounted for at the time the Group assumes control of the asset, which is usually associated with the transfer of their legal ownership.

The Group has a strategy for sale these assets, consistent with the characteristic of each asset as well as with the breakdown of underlying valuations. However, considering the formal constraints, it was not possible in all instances to conclude the sales in the expected time. The sale strategy is based in an active search of buyers, with the Group having a website where advertises these properties and through partnerships with the mediation of companies having more ability for the product that each time the Group has for sale. Prices are periodically reviewed and adjusted for continuous adaptation to the market. The Group requests, regularly, to the European Central Bank, the extension of the period of holding these properties.

The changes occurred in Impairment of non-current assets held for sale are analysed as follows:

(Thousands of euros)

	31 March 2025	31 December 2024
Balance as at 1 January	21,353	52,196
Other transfers	(73)	8,575
Charge for the period (note 13)	270	5,722
Reversals for the period (note 13)	(2)	(1,398)
Amounts charged-off	(6,315)	(43,808)
Exchange rate differences	(82)	66
Balance at the end of the period	15,151	21,353

27. Investment property

The balance Investment property corresponds to real estate evaluated in accordance with the accounting policy presented in note 1 N, based on independent assessments and compliance with legal requirements.

28. Other tangible assets

This balance is analysed as follows:

(Thousands of euros)

	31 March 2025	31 December 2024
Real estate	675,454	675,021
Equipment		
Computer equipment	320,514	321,858
Security equipment	64,810	63,919
Facilities	138,093	137,412
Machinery	48,417	47,297
Furniture	76,450	76,733
Vehicles	38,836	38,920
Other equipment	34,443	33,492
Right of use		
Real estate	435,116	430,349
Assets under construction	26,262	28,846
Other tangible assets	13	15
	1,858,408	1,853,862
Accumulated depreciation		
Relative to the current period (note 9)	(26,536)	(102,125)
Relative to the previous periods	(1,228,495)	(1,132,398)
	(1,255,031)	(1,234,523)
Impairment	—	(193)
	603,377	619,146

The balance Real Estate includes the amount of EUR 107,833,000 (31 December 2024: EUR 107,833,000) related to real estate held by the Group's real estate investment funds.

The balance Right-of-use essentially corresponds to real estate (branches and central buildings) and to a residual number of vehicles, which are amortised according to the lease term of each contract, as described in the accounting policy 1 H.

The changes occurred in Other tangible assets during the first quarter of 2025 are analysed as follows:

(Thousands of euros)

	31 March 2025					
	Balance as at 1 January	Acquisitions / Charge	Disposals / Write-off	Transfers	Exchange differences	Balance as at 31 March
Real estate	675,021	1	(333)	2,529	(1,764)	675,454
Equipment:						
Computer equipment	321,858	1,175	(1,902)	454	(1,071)	320,514
Security equipment	63,919	31	(118)	1,313	(335)	64,810
Facilities	137,412	297	(85)	1,240	(771)	138,093
Machinery	47,297	65	(115)	815	355	48,417
Furniture	76,733	90	(260)	173	(286)	76,450
Vehicles	38,920	1,360	(1,225)	—	(219)	38,836
Other equipment	33,492	19	(78)	380	630	34,443
Right of use						
Real estate	430,349	5,397	(2,186)	—	1,556	435,116
Assets under construction	28,846	4,202	(28)	(6,889)	131	26,262
Other tangible assets	15	—	—	—	(2)	13
	1,853,862	12,637	(6,330)	15	(1,776)	1,858,408
Accumulated depreciation						
Real estate	(420,458)	(3,729)	300	8	(6)	(423,885)
Equipment:						
Computer equipment	(253,376)	(5,240)	1,845	24	953	(255,794)
Security equipment	(59,879)	(309)	93	—	220	(59,875)
Facilities	(120,356)	(867)	67	—	489	(120,667)
Machinery	(39,578)	(427)	97	(61)	(285)	(40,254)
Furniture	(72,796)	(552)	239	75	221	(72,813)
Vehicles	(19,690)	(1,584)	1,075	—	170	(20,029)
Other equipment	(26,773)	(512)	72	(46)	(495)	(27,754)
Right of use						
Real estate	(221,605)	(13,316)	1,839	—	(866)	(233,948)
Other tangible assets	(12)	—	—	—	—	(12)
	(1,234,523)	(26,536)	5,627	—	401	(1,255,031)
	619,339	(13,899)	(703)	15	(1,375)	603,377

The changes occurred in Other tangible assets during 2024 are analysed as follows:

(Thousands of euros)

	2024					
	Balance as at 1 January	Acquisitions / Charge	Disposals / Write-off	Transfers	Exchange differences	Balance as at 31 December
Real estate	669,847	92	(4,090)	2,584	6,588	675,021
Equipment:						
Computer equipment	346,220	25,487	(62,528)	8,920	3,759	321,858
Security equipment	67,587	442	(5,124)	583	431	63,919
Facilities	151,649	617	(18,029)	2,085	1,090	137,412
Machinery	49,712	542	(5,107)	1,556	594	47,297
Furniture	84,154	539	(9,227)	848	419	76,733
Vehicles	35,839	9,099	(6,865)	—	847	38,920
Other equipment	31,842	17	(714)	1,856	491	33,492
Right of use						
Real estate	390,625	42,252	(6,819)	1	4,290	430,349
Assets under construction	20,563	31,888	(362)	(23,919)	676	28,846
Other tangible assets	36	—	(24)	—	3	15
	1,848,074	110,975	(118,889)	(5,486)	19,188	1,853,862
Accumulated depreciation						
Real estate	(410,455)	(14,769)	3,978	3,524	(2,736)	(420,458)
Equipment:						
Computer equipment	(294,471)	(18,347)	62,336	(83)	(2,811)	(253,376)
Security equipment	(63,599)	(1,076)	5,116	—	(320)	(59,879)
Facilities	(134,380)	(3,305)	17,970	66	(707)	(120,356)
Machinery	(42,015)	(1,682)	5,102	(539)	(444)	(39,578)
Furniture	(79,822)	(2,423)	9,196	576	(323)	(72,796)
Vehicles	(19,188)	(5,702)	5,723	8	(531)	(19,690)
Other equipment	(25,101)	(1,994)	705	—	(383)	(26,773)
Right of use						
Real estate	(172,560)	(52,827)	6,358	4	(2,580)	(221,605)
Other tangible assets	(36)	—	24	—	—	(12)
	(1,241,627)	(102,125)	116,508	3,556	(10,835)	(1,234,523)
	606,447	8,850	(2,381)	(1,930)	8,353	619,339

The changes occurred in impairment for tangible fixed assets are analysed as follow:

(Thousands of euros)

	31 March 2025	31 December 2024
Balance as at 1 January	193	—
Charge for the period (note 13)	—	184
Reversals for the period (note 13)	(54)	—
Amounts charged-off	(132)	—
Exchange rate differences	(7)	9
Balance at the end of the period	—	193

29. Goodwill and intangible assets

This balance is analysed as follows:

(Thousands of euros)

	31 March 2025	31 December 2024
Goodwill - Differences arising on consolidation		
Bank Millennium, S.A. (Poland)	114,732	112,374
Euro Bank, S.A. (Poland)	45,866	44,924
Others	10,179	10,193
	170,777	167,491
Impairment		
Bank Millennium, S.A. (Poland)	(114,732)	(112,374)
Others	(9,880)	(9,880)
	(124,612)	(122,254)
	46,165	45,237
Intangible assets		
Software	292,270	291,642
Software - in progress	68,940	71,726
Other intangible assets	50,828	49,797
	412,038	413,165
Accumulated amortisation		
Charge for the period (note 9)	(12,059)	(42,675)
Charge for the periods years	(169,648)	(139,757)
	(181,707)	(182,432)
	230,331	230,733
	276,496	275,970

The changes occurred in Goodwill and intangible assets, during the first quarter of 2025, are analysed as follows:

(Thousands of euros)

	31 March 2025					
	Balance as at 1 January	Acquisitions / Charge	Disposals / Write-off	Transfers	Exchange differences	Balance as at 31 March
Goodwill - Differences arising on consolidation	167,491		—	—	3,286	170,777
Impairment for goodwill	(122,254)		—	—	(2,358)	(124,612)
	45,237	—	—	—	928	46,165
Intangible assets						
Software	291,642	3,071	(13,721)	11,396	(118)	292,270
Software - in progress	71,726	7,781	(143)	(11,396)	972	68,940
Other intangible assets	49,797	7	—	(14)	1,038	50,828
	413,165	10,859	(13,864)	(14)	1,892	412,038
Accumulated amortisation						
Software	(149,965)	(10,161)	13,589	123	(130)	(146,544)
Other intangible assets	(32,467)	(1,898)	—	(123)	(675)	(35,163)
	(182,432)	(12,059)	13,589	—	(805)	(181,707)
	230,733	(1,200)	(275)	(14)	1,087	230,331
	275,970	(1,200)	(275)	(14)	2,015	276,496

The changes occurred in Goodwill and intangible assets during 2024 are analysed as follows:

(Thousands of euros)

	31 December 2024					
	Balance as at 1 January	Acquisitions / Charge	Disposals / Write-off	Transfers	Exchange differences	Balance as at 31 December
Goodwill - Differences arising on consolidation	165,043	—	—	—	2,448	167,491
Impairment for goodwill	(120,520)	—	—	—	(1,734)	(122,254)
	44,523	—	—	—	714	45,237
Intangible assets						
Software	243,546	23,969	(27,523)	47,725	3,925	291,642
Software - in progress	66,230	69,410	(218)	(64,566)	870	71,726
Other intangible assets	80,598	—	(48,783)	16,928	1,054	49,797
	390,374	93,379	(76,524)	87	5,849	413,165
Accumulated amortisation						
Software	(138,508)	(35,632)	26,919	44	(2,788)	(149,965)
Other intangible assets	(73,284)	(7,043)	48,783	(44)	(879)	(32,467)
	(211,792)	(42,675)	75,702	—	(3,667)	(182,432)
	178,582	50,704	(822)	87	2,182	230,733
	223,105	50,704	(822)	87	2,896	275,970

30. Income tax

Income tax assets and liabilities are analysed as follows:

(Thousands of euros)

	31 March 2025			31 December 2024		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Deferred taxes not depending on the future profits (a)						
Impairment losses (b)	782,248	—	782,248	802,998	—	802,998
Employee benefits	478,366	—	478,366	539,415	—	539,415
	1,260,614	—	1,260,614	1,342,413	—	1,342,413
Deferred taxes depending on the future profits						
Impairment losses (b)	446,841	—	446,841	458,636	—	458,636
Tax losses carried forward	148,827	—	148,827	148,155	—	148,155
Employee benefits	61,810	(37,097)	24,713	61,212	(36,601)	24,611
Financial assets at fair value through other comprehensive income	312,058	(87,293)	224,765	348,396	(86,072)	262,324
Derivatives	—	(7,527)	(7,527)	—	(8,208)	(8,208)
Intangible assets	1,039	—	1,039	1,012	—	1,012
Other tangible assets	9,565	(3,051)	6,514	9,395	(3,065)	6,330
Others (c)	163,694	(160,277)	3,417	155,658	(144,908)	10,750
	1,143,834	(295,245)	848,589	1,182,464	(278,854)	903,610
Total deferred taxes	2,404,448	(295,245)	2,109,203	2,524,877	(278,854)	2,246,023
Offset between deferred tax assets and deferred tax liabilities	(290,930)	290,930	—	(271,420)	271,420	—
Net deferred taxes	2,113,518	(4,315)	2,109,203	2,253,457	(7,434)	2,246,023
Current taxes (d)	24,831	(83,337)	—	21,159	(136,008)	—

(a) Special Regime applicable to deferred tax assets.
(b) The amounts for 2025 and 2024 include deferred tax assets related with credit impairments losses not deducted for tax purposes of which credits were written-off, according to the expectation that the use of such impairments will be deductible in the tax periods in which the legal conditions required for their tax deductibility are met.
(c) Includes EUR 62,818,000 (31 December 2024: EUR 61,929,000) relating to fair value adjustments of interests in real estate investment funds and venture capital funds classified as equity instruments.
(d) The amounts of current taxes assets and liabilities refer exclusively to income taxes levied on the various BCP Group companies.

Special regime applicable to deferred tax assets

At the Extraordinary General Meeting of 15 October 2014 of Banco Comercial Português, S.A. and the General Meeting of 5 November 2014 of Banco ActivoBank, S.A., it was approved and resolved that these banks adhere to the Special Regime approved by Law No. 61/2014, of 26 August, applicable to deferred tax assets that resulted from the non-deduction of expenses and negative equity variations related to impairment losses on credits and post-employment or long-term employee benefits.

The special regime is applicable to those expenses and negative equity variations recorded in tax periods beginning on or after 1 January 2015, as well as to deferred tax assets recorded in the annual accounts for the last tax period prior to that date and to part of expenses and negative equity variations associated with them. Pursuant to Law No. 23/2016, of 19 August, this special regime is not applicable to expenses and negative equity variations with impairment losses on credits and with post-employment or long-term employee benefits recorded in the tax periods commencing on or after 1 January 2016, nor to deferred tax assets associated with them.

The special regime applicable to deferred tax assets provides for an optional framework and with the possibility of subsequent waiver, under which:

- Expenses and negative equity variations with impairment losses on credits and with post-employment or long-term employee benefits covered by it are deducted, under the terms and conditions set out in the Corporate income tax Code and in relevant separate tax legislation, up to the limit of the taxable profit for the tax period determined before these deductions. Expenses and negative equity variations not deducted due to this limit are deducted in subsequent tax periods, with the same limit. In the BCP Group, deferred tax assets associated with expenses and negative equity variations under these conditions amount to EUR 1,075,071,000 (31 December 2024: EUR 1,152,769,000), of which EUR 770,897,000 relate to impairment losses on credits (31 December 2024: EUR 790,087,000) and EUR 304,174,000 relate to post-employment or long-term employee benefits (31 December 2024: EUR 362,682,000).

- In certain situations (those with negative net results in annual individual accounts or liquidation by voluntary dissolution, insolvency decreed by court or revocation of the respective authorization), deferred tax assets covered by the Special Regime are converted into tax credits, in part or in wholeness. In case of negative net income, the conversion is made according to the proportion between the amount of the negative net income for the period and the total of equity, a special reserve corresponding to 110% of the tax credit must be constituted and, simultaneously, conversion rights of equivalent value attributable to the State are also constituted. These rights that can be acquired by the shareholders upon payment to the State of the same value. Tax credits may be offset against tax debts of the beneficiaries (or an entity based in Portugal within the same prudential consolidation perimeter or included in the same group of entities for which are applied the Special Tax Regime for Groups of Companies) or repaid by the State. Since neither Banco Comercial Português nor Banco ActivoBank recorded net losses in the years 2015 to 2024, there was no conversion of deferred taxes assets into tax credits, under the terms provided for in the Special Regime.

Pursuant to the regime described, the recovery of deferred tax assets covered by the optional regime approved by Law No. 61/2014, of 26 August, is not dependent on future profits.

The above-mentioned legal framework was densified by Ordinance no. 259/2016, of 4 October, about the control and use of tax credits, and by the Ordinance No. 293-A/2016, of 18 November, which establishes the conditions and procedures for the acquisition by the shareholders of the referred rights of the State. Law No. 98/2019, of 4 September, establishes a deadline for the acquisition of the referred rights of the State by the shareholders, after which the Management Board of the issuing bank is obliged to promote the record of the capital increase by the amount resulting from the exercise of the conversion rights. According to this legislation, among other aspects, these rights are subject to a right of acquisition by the shareholders on the date of creation of the rights of the State, exercisable in periods that will be established by the Board of Directors until 3 years after the confirmation date of the conversion of the deferred tax asset into tax credit by the Portuguese Tax and Customs Authority. The issuing entity shall deposit in favour of the State the amount of the price corresponding to all the rights issued, within 3 months beginning from the confirmation date of the conversion of the deferred tax asset into tax credit. Such deposit shall be redeemed when and to the extent that the rights of the State are acquired by the shareholders or exercised by the State.

Deferred taxes are calculated based on the tax rates expected to be in force when the temporary differences are reversed, which correspond to the tax rates enacted or substantively enacted at the balance sheet date. The deferred tax assets and liabilities are presented on a net basis whenever, in accordance with applicable law, current tax assets and current tax liabilities can be offset with each other, and the deferred tax assets and liabilities related to income taxes levied by the same tax authority over the same taxable entity.

Under Law No. 45-A/2024, of 31 December 31, which approved the State Budget for 2025, the standard IRC rate was reduced from 21% to 20%.

The current tax rate for Banco Comercial Português, S.A. is analysed as follows:

	31 March 2025	31 December 2024
Income tax	20%	21%
Municipal surtax rate (on taxable net income)	1.5%	1.5%
State tax rate (on taxable net income)		
More than 1,500,000 to 7,500,000	3%	3%
From more than 7,500,000 to 35,000,000	5%	5%
More than 35,000,000	9%	9%

The deferred tax rate related to the Bank's tax losses as at 31 March 2025 is 20% (31 December 2024: 20%).

The average deferred tax rate associated with temporary differences of Banco Comercial Português, S.A. as at 31 March 2025 is 30.3% (31 December 2024: 30,3%).

The income tax rate in the other main countries where the Group operates is 19% in Poland and 32% in Mozambique.

The reporting period for tax losses carried forward in Poland and in Mozambique is 5 years.

Following the amendments provided for in Law No. 24-D/2022, of 30 December, within the scope of the State Budget for 2023, the time limit applicable to the carrying forward of tax losses in Portugal was eliminated. This amendment applies to tax losses assessed in tax periods beginning on or after 1 January 2023, as well as to tax losses calculated in tax periods prior to 1 January 2023 and whose deduction period is still in progress on that date. Thus, tax losses calculated in 2014 and subsequent years may be deducted from future taxable income. The deduction limit for tax losses reduced from 70% to 65%, being increased by ten percentage points when the difference results from the deduction of tax losses calculated in the 2020 and 2021 tax periods, under the terms of the special regime provided for in Law n. 27-A/2020, of 24 July.

Banco Comercial Português, S.A. applies the Special Tax Regime for Groups of Companies (RETGS) since 2016 for taxation purposes under corporate income tax (IRC), in which it's the dominant company. The remaining companies covered by the RETGS are Banco ActivoBank, S.A., Interfundos - Sociedade Gestora de Organismos de Investimento Coletivo, S.A., BCP África, S.G.P.S. Lda., Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal Lda., Millennium bcp Teleserviços – Serviços de Comércio Electrónico, S.A., and, from 2024, Imoserit, S.A.

Regarding the activity in Portugal, Law No. 98/2019, of 4 September, established the tax regime for credit impairments losses and provisions for guarantees for tax periods beginning on or after 1 January 2019, providing for the approximation between the accounting and tax rules in what concerns the deductibility of credit impairment losses. The rules in force until 2018 could continue to be applied until the end of the 2023 financial year, unless the option to apply the new regime was exercised in advance.

In 2022, the Banco Comercial Português, S.A. and the Banco ActivoBank, S.A. exercised the option to apply the new regime, under the terms of which impairment losses for credit risk relating to exposures analysed on an individual or on a collective basis recognised in accordance with the applicable accounting standards and regulations are fully deductible for tax purposes, with the exceptions provided for in the Corporate Income Tax Code. The exceptions apply to impairment losses related to credits and other rights over natural or legal persons who hold, directly or indirectly, more than 10% of the Bank's share capital, over members of its corporate bodies, over companies in which the Bank holds, directly or indirectly, more than 10% of the share capital or over related parties.

Impairment losses and other value corrections for specific credit risk recorded until 31 December 2021 and still not deducted for tax purposes are only deductible up to the amount that, in each tax period, corresponds to the application of the mandatory minimum limits set out in Notice of Banco de Portugal No. 3/95, as amended before its repeal by Notice of Banco de Portugal No. 5/2015 and, between other conditions, provided that they are not claims covered by real estate rights.

The Group complies with the guidelines of IFRIC 23 - Uncertainty over Income Tax Treatments on the determination of taxable profit, tax bases, tax losses to be reported, tax credits to be used and tax rates in scenarios of uncertainty regarding the income tax treatment, with no material impact on its financial statements resulting from its application.

Analysis of the recoverability of deferred tax assets

In accordance with the accounting policy 1 Y3 and with the requirements of IAS 12, the deferred tax assets were recognised based on the Group's expectation of their recoverability. The recoverability of deferred taxes depends on the implementation of the strategy of the Bank's Board of Directors, namely the generation of estimated taxable income and its interpretation of tax legislation. Any changes in the assumptions used in estimating future profits or tax legislation may have material impacts on deferred tax assets.

The assessment of the recoverability of deferred tax assets is based on the projected results for the period from 2025 to 2031, as longer forecast periods have higher underlying factors of uncertainty. The projected pre-tax results for the years 2025, 2026, 2027 and 2028 are consistent with the budget approved by the Bank's Board of Directors in November 2024, which incorporates the priorities stemming from the 2025-2028. In the earnings forecast for the years 2029, 2030 and 2031, a standard nominal growth rate of 2% was considered.

The forecasts consider the conclusion of the monetary policy easing cycle in the Eurozone, with the stabilization of interest rates at a lower level than the current one, and the development of the Bank's activity aligned with the commercial positioning and the targets enshrined in the 2025-2028 Strategic Plan approved by the governing bodies, highlighting:

- after reflecting the impacts of the normalization of interest rates, net interest income benefits from the recovery of volumes in customer lending, especially to companies, with a focus on priority segments associated with customer knowledge and relationship, and continued growth of the deposit base, focusing on customer engagement and transactionality;

- increase in commission income based on an efficient and judicious management of commissions and price lists;

- stabilization of cost of risk at levels in line with the Bank's current activity, given the lower impact from the historical portfolios of NPEs, foreclosed assets and FRE (Corporate Restructuring Funds), after the reduction of these exposures achieved over the last years;

- strengthening of the capabilities required for the implementation of the initiatives foreseen in the 2025-2028 Strategic Plan, while preserving high levels of efficiency based on continued cost discipline and increased use of technology.

To estimate taxable net income for the periods of 2025 to 2031, the following main assumptions were considered:

- The rules of the new tax regime of credit impairment were applied. In the application of these rules, the following assumptions were considered, in general terms:

a) the impairment losses for credit risk related to exposures analysed on an individual or collective basis, recognised in accordance with the applicable accounting and regulatory standards, were considered deductible for tax purposes;

b) impairment reversals created up to 31 December 2021 not accepted for tax purposes were estimated based on the most recent Non-Performing Assets Reduction Plan (2024-2026), and also on the basis of the average percentage of reversal observed in the last years from 2016 to 2024;

c) the referred average percentages were calculated separately, depending on whether or not there was a mortgage guarantee, the eligibility for purposes of the special regime applicable to deferred tax assets and according to the customers' classification as Non-Performing Exposures (NPE).

- The deductions related to impairment of financial assets were projected based on the destination (sale or settlement) and the estimated date of the respective operations;

- Impairment reversals of non-financial assets not accepted for tax purposes were projected considering the expected periods of disinvestment in certain real estate assets. For the remaining assets without a forecasted term for disinvestment, the reversals were estimated based on the average percentage of reversal observed in the years from 2016 to 2024. Non-deductible expenses related to the reinforcement of impairment of non-financial assets were estimated on the based on the average percentage of amounts not deducted for tax purposes in the years from 2016 to 2024, compared to the amounts of reinforcements net of impairment recorded in those years;

- The deductions related to employee benefits were projected based on their estimated payments or deduction plans, in accordance with information provided by the pension fund actuary;

- The realization of changes in the fair value of real estate investment funds was projected based on the information available in the regulations of the funds in question in relation to the period foreseen for the respective liquidation.

According to the estimate of future taxable income, the deferred taxes assets recorded as at 31 December 2024 are adequate under the IAS 12 requirements.

In accordance with these assessments, the amount of unrecognised deferred tax related to temporary differences and to tax losses is as follows:

(Thousands of euros)

	31 March 2025	31 December 2024
Temporary differences	1,072	1,072
Tax losses carried forward		
2014	154,196	154,196
2015	2	2
2016	259,604	265,652
2017	2,641	2,347
2018	92,394	92,394
2019	25,500	25,500
2020	19,402	19,481
2021	172,785	172,782
2022	17,968	18,569
2023	2,919	3,851
2024	20,609	17,661
2025	8,870	—
Total	776,890	772,435

The amount of unrecognised deferred taxes relating to tax losses per expiry year is analysed as follows:

(Thousands of euros)

	31 March 2025	31 December 2024
2025	13,831	14,558
2026	133	131
2027	12,246	11,565
2028	964	1,008
2029	20,564	21,503
2030	8,859	—
No expiry date	720,293	723,670
Total	776,890	772,435

In addition to the above amounts, the Bank is contesting corrections to tax losses for 2014, 2016 and 2021, which, if granted, will increase the value of unrecognized deferred taxes assets by EUR 92,136,000.

The impact of income taxes in Net income and in other balances of Group's equity, as at 31 March 2025, is analysed as follows:

(Thousands of euros)

	31 March 2025		
	Net income for the period	Reserves	Exchange differences
Deferred taxes not depending on the future profits			
Impairment losses	(20,750)	—	—
Employee benefits	(61,036)	(13)	—
	(81,786)	(13)	—
Deferred taxes depending on the future profits			
Impairment losses	(16,786)	(713)	5,704
Tax losses carried forward (a)	161	431	80
Employee benefits	(44)	9	137
Financial assets at fair value through other comprehensive income	—	(30,869)	(6,690)
Derivatives	853	—	(172)
Intangible assets	5	—	22
Other tangible assets	192	—	(8)
Others	(11,768)	(160)	4,595
	(27,387)	(31,302)	3,668
	(109,173)	(31,315)	3,668
Current taxes			
Current period	(22,113)	—	—
Correction of previous periods	19,043	—	—
	(3,070)	—	—
	(112,243)	(31,315)	3,668

(a) The amount recorded in reserves refers to the deferred tax on the part of tax loss arising from the deduction of negative equity changes recorded in reserves that contribute to the calculation of taxable income.

The impact of income taxes in Net income and in other balances of Group's equity, as at 31 March 2024, is analysed as follows:

(Thousands of euros)

	31 March 2024		
	Net income for the period	Reserves	Exchange differences
Deferred taxes not depending on the future profits			
Impairment losses	(12,070)	—	—
Employee benefits	(55,545)	—	—
	(67,615)	—	—
Deferred taxes depending on the future profits			
Impairment losses	29,632	(440)	(2,713)
Tax losses carried forward (a)	(2,825)	—	80
Employee benefits	(1,547)	—	44
Financial assets at fair value through other comprehensive income	—	(8,871)	(6,970)
Derivatives	1,258	—	(60)
Intangible assets	19	—	8
Other tangible assets	1,177	—	(1)
Others	(10,866)	(859)	6,338
	16,848	(10,170)	(3,274)
	(50,767)	(10,170)	(3,274)
Current taxes			
Current period	(27,366)	(751)	—
	(27,366)	(751)	—
	(78,133)	(10,921)	(3,274)

(a) The amount recorded in reserves refers to the deferred tax on the part of tax loss arising from the deduction of negative equity changes recorded in reserves that contribute to the calculation of taxable income.

The reconciliation between the nominal tax rate and the effective tax rate is analysed as follows:

(Thousands of euros)

	31 March 2025	31 March 2024
Net income before income taxes	378,243	334,760
Current tax rate (%)	30.5%	31.5%
Tax at the applicable tax rate	(115,364)	(105,449)
Non-deductible impairment and provisions (a)	(2,617)	(8,547)
Mandatory contributions on the banking sector (b)	(8,755)	(2,775)
Results of companies accounted by the equity method	3,989	3,283
Interests on other equity instruments (c)	2,478	2,914
Effect of the tax rate difference (d)	17,074	7,610
Effect of recognition/derecognition net of deferred taxes (e)	(15,476)	20,403
Non-deductible costs and other corrections	2,496	465
Correction of previous periods	1,377	2,432
Impact of the special regime for the taxation of groups of companies	2,692	1,696
Autonomous tax	(137)	(165)
Total	(112,243)	(78,133)
Effective rate (%)	29.7%	23.3%

(a) In 2025 includes the negative amount of EUR 14,695,000 (2024: negative EUR 9,473,000) related to the impact of the non-deductibility for tax purposes of the provisions related to legal risks associated with the mortgage loans portfolio granted in foreign currency by Bank Millennium.

(b) Refers to mandatory contributions on the banking sector in Portugal and in Poland.

(c) Relates to the impact of the deduction for taxable income purposes of interest paid in respect of perpetual bonds representing subordinated debt issued in 31 January 2019 and 18 January 2024.

(d) In 2025 this balance includes the amount of EUR 4,725,000 (2024: EUR 4,739,000) related with the effect of the taxation of 20% tax on interests of Mozambique's public debt securities and the amount of EUR 8,721,000 (2024: EUR 3,740,000) related to the effect of the difference in the tax rate on taxable profits in Poland, which is 19%, on a net income before income tax.

(e) In 2025, includes the reduction of EUR 9,785,000 of deferred tax assets recognised by Bank Millennium relating to future adjustments of income (interest, commissions and foreign exchange gains) obtained on foreign currency-indexed mortgage loans and mortgage loans contracts granted in foreign currency (in particular in Swiss francs) subject to legal disputes for their cancellation (following the decision of the Supreme Administrative Court of 6 December 2023) and EUR 8,859,000 relating to the non-recognition of deferred tax assets on the 2025 tax loss of Banco Internacional de Moçambique.

In 2024, it includes the recognition of deferred tax assets of EUR 11,934,000 by Bank Millennium relating to future adjustments of income (interest, commissions and exchange gains) obtained on foreign currency-indexed mortgage loans and mortgage loans contracts granted in foreign currency (in particular in Swiss francs) subject to legal disputes for their cancellation, EUR 10,752,000 relating to the additional recognition of deferred tax assets by Banco Comercial Português relating to credit impairments not deducted for tax purposes in previous years and the negative amount of EUR 2,281,000 relating to the non-recognition of deferred tax assets on the 2024 tax loss of Banco Internacional de Moçambique.

Directive (EU) 2022/2523 of the Council, of 15 December 2022 – Minimum level of taxation of 15% per jurisdiction

Under Pillar 2 of the Base Erosion and Profit Shifting 2.0 ("BEPS 2.0") project of the Organisation for Economic Co-operation and Development ("OECD"), enshrined in Council Directive (EU) 2022/2523 of 15 December 2022, multinationals enterprises and large national groups with consolidated annual revenues of more than EUR 750 million in at least two of the last four financial years, will become subject, as of the 2024 financial year, to a minimum level of taxation of 15% in each of the jurisdiction they operate.

Directive (EU) 2022/2523, on ensuring a worldwide minimum level of taxation for multinational companies groups and large national groups within the Union, was transposed into domestic legislation in Portugal, through Law No. 41/2024, of 8 November. In Poland, the transposition of this Directive took place on 15 November 2024.

The regime in question may determine the payment of a top-up tax when a minimum level of taxation of 15% is not observed, on a jurisdictional basis.

According to the analysis carried out on the potential future impacts of this regime, the Group estimates that it will meet, in the jurisdictions in which it operates, namely in Portugal, Poland and Mozambique, the necessary requirements for the application of "transitional safe harbours", thus being excluded, between 2024-2026, from the obligation to calculate any top-up tax.

31. Other assets

This balance is analysed as follows:

(Thousands of euros)

	31 March 2025	31 December 2024
Deposit account applications	57,898	58,404
Shareholder Loans	122,588	121,188
Surplus in the post-employment benefits	150,064	148,229
Debtors for futures and options transactions	156,952	151,776
Real estate and other assets arising from recovered loans	293,831	293,150
Debtors		
Residents		
Receivables from real estate, transfers of assets and other securities	56,677	57,446
Prosecution cases / agreements with the Bank	8,743	8,795
SIBS	1,747	2,770
Others	27,145	34,182
Non-residents	26,806	23,890
Amounts due for collection	62,566	113,333
Interest and other amounts receivable	102,791	84,653
Amounts receivable on trading activity	173,278	1,584
Amounts due from customers	221,123	103,144
Artistic patrimony	28,796	28,796
Prepaid expenses	30,049	26,716
Subsidies receivables	16,098	14,908
Other recoverable tax	7,626	7,878
Gold and other precious metals	3,686	3,693
Capital supplementary contributions	165	165
Associates	3,217	489
Others	522,883	455,953
	2,074,729	1,741,142
Impairment for other assets	(279,350)	(276,896)
	1,795,379	1,464,246

The balance Amounts receivable on trading activity corresponds to operations awaiting financial settlement.

The detail of the item Real estate and other assets arising from recovered loans is analysed as follows:

(Thousands of euros)

	31 March 2025			31 December 2024		
	Gross value	Impairment	Net value	Gross value	Impairment	Net value
Real estate						
Assets arising from recovered loans	120,358	(51,109)	69,249	118,564	(49,917)	68,647
Assets belong to investments funds and real estate companies	137,598	(77,518)	60,080	137,598	(77,518)	60,080
Assets for own use (closed branches)	12,158	(4,817)	7,341	12,328	(4,817)	7,511
Equipment	14,148	(8,804)	5,344	14,792	(9,204)	5,588
Other assets (*)	9,569	—	9,569	9,868	(19)	9,849
	293,831	(142,248)	151,583	293,150	(141,475)	151,675

(*) includes Shares, Price Deposit and Property Adjudication Proposals

The changes occurred in Impairment of other assets, with the exception of impairment for Real estate and other assets arising from recovered loans are analysed as follows:

(Thousands of euros)

	31 March 2025	31 December 2024
Balance as at 1 January	135,421	184,992
Other transfers	35	(113)
Charge for the period (note 13)	2,393	18,407
Reversals for the period (note 13)	(715)	(5,339)
Amounts charged-off	(18)	(62,825)
Exchange rate differences	(14)	299
Balance at the end of the period	137,102	135,421

The changes occurred in impairment for Real Estate and other assets arising from recovered loans, are analysed as follow:

(Thousands of euros)

	31 March 2025	31 December 2024
Balance as at 1 January	141,475	136,840
Other transfers	37	(8,461)
Charge for the period (note 13)	2,112	33,875
Reversals for the period (note 13)	—	(407)
Amounts charged-off	(227)	(21,891)
Exchange rate differences	(1,149)	1,519
Balance at the end of the period	142,248	141,475

32. Deposits from credit institutions and other funds

This balance is analysed as follows:

(Thousands of euros)

	31 March 2025			31 December 2024		
	Non-interest bearing	Interest bearing	Total	Non-interest bearing	Interest bearing	Total
Deposits from Central Banks and other funds						
Central Banks abroad	—	128,761	128,761	—	116,330	116,330
Deposits from credit institutions in Portugal and other funds						
Very short-term deposits	—	75,935	75,935	—	30,908	30,908
Sight deposits	44,780	—	44,780	80,839	—	80,839
Term Deposits	—	130,552	130,552	—	187,655	187,655
	44,780	206,487	251,267	80,839	218,563	299,402
Deposits from credit institutions abroad and other funds						
Repayable on demand	64,637	—	64,637	65,217	—	65,217
Term deposits	—	74,624	74,624	—	139,446	139,446
Loans obtained	—	646	646	—	817	817
CIRS and IRS operations collateralised by deposits (*)	96,114	—	96,114	105,027	—	105,027
Sales operations with repurchase agreement	—	176,290	176,290	—	45,414	45,414
Others	—	26,263	26,263	—	6,066	6,066
	160,751	335,311	496,062	170,244	191,743	361,987
	205,531	670,559	876,090	251,083	526,636	777,719

(*) Under the scope of transactions involving derivative financial instruments (IRS and CIRS) with institutional counterparties, and in accordance with the terms of their respective agreements ("Cash collateral"). These deposits are held by the Group and are reported as collateral for the referred operations (IRS and CIRS), whose revaluation is positive.

33. Deposits from customers and other funds

This balance is analysed as follows:

(Thousands of euros)

	31 March 2025			31 December 2024		
	Non-interest bearing	Interest bearing	Total	Non-interest bearing	Interest bearing	Total
Deposits from customers						
Repayable on demand	47,716,409	738,567	48,454,976	47,313,543	598,911	47,912,454
Term deposits	—	29,310,006	29,310,006	—	29,300,652	29,300,652
Saving accounts	—	4,484,320	4,484,320	—	4,063,719	4,063,719
Treasury bills and other assets sold under repurchase agreement	—	249,236	249,236	—	—	—
Cheques and orders to pay	561,320	—	561,320	469,282	—	469,282
	48,277,729	34,782,129	83,059,858	47,782,825	33,963,282	81,746,107
Corrections to the liabilities value subject to hedging operations			125,173			158,201
Interests payable			168,811			180,379
			83,353,842			82,084,687

In the terms of the Law, the Deposit Guarantee Fund was established to guarantee the repayment of funds deposited in Credit Institutions. The criteria to calculate the annual contributions to the Portuguese fund are defined in the Regulation no. 11/94 of the Banco de Portugal.

34. Non-subordinated debt securities issued

This balance is analysed as follows:

(Thousands of euros)

	31 March 2025	31 December 2024
Bonds	585,781	393,113
Medium term notes (MTN)	2,995,466	2,995,028
Securitisations	102,108	106,331
	3,683,355	3,494,472
Corrections to the liabilities value subject to hedging operations	(7,151)	(5,507)
Deferred cost s/ (gains)	(10,171)	(10,403)
Interests payable	77,818	50,148
	3,743,851	3,528,710

35. Subordinated debt

This balance is analysed as follows:

(Thousands of euros)

	31 March 2025	31 December 2024
Bonds		
Non-Perpetual	1,385,076	1,407,796
Corrections to the liabilities value subject to hedging operations (note 54)	(8,162)	(17,808)
Deferred costs / (income)	(2,011)	(1,142)
Interests payable	20,473	38,513
	1,395,376	1,427,359

As at 31 March 2025, the subordinated debt issues are analysed as follows:

(Thousands of euros)

	31 March 2025					
Issue	Issue date	Repayment date	Interest rate	Nominal value	Book value	Own funds value (*)
Banco Comercial Português						
Bcp Fix Rate Reset Sub Notes-Emtn 854	December, 2017	December, 2027	See reference (i)	86,800	88,432	46,632
BCP Tier 2 Subord Callable Notes Due May 2032 - MTN 858	November, 2021	May, 2032	See reference (ii)	300,000	297,542	297,542
BCP2022 Tier 2 Sub Callable Notes Due 2 June 2033 MTN 860	December, 2022	March, 2033	See reference (iii)	133,700	135,231	135,231
BCP2025 Tier2 Sub Callable Notes Due 20 March 2037 MTN 863	March, 2025	March, 2037	See reference (iv)	500,000	502,009	502,009
Bank Millennium						
Bank Millennium - BKMO_071227R	December, 2017	December, 2027	8.08 %	167,112	171,329	36,645
Bank Millennium - BKMO_300129W	January, 2019	January, 2029	8.17 %	198,147	200,789	43,451
Magellan No. 3						
Magellan No. 3 Series 3 Class F	June, 2005	May, 2058	-	44	44	—
					1,395,376	1,061,510

(*) Amount of subordinated loans, eligible as Level 2 own funds, in accordance with Articles 62 a), 63 to 65, 66 a) and 67 of the CRR.

References - Interest rate:

(i) up to the 5th year fixed rate 4.5%; 6th year and following: mid-swap rate in force at the beginning of this period + 4.267%.

(ii) Interest rate of 4%, per annum, during the first 5 years and 6 months (corresponding to a spread of 4.065% over the average of the mid-swap rates of 5 and 6 years). At the end of the first 5 years and 6 months the interest rate will be reset to maturity based on the 5-year mid swaps rate prevailing at that time plus the Spread.

(iii) Fixed annual interest rate of 8.75% during the first 5.25 years. The annual interest rate from year 5.25 onwards was set at the 5-year mid-swap rate plus a 6.051%.

(iv) up to the 7th year fixed rate 4.75%; 8th year and following: mid-swap rate in force at the beginning of this period + 2.15%.

As at 31 December 2024, the subordinated debt issues are analysed as follows:

(Thousands of euros)

	31 December 2024					
Issue	Issue date	Repayment date	Interest rate	Nominal value	Book value	Own funds value (*)
Banco Comercial Português						
Bcp Fix Rate Reset Sub Notes-Emtn 854	December, 2017	December, 2027	See reference (i)	166,300	167,306	97,540
Bcp Subord Fix Rate Note Projeto Tagus Mtn 855	September, 2019	March, 2030	See reference (ii)	450,000	459,580	459,581
BCP Tier 2 Subord Callable Notes Due May 2032 - MTN 858	November, 2021	May, 2032	See reference (iii)	300,000	293,154	293,154
BCP2022 Tier 2 Sub Callable Notes Due 2 June 2033 MTN 860	December, 2022	March, 2033	See reference (iv)	133,700	141,962	141,962
Bank Millennium						
Bank Millennium - BKMO_071227R	December, 2017	December, 2027	8.12 %	163,678	164,548	43,384
Bank Millennium - BKMO_300129W	January, 2019	January, 2029	8.94 %	194,075	200,765	51,441
Magellan No. 3						
Magellan No. 3 Series 3 Class F	June, 2005	May, 2058	-	44	44	—
					1,427,359	1,087,062

(*) Amount of subordinated loans, eligible as Level 2 own funds, in accordance with Articles 62 a), 63 to 65, 66 a) and 67 of the CRR.

References - Interest rate:

(i) up to the 5th year fixed rate 4.5%; 6th year and following: mid-swap rate in force at the beginning of this period + 4.267%;

(ii) Annual interest rate of 3.871% during the first 5.5 years (corresponding to a spread of 4.231% over the 5.5-year mid-swap rate, for the remaining 5 years will be applied over the mid-swap rate in force at the beginning of that period).

(iii) Interest rate of 4%, per annum, during the first 5 years and 6 months (corresponding to a spread of 4.065% over the average of the mid-swap rates of 5 and 6 years). At the end of the first 5 years and 6 months the interest rate will be reset to maturity based on the 5-year mid swaps rate prevailing at that time plus the Spread.

(iv) Fixed annual interest rate of 8.75% during the first 5.25 years. The annual interest rate from year 5.25 onwards was set at the 5-year mid-swap rate plus a 6.051%.

36. Financial liabilities held for trading

This balance is analysed as follows:

(Thousands of euros)

	31 March 2025	31 December 2024
Short selling securities	68,751	44,607
Trading derivatives (note 23)		
Swaps	107,389	84,308
Options	38,074	45,140
of which: Embedded derivatives	36,135	42,477
Forwards	5,176	5,572
	150,639	135,020
	219,390	179,627

37. Financial liabilities designated at fair value through profit or loss

This balance is analysed as follows:

(Thousands of euros)

	31 March 2025	31 December 2024
Deposits from customers (*)	1,742,317	1,956,851
Certificates	1,318,377	1,292,006
	3,060,694	3,248,857

(*) Deposits from customers whose remuneration is indexed to a set of shares and/or indices.

38. Provisions

This balance is analysed as follows:

(Thousands of euros)

	31 March 2025	31 December 2024
Provision for guarantees and other commitments	113,900	118,039
Other provisions for liabilities and charges	1,052,608	967,819
	1,166,508	1,085,858

Changes in Provisions for guarantees and other commitments are analysed as follows:

(Thousands of euros)

	31 March 2025	31 December 2024
Balance as at 1 January	118,039	121,574
Transfers	—	(1,105)
Charge for the period (note 14)	8,432	34,826
Reversals for the period (note 14)	(12,760)	(37,481)
Exchange rate differences	189	225
Balance at the end of the period	113,900	118,039

Changes in Other provisions for liabilities and charges are analysed as follows:

(Thousands of euros)

	31 March 2025	31 December 2024
Balance as at 1 January	967,819	631,529
Transfers	134	(9,801)
Charge for the period (note 14)	109,751	588,351
Reversals for the period (note 14)	(976)	(4,672)
Amounts charged-off	(6,917)	(74,968)
Allocation to loan's portfolio (note 21)	(31,490)	(172,078)
Exchange rate differences	14,287	9,458
Balance at the end of the period	1,052,608	967,819

The balance Other provisions for liabilities and charges - Charge for the year refers essentially to provisions for legal risk accounted for by Bank Millennium, related to foreign currency-indexed mortgage loans, as described in note 51, which amounted to EUR 106,175,000 (31 December 2024: EUR 506,195,000).

Provisions for legal risk related to foreign currency-indexed mortgage loans in Bank Millennium (Poland)

Bank Millennium estimated the impact of legal risk on the recoverability of the expected cash flows resulting from concluded contracts for the active portfolio of mortgage loans in CHF, adjusting, in accordance with point B5.4.6 of IFRS 9, the gross carrying amount of the portfolio by reducing the expected cash flows from mortgage loan contracts denominated or indexed to CHF, and recognised a provision in accordance with International Accounting Standard 37 Provisions, Contingent Liabilities and Contingent Assets (“IAS 37”) for fully repaid loans and in a situation where the gross carrying amount of the loan was lower than the value of the assessed risk.

A detailed description of the adopted valuation methodology is presented in note 51 "Legal risk related to foreign currency mortgage loans in Bank Millennium (Poland)".

As at 31 March 2025, the Loans and advances to customers portfolio in CHF has a gross amount of EUR 1,483,837,000 (31 December 2024: EUR 1,642,802,000).

As at 31 March 2025, the provisions estimated by Bank Millennium to address the legal risk related to foreign currency-indexed mortgage loans amount to EUR 1,931,729,000 (PLN 8,091,628,000), of which EUR 1,188,756,000 (PLN 4,979,462,000) are presented under assets, as a deduction from the gross amount of the loan portfolio in CHF (note 21) and EUR 742,973,000 (PLN 3,112,166,000) are presented under Provisions.

As at 31 December 2024, the provisions estimated by Bank Millennium to address the legal risk related to foreign currency-indexed mortgage loans amounted to EUR 1,979,025,000 (PLN 8,463,696,000), of which EUR 1,324,672,000 (PLN 5,665,224,000) are presented under assets, as a deduction from the gross amount of the loan portfolio in CHF (note 21) and EUR 654,353,000 (PLN 2,798,472,000) are presented under Provisions.

The variation in the level of provisions or concrete losses will depend on the final court decisions about each case and on the number of court cases, as described in accounting policy 1 Y7 and note 51.

39. Other liabilities

This balance is analysed as follows:

(Thousands of euros)

	31 March 2025	31 December 2024
Interests and other amounts payable	216,297	193,967
Operations to be settled - foreign, transfers and deposits	555,380	240,727
Credit insurance received and to accrued	17,886	26,675
Holidays, subsidies and other remuneration payable	48,526	59,576
Transactions on securities to be settled	128,189	2,757
Public sector	46,266	53,902
Creditors		
Rents to pay	201,560	209,110
Deposit account and other applications	117,111	124,872
Suppliers	20,868	56,896
From factoring operations	32,683	21,882
For futures and options transactions	16,918	13,533
Liabilities not covered by the Group Pension Fund - amounts payable by the Group	9,197	8,780
Associates	—	14
Other creditors		
Residents	41,457	45,016
Non-residents	71,974	71,290
Deferred income	11,624	12,065
Other administrative costs payable	5,331	3,447
Other liabilities	275,790	291,236
	1,817,057	1,435,745

The balance Amounts payable on trading activity corresponds to transactions awaiting financial settlement.

40. Share capital, Share premium and Other equity instruments

As at 31 March 2025, the Bank's share capital amounts to EUR 3,000,000,000 and is represented by 15,113,989,952 nominative book-entry shares without nominal value, fully subscribed and paid up.

As at 31 March 2025, the Share premium amounts to EUR 16,470,667.11, corresponding to the difference between the issue price (EUR 0.0834 per share) and the issue value (EUR 0.08 per share) determined under the scope of the Exchange Offer occurred in June 2015.

As at 31 March 2025, the Other equity instruments in the amount of EUR 400,000,000 corresponds to 2,000 perpetual subordinated notes issued on 18 January 2024, with a nominal value of EUR 200,000 each which was classified as Additional Tier 1 (AT1) in accordance with the specific rules of IAS 32 and accounting policy 1 E. The issue has the option of early repayment by the Bank from the end of 5th year onwards with a coupon of 8.125% per year for the first 5.5 years, which will be refixed from that date every 5 years, with reference to the then prevailing 5-year mid-swap rate plus a spread of 5.78% a year. As the operation is classified as AT1, the corresponding interest payment can be cancelled by the Bank at its discretion or by imposition of the competent authorities and is still subject to compliance with a set of conditions, including compliance with the combined capital reserve requirement and the existence of sufficient distributable funds.

The Bank also decided, in accordance with its terms and conditions, to exercise the option of early repayment of the entire AT1 issue issued on 31 January 2019 in the amount of EUR 400,000,000. The early repayment took place on their first call date, 31 January 2024, at the nominal value plus the respective accrued interests.

41. Legal and statutory reserves

Under the Portuguese legislation, the Bank is required to annually set-up a legal reserve equal to a minimum of 10% of annual profits until the reserve equals the share capital, or until the sum of the free reserves constituted and the retained earnings, if higher. In accordance with the proposal for the appropriation of net income for the 2023 financial year approved at the General Shareholders' Meeting held on 22 May 2024, the Bank increased its legal reserves in the amount of EUR 68,027,000, thus, as at 31 March 2025 the Legal Reserves amount to EUR 384,402,000 (31 December 2024: EUR 384,402,000).

In accordance with the current Portuguese legislation, the Group companies must set-up annually a reserve with a minimum percentage between 5% and 20% of their net annual profits depending on the nature of their economic activity and are recognised in Other reserves and retained earnings in the Bank's consolidated financial statements (note 42).

42. Reserves and retained earnings

This balance is analysed as follows:

(Thousands of euros)

	31 March 2025	31 December 2024
Fair value changes - Gross amount		
Financial assets at fair value through other comprehensive income (note 23)		
Debt instruments (*)	2,839	409
Equity instruments	(966)	(1,051)
Of associates and other changes	12,857	5,556
Cash-flow hedge	(778,249)	(876,708)
From financial liabilities designated at fair value through profit or loss related to changes in own credit risk	(396)	(660)
	(763,915)	(872,454)
Fair value changes - Tax		
Financial assets at fair value through other comprehensive income		
Debt instruments	106	440
Equity instruments	641	655
Cash-flow hedge	235,593	265,315
From financial liabilities designated at fair value through profit or loss related to changes in own credit risk	120	200
	236,460	266,610
	(527,455)	(605,844)
Exchange differences arising on consolidation		
Bank Millennium, S.A.	(2,691)	(21,946)
BIM - Banco Internacional de Moçambique, S.A.	(143,708)	(128,243)
Banco Millennium Atlântico, S.A.	(184,081)	(181,875)
Others	1,628	1,591
	(328,852)	(330,473)
Application of IAS 29		
Effect on equity of Banco Millennium Atlântico, S.A.	51,430	50,964
Others	(3,965)	(3,965)
	47,465	46,999
Other reserves and retained earnings	4,175,837	3,276,910
	3,366,995	2,387,592

(*) Includes the effects arising from the application of hedge accounting.

The fair value changes correspond to the accumulated changes of the Financial assets at fair value through other comprehensive income and Cash flow hedge, in accordance with the accounting policy presented in note 1 C.

The variation in the fair value of cash flow hedges reflects the economic impact on these hedges of the pronounced increase in market interest rates, an effect that is more than offset by the economic impact on the fair value of liabilities that are more sensitive to such an increase and that are accounted for at amortised cost.

43. Non-controlling interests

This balance is analysed as follows:

(Thousands of euros)

	31 March 2025	31 December 2024
Fair value changes		
Debt instruments	(657)	(7,277)
Equity instruments	4,149	4,059
Cash-flow hedge	(1,912)	(2,889)
Other	2	4
	1,582	(6,103)
Deferred taxes		
Debt instruments	1,356	1,922
Equity instruments	(799)	(783)
Cash-flow hedge	393	549
Other	(859)	—
	91	1,688
	1,673	(4,415)
Exchange differences arising on consolidation	(99,895)	(111,335)
Actuarial losses (net of taxes)	(150)	(156)
Other reserves and retained earnings	1,236,155	1,213,620
	1,137,783	1,097,714

The balance Non-controlling interests is analysed as follows:

(Thousands of euros)

	Balance Sheet		Income Statement	
	31 March 2025	31 December 2024	31 March 2025	31 March 2024
Bank Millennium Group	954,083	906,757	21,354	14,832
BIM - Banco Internacional de Moçambique Group	172,272	179,502	1,221	7,534
Other subsidiaries	11,428	11,455	(27)	(48)
	1,137,783	1,097,714	22,548	22,318

44. Guarantees and other commitments

This balance is analysed as follows:

(Thousands of euros)

	31 March 2025	31 December 2024
Guarantees granted		
Guarantees	3,967,916	3,958,506
Stand-by letter of credit	83,057	90,380
Open documentary credits	228,860	219,509
Bails and indemnities	9,865	9,865
	4,289,698	4,278,260
Commitments to third parties		
Irrevocable commitments		
Term deposits contracts	752	81
Irrevocable credit facilities	5,267,837	5,359,955
Securities subscription	12,538	14,949
Other irrevocable commitments	106,907	109,004
Revocable commitments		
Revocable credit facilities	6,215,895	6,488,735
Bank overdraft facilities	953,554	1,022,545
Other revocable commitments	128,043	131,243
	12,685,526	13,126,512
Guarantees received	26,744,541	27,329,443
Commitments from third parties	11,742,906	11,715,068
Securities and other items held for safekeeping	85,667,738	86,897,547
Securities and other items held under custody by the Securities Depository Authority	91,169,862	89,014,967
Other off balance sheet accounts	148,361,790	144,802,013

The guarantees granted by the Group may be related to loans transactions, where the Group grants a guarantee in connection with a loan granted to a customer by a third entity. According to its specific characteristics it is expected that some of these guarantees expire without being executed and therefore these transactions do not necessarily represent a cash-outflow. The estimated liabilities are recorded under provisions (note 38).

Stand-by letters and open documentary credits aim to ensure the payment to third parties from commercial deals with foreign entities and therefore financing the shipment of the goods. Therefore, the credit risk of these transactions is limited since they are collateralised by the shipped goods and are generally short-term operations.

Irrevocable commitments are non-used parts of credit facilities granted to corporate or retail customers. Many of these transactions have a fixed term and a variable interest rate and therefore the credit and interest rate risk are limited.

The financial instruments accounted as guarantees and other commitments are subject to the same approval and control procedures applied to the credit portfolio, namely regarding the analysis of objective evidence of impairment, as described in the accounting policy in note 1.C. The maximum credit exposure is represented by the nominal value that could be lost related to guarantees and commitments undertaken by the Group in the event of default by the respective counterparties, without considering potential recoveries or collaterals.

45. Transfers of assets

The Group performed a set of transactions of sale of financial assets (namely loans and advances to customers) for Funds specialized in the recovery of loans. These funds take the responsibility for management of the borrower companies or assets received as collateral with the objective of ensuring a pro-active management through the implementation of plans to explore/increase the value of the companies/assets.

The specialized funds in credit recovery that acquired the financial assets are closed funds, in which the holders of the participation units have no possibility to request the repayment of its participation units throughout the useful life of the fund. These participation units are held by several banks, which are the sellers of the loans, in percentages that vary through the useful life of the Funds, ensuring however that, separately, none of the banks hold more than 50% of the capital of the Fund.

The Funds have a specific management structure (General Partner), fully independent from the assignor banks and that is selected on the date of establishment of the Fund. The management structure of the Fund has as main responsibilities to: (i) determine the objective of the Fund and (ii) administrate and manage exclusively the Fund, determining the objectives and investment policy and the conduct in management and business of the Fund. The management structure is remunerated through management commissions charged to the Funds.

These funds (in which the Group holds minority positions) establish companies in order to acquire the loans to the banks, which are financed through the issuance of senior and junior securities. The value of the senior securities fully subscribed by the Funds that hold the share capital match the fair value of the asset sold, determined in accordance with a negotiation based on valuations performed by both parties.

The value of the junior securities is equivalent to the difference between the fair value that was based on the valuation of the senior security and the value of the transferred receivables. These junior securities, being subscribed by the Group, will entitle the Group to a contingent positive value if the value of the assets transferred exceeds the amount of the senior tranches plus the remuneration on them. Thus, considering these junior assets reflect a difference between the valuations of the assets sold based on the appraisals performed by independent entities and the negotiation between the parties, the Group performs the constitution of impairment losses for all of them.

Therefore, as a result of the transfer of assets occurred operations, the Group subscribed:

- Senior securities (participation units) of the funds, for which the cash-flows arise mainly from a set of assets transferred from the participant banks. These securities are booked in Financial assets not held for trading mandatorily at fair value through profit or loss portfolio and are accounted for at fair value based on the last available Net assets value (NAV), as disclosed by the Management companies and audited at year end, still being analysed by the Bank;

- Junior securities (with higher subordination degree) issued by the Portuguese law companies held by the funds and which are fully provided to reflect the best estimate of impairment of the financial assets transferred.

Within this context, not withholding control but maintaining an exposure to certain risks and rewards, the Group, in accordance with IFRS 9 3.2 performed an analysis of the exposure to the variability of risks and rewards in the assets transferred, before and after the transaction, having concluded that it does not hold substantially all the risks and rewards. Considering that it does not hold control and does not exercise significant influence on the funds or companies' management, the Group performed, under the scope of IAS IFRS 9 3.2, the derecognition of the assets transferred and the recognition of the assets received.

The results were calculated on the date of transfer of the assets. During the first quarter of 2025 and in the financial year 2024, no credits were sold to corporate restructuring funds.

The amounts accumulated as at 31 March 2025, related to these operations, are analysed as follows:

(Thousands of euros)

	Assets transferred	Net assets transferred	Received value	Net gains / (losses)
Fundo Recuperação FCR (a)	343,266	243,062	232,267	(10,795)
Fundo Aquarius FCR (b)	132,635	124,723	132,635	7,912
Discovery Real Estate Fund (b)	211,388	152,155	138,187	(13,968)
Fundo Vega FCR (c)	113,665	113,653	109,599	(4,054)
	800,954	633,593	612,688	(20,905)

The activity segments are as follows: a) Diversified; b) Real estate and tourism; and c) Real estate.

The amounts accumulated as at 31 December 2024, related to these operations, are analysed as follows:

(Thousands of euros)

	Assets transferred	Net assets transferred	Received value	Net gains / (losses)
Fundo Recuperação FCR (a)	343,266	243,062	232,267	(10,795)
Fundo Aquarius FCR (b)	132,635	124,723	132,635	7,912
Discovery Real Estate Fund (b)	211,388	152,155	138,187	(13,968)
Fundo Vega FCR (c)	113,665	113,653	109,599	(4,054)
	800,954	633,593	612,688	(20,905)

The activity segments are as follows: a) Diversified; b) Real estate and tourism; and c) Real estate.

As at 31 March 2025 and 31 December 2024, the assets received under the scope of these operations are comprised of:

(Thousands of euros)

	31 March 2025		
	Fair value of Investment fund units (note 23)	Shareholder Loans (note 31)	Total
Fundo Recuperação FCR	13,987	—	13,987
Fundo Aquarius FCR	71,342	—	71,342
Discovery Real Estate Fund	174,799	—	174,799
Fundo Vega FCR	32,726	—	32,726
	292,854	—	292,854

(Thousands of euros)

	31 December 2024		
	Fair value of Investment fund units (note 23)	Shareholder Loans (note 31)	Total
Fundo Recuperação FCR	13,987	—	13,987
Fundo Aquarius FCR	88,876	—	88,876
Discovery Real Estate Fund	167,894	—	167,894
Fundo Vega FCR	32,471	—	32,471
	303,228	—	303,228

As at 31 March 2025 and 31 December 2024, the book value of these assets is recorded under Financial assets not held for trading mandatorily at fair value through profit or loss and considers the Fund's Global Net Asset Value (NAV) communicated by the Management Companies.

The balance Shareholder Loans in the gross amount of EUR 115,236,000 (31 December 2024: EUR 113,840,000) is fully provisioned.

Project Crow

As part of the sale process called Project Crow concluded at the end of 2022, Banco Comercial Português, S.A. now holds an investment in a venture capital fund, in 2 real estate funds and in a company, as follows:

(Thousands of euros)

	31 March 2025	31 December 2024
Investments in associates (note 25)		
Fundo Turismo Algarve, FCR	41,045	41,045
Lusofundo - Fundo de Investimento Imobiliário Fechado (in liquidation)	16,755	19,175
Fundo Especial de Investimento Imobiliário Fechado Eurofundo (in liquidation)	4,369	4,305
	62,169	64,525

As referred in note 38, there are provisions for liabilities and charges recorded for corporate restructuring funds and carved-out assets of the Project Crow.

46. Relevant events occurred during the first quarter of 2025

Banco Comercial Português, S.A. informed about the decision to launch a tender offer on a T2 Notes issue due December 2027

On 13 March 2025, Banco Comercial Português, S.A. ("BCP") informed it has decided to launch a tender offer (the "Offer") in respect to its outstanding EUR300,000,000 4.50% T2 Subordinated Fixed Rate Reset Notes due December 2027 (ISIN: PTBCPWOM0034) (the "Notes").

The Offer is conditional on the successful completion of the issuance of a new series of Subordinated Fixed Rate Reset Notes to be issued off the Banks' Euro Note Programme, subject to market conditions in amount of at least EUR 450,000,000 (the "New Notes").

When considering allocation of the New Notes, BCP may give preference to those noteholders that, prior to such allocation, have validly tendered (or have given a firm intention to tender) their Notes for purchase pursuant to the Offer.

The purpose of the Offer is to proactively manage BCP's capital structure and debt profile. The Offer also provides liquidity for investors in the Notes simultaneously with the opportunity to apply for priority allocation in the new Tier 2 issuance.

Banco Comercial Português, S.A. informed about issue of Tier 2 Notes

On 13 March 2025, Banco Comercial Português, S.A. hereby informed, that on the same day, Bank has fixed the terms for a new issue of subordinated Tier 2 Notes under its Euro Note Programme.

The issue, in the amount of EUR 500 million, will have a tenor of 12 years, with the option of early redemption by the Bank in the last three months of year 7, an annual interest rate of 4.75% during the first 7 years (corresponding to a spread of 2.150% (the "Spread") over the 7-year mid-swap rate). The interest rate for the last 5 years will be determined on the basis of the then applicable 5-year mid-swap rate plus the Spread.

Banco Comercial Português, S.A. informed about decision to early redeem in full the EUR 450,000,000 Subordinated Fixed Rate Reset Notes due 27 March 2030 bond issue

On 10 March 2025, Banco Comercial Português, S.A. informed that it has decided to exercise its option to early redeem all of its EUR450,000,000 Subordinated Fixed Rate Reset Notes due 27 March 2030 (ISIN: PTBIT3OM0098), issued on 27 September 2019 under the EUR 25,000,000,000 Euro Note Programme (the “Notes”), in accordance with condition 6(d) of the terms and conditions of the Notes and the final terms of the Notes. The early redemption of the Notes shall take place on the optional redemption date set out in the final terms of the Notes, 27 March 2025, at their outstanding principal amount together with accrued interest.

Downgrade of the rating attributed by S&P – Standard & Poor’s to Mozambique’s external debt

On 19 February 2025, Standard & Poor's (S&P) announced a downgrade of Mozambique's external debt rating (local currency, long-term) to CCC-. Based on S&P's 2025 rating analysis and the Bank's methodology, the probability of default (PD) associated with this rating would be 23.29%. According to S&P, the main factors taken into account for this downgrade are the difficulties in foreign currency payments related to delays in natural gas projects and uncertainty in foreign aid flows, recently exacerbated by the US government's announcement of the suspension of USAID support to several countries, the impact of political and social unrest on the state's financial position, and the risk of possible measures to renegotiate local currency liabilities.

The estimated impact in February 2025 of this new downgrade to CCC - through the deterioration of the associated PD to 23.29% - corresponds to an increase in impairment of approximately MZN 1,188 million (EUR 17,902,000), taking into account the portfolio of securities held as at 28 February 2025.

Banco Comercial Português, S.A. informed on the co-optation of non-executive independent Director

On 22 January 2025, Banco Comercial Português, S.A. informed that its Board of Directors, in accordance with the law and the Bank's regulations on Succession Planning, today approved the co-optation of Esmeralda da Silva Santos Dourado as independent non-executive director of the Bank, thus filling the vacancy on the Board of Directors for the four-year period 2022-2025.

The co-optation was resolved following obtaining authorization from the European Central Bank to exercise her functions and will be submitted for ratification at the Bank's next General Meeting.

47. Consolidated Balance sheet and Income statement by geographic and operational segments

The segments presented are in accordance with IFRS 8. In accordance with the Group's management model, the segments presented correspond to the segments used for management purposes by the Executive Committee. The Group offers a wide range of banking activities and financial services in Portugal and abroad, with a special focus on Commercial Banking, Companies Banking and Private Banking.

Segments description

The Group operates in the Portuguese market and also in a few affinity markets with recognized growth potential. Considering this, the geographical segments are structured in Portugal and International Business (Poland, Mozambique and Other). Portugal segment reflects, essentially, the activities carried out by Banco Comercial Português in Portugal and ActivoBank.

Portugal activity includes the following segments: i) Retail Banking; ii) Companies and Corporate; iii) Private Banking and iv) Other.

Retail Banking includes the following business areas:

- Retail network, which ensures the monitoring of individual customers, entrepreneurs, merchants and small and medium enterprises with a turnover less than EUR 2.5 million. The Retail network strategic approach is to target “Mass Market” customers, who appreciate a value proposal based on innovation and speed, as well as Prestige and Small Business customers, whose specific characteristics, financial assets or income imply a value proposal based on innovation and personalization, requiring a dedicated Account Manager;

- Retail Recovery Division that manages customers or economic groups in effective default, as well as customers who have filed for bankruptcy or other similar mechanisms, aiming to minimize losses through agreements or payment restructuring processes; and

- ActivoBank, a bank focused on mainly young customers, who are intensive users of new communication technologies and who prefer a banking relationship based on simplicity, offering modern products and services.

Companies and Corporate segment includes:

- Companies and Corporate network, which monitors customers included in the corporate segment, economic groups and institutional entities, with a turnover higher than EUR 2.5 million, offering a wide range of traditional banking products complemented by specialized financing;

- Large Corporate network that assures the relationship and the monitoring of a set of Groups / Customers, which in addition to Portugal, develop their activity in several geographies (Poland, Angola, Mozambique and East), providing a complete range of value-added products and services;

- Specialized Recovery Division which ensures efficient tracking of customers with predictable or effective high risk of credit, from Companies, Corporate, Large Corporate and retail networks (exposure exceeding EUR 1 million), in order to defend the value and manage credit risk;

- Investment Banking unit, that ensures the offer of products and specific services, in particular financial advice, including corporate finance services, capital market transactions and analysis and financing structuring in the medium to long-term;

- Interfundos with the activity of management of real estate investment funds;

- Specialized Credit and Real Estate Department, with the mission of managing the Group's foreclosed assets portfolio, referred as non-performing assets, in order to place them back to the market.

- Treasury, Markets and International Department, which coordinates business with banks and financial institutions in order to better serve the Bank's commercial networks and operations abroad. This unit has a dynamic emphasis that promotes international business within commercial networks, aiming to be a partner for customers for internationalization. It also provides securities custody services to resident and non-resident customers, and grants the Bank's intervention in the financial markets, providing commercial services for treasury and markets products and managing the financial risks inherent to the Bank's activity.

The Private Banking segment comprises:

- Private Banking Division in Portugal, focused on high net worth individuals, based on a commitment to excellence and a personalized relationship with customers;
- Wealth Management Division, which provides advisory customer services and portfolio management for customers in the Private Banking network and the affluent segment.

All other businesses not previously discriminated are allocated to the Other segment (Portugal) and include centralized management of financial investments, corporate activities and operations not integrated in the remaining business segments and other amounts not allocated to segments.

International Business includes the following segments:

- Poland, where the Group is represented by Bank Millennium, a universal bank offering a wide range of financial products and services to individuals and companies nationwide. Polish activity is segmented as follow:
  - Retail Banking, which includes services aimed at mass-market customers, affluent customers and individual entrepreneurs, through a comprehensive offer of banking products and services, as well as the distribution of specialized products provided by the Group’s subsidiaries;
  - Companies and Corporate, focused on serving companies of all sizes, including public sector entities, with a high-quality suite of tailored banking solutions, complemented by cash management services, treasury products (including derivatives), and leasing and factoring offerings; and
  - Other covering the Group’s activities such as treasury management, brokerage operations, positions in debt securities and other items not allocated to specific segments, as well as the impacts of FX mortgage loans portfolio;

- Mozambique, where the Group is represented by BIM – Banco Internacional de Moçambique, a universal bank targeting companies and individual customers; and

- Other, which includes the contribution of the associate in Angola.

Business segments activity

The figures reported for each segment resulted from aggregating the subsidiaries and business units integrated in each segment. For the business units in Portugal, the aggregation process reflects the impact from capital allocation and balancing process in the balance sheet and income statement, based on average figures. The balance sheet headings for each business unit in Portugal were calculated considering the allocation process, based on the regulatory solvency criteria.

Considering that the process of capital allocation complies with the regulatory criteria of solvency in force, from 1 January 2025, the risk weighted assets, and consequently the capital allocated to the business segments, are determined in accordance with the Basel IV framework, pursuant to the CRD VI/CRR3 (in 2024, they are determined in accordance with the Basel III framework, pursuant to the CRD V/CRR2). The capital allocated to each segment resulted from the application of a target capital ratio to the risk weighted exposures managed by each segment, reflecting the application of the Basel IV methodology in 2025 (Basel III in 2024). The introduction of CRR3 led to a significant increase in risk weighted assets to cover operational risk. The impact in risk weighted assets to cover credit risk stemming from the introduction of CRR3 is reflected in Other segment. Each operation is balanced through internal transfers of funds, with impact on the net interest income and income taxes of each segment, hence with no impact on consolidated accounts.

Commissions and other net income, as well as operating costs calculated for each business area, are based on the amounts accounted for directly in the respective cost centres, on the one hand, and the amounts resulting from internal processes for allocating revenues and costs, for another. In this case, the allocation is based on the application of pre-defined criteria and subject to periodic review, related to the level of activity of each business area.

The following information has been prepared based on the individual and consolidated financial statements of the Group prepared in accordance with international financial reporting standards (IFRS), as adopted by the European Union (EU), at the reference date and with the Organization of the Group's business areas in force on 31 March 2025. Information relating to prior periods is restated whenever changes occur in the internal organization of the Group that affect the composition of the reportable segments or relevant changes in the criteria for allocation of indirect revenues and costs, as described in the previous paragraph, ensuring the comparability of the information provided across the reported periods.

The information in the financial statements of reportable segments is reconciled, at the level of the total revenue of those same segments, with the revenue from the demonstration of the consolidated financial position of the reportable entity for each date on which is lodged a statement of financial position.

As at 31 March 2025, the net contribution of the main geographical areas, for the income statement, is analysed as follows:

(Thousands of euros)

	31 March 2025				
		International			
	Portugal	Poland	Mozambique	Others (*)	Consolidated
INCOME STATEMENT					
Net interest income	325,834	338,532	56,691	—	721,057
Net fees and commissions income	147,783	43,576	10,070	—	201,429
Other net income	(2,035)	(54,376)	75	—	(56,336)
Gains/(losses) on financial operations (1)	13,297	12,402	3,825	—	29,524
Dividends from equity instruments	—	20	—	—	20
Share of profit of associates under the equity method	12,419	—	370	661	13,450
Net operating income	497,298	340,154	71,031	661	909,144
Operating expenses	168,637	134,869	36,214	—	339,720
Results on modification (2)	—	(4,179)	—	—	(4,179)
Impairment for credit and financial assets (3)	(37,728)	(19,160)	(21,514)	—	(78,402)
Other impairments and provisions (4)	(729)	(106,107)	(1,764)	—	(108,600)
Net income before income tax	290,204	75,839	11,539	661	378,243
Income tax	(71,323)	(33,045)	(7,875)	—	(112,243)
Net income after income tax					
from continuing operations	218,881	42,794	3,664	661	266,000
Net income for the period	218,881	42,794	3,664	661	266,000
Non-controlling interests	27	(21,354)	(1,221)	—	(22,548)
Net income for the period attributable to Bank's Shareholders	218,908	21,440	2,443	661	243,452

(*) Includes the contribution associated with the investments held in Angola, in Banco Millennium Atlântico.

(1) Includes results from financial operations at fair value through profit or loss, results from foreign exchange, results from hedge accounting operations and results arising from derecognition of financial assets and liabilities not measured at fair value through profit or loss.

(2) Includes the results of contractual amendments, namely, costs arising from negotiations with customers holding mortgage loans in foreign currency.

(3) Includes impairment of financial assets at amortised cost, for loans to customers (net of recoveries - principal and accrual) and for debt instruments related to credit operations. It also includes impairment of financial assets at amortised cost not associated with credit operations.

(4) Includes impairment of non current assets held for sale, investments in associated companies, goodwill, other assets and provisions, highlighting the provisions for legal proceedings related to mortgage loans granted in Swiss francs, booked by the Polish subsidiary.

The detail of the net contribution of the main geographies, by business areas, for the income statement, is analysed as follows:

(Thousands of euros)

	31 March 2025								
	Portugal					Poland			
	Retail banking	Companies and Corporate	Private banking	Others	Total Portugal	Retail banking	Companies and Corporate	Others	Total Poland
INCOME STATEMENT									
Net interest income	268,276	63,638	10,244	(16,324)	325,834	291,344	50,495	(3,307)	338,532
Net fees and commissions income	118,840	34,224	9,782	(15,063)	147,783	30,976	12,009	591	43,576
Other net income	2,300	2,211	23	(6,569)	(2,035)	2,454	470	(57,300)	(54,376)
Gains/(losses) on financial operations (1)	40	464	12	12,781	13,297	6,159	7,405	(1,162)	12,402
Dividends from equity instruments	—	—	—	—	—	—	—	20	20
Share of profit of associates under the equity method	—	—	—	12,419	12,419	—	—	—	—
Net operating income	389,456	100,537	20,061	(12,756)	497,298	330,933	70,379	(61,158)	340,154
Operating expenses	81,152	16,214	3,768	67,503	168,637	103,942	22,141	8,786	134,869
Results on modification (2)	—	—	—	—	—	(1,705)	69	(2,543)	(4,179)
Impairment for credit and financial assets (3)	(4,977)	(23,133)	32	(9,650)	(37,728)	(14,119)	(4,661)	(380)	(19,160)
Other impairments and provisions (4)	—	—	—	(729)	(729)	—	—	(106,107)	(106,107)
Net income before income tax	303,327	61,190	16,325	(90,638)	290,204	211,167	43,646	(178,974)	75,839
Income tax	(91,908)	(18,541)	(4,946)	44,072	(71,323)	(40,122)	(8,293)	15,370	(33,045)
Net income after income tax from continuing operations	211,419	42,649	11,379	(46,566)	218,881	171,045	35,353	(163,604)	42,794
Net income for the period	211,419	42,649	11,379	(46,566)	218,881	171,045	35,353	(163,604)	42,794
Non-controlling interests	—	—	—	27	27	—	—	(21,354)	(21,354)
Net income for the period attributable to Bank's Shareholders	211,419	42,649	11,379	(46,539)	218,908	171,045	35,353	(184,958)	21,440

(1) Includes results from financial operations at fair value through profit or loss, results from foreign exchange, results from hedge accounting operations and results arising from derecognition of financial assets and liabilities not measured at fair value through profit or loss.

(2) Includes the results of contractual amendments, namely, costs arising from negotiations with customers holding mortgage loans in foreign currency.

(3) Includes impairment of financial assets at amortised cost, for loans to customers (net of recoveries - principal and accrual) and for debt instruments related to credit operations. It also includes impairment of financial assets at amortised cost not associated with credit operations.

(4) Includes impairment of non current assets held for sale, investments in associated companies, goodwill, other assets and provisions, highlighting the provisions for legal proceedings related to mortgage loans granted in Swiss francs, booked by the Polish subsidiary.

As at 31 March 2025, the net contribution of the main geographical areas, for the balance sheet, is analysed as follows:

(Thousands of euros)

	31 March 2025				
		International			
	Portugal	Poland	Mozambique	Others (*)	Consolidated
BALANCE SHEET					
Cash and Loans and advances to credit institutions	2,030,187	1,306,110	1,432,009	—	4,768,306
Loans and advances to customers (1)	38,135,337	17,900,798	643,686	—	56,679,821
Financial assets (2)	22,833,807	14,077,816	608,716	(89)	37,520,250
Other assets	4,210,754	846,963	219,680	48,483	5,325,880
Total Assets	67,210,085	34,131,687	2,904,091	48,394	104,294,257
Deposits from other credit institutions (3)	780,250	87,453	8,387	—	876,090
Deposits from customers (4)	54,284,179	28,512,884	2,299,096	—	85,096,159
Debt securities issued (5)	3,421,109	1,641,119	—	—	5,062,228
Other financial liabilities (6)	1,092,696	546,708	56	—	1,639,460
Other liabilities (7)	1,559,116	1,431,445	80,656	—	3,071,217
Total Liabilities	61,137,350	32,219,609	2,388,195	—	95,745,154
Total Equity	6,072,735	1,912,078	515,896	48,394	8,549,103
Total Liabilities and Equity	67,210,085	34,131,687	2,904,091	48,394	104,294,257
Number of employees	6,229	6,847	2,640	0	15,716

(*) Includes the contribution associated with the investments held in Angola, in Banco Millennium Atlântico.

(1) Includes loans to customers at amortised cost net of impairment, debt instruments at amortised cost associated to credit operations net of impairment and balance sheet amount of loans to customers at fair value through profit or loss.

(2) Includes debt instruments at amortised cost not associated with credit operations (net of impairment), financial assets at fair value through profit or loss (excluding the ones related to loans to customers), financial assets at fair value through other comprehensive income and hedging derivatives.

(3) Includes deposits and other financing from central banks and deposits from other credit institutions.

(4) Corresponds to deposits and other resources from customers (including deposits from customers at amortised cost and customer deposits at fair value through profit or loss).

(5) Includes non subordinated debt securities at amortized cost and financial liabilities at fair value through profit or loss (debt securities and certificates).

(6) Includes financial liabilities held for trading, subordinated debt and hedging derivatives.

(7) Includes provisions, current and deferred tax liabilities and other liabilities.

The detail of the net contribution of the main geographies, by business areas, for the balance sheet is analysed as follows:

(Thousands of euros)

	31 March 2025								
	Portugal					Poland			
	Retail banking	Companies and Corporate	Private banking	Other	Total Portugal	Retail banking	Companies and Corporate	Other	Total Poland
BALANCE SHEET									
Cash and Loans and advances to credit institutions	15,463,375	1,260,129	2,838,710	(17,532,027)	2,030,187	9,869,910	3,005,380	(11,569,180)	1,306,110
Loans and advances to customers (1)	27,156,953	9,728,357	362,347	887,680	38,135,337	13,944,770	3,565,455	390,573	17,900,798
Financial assets (2)	—	—	—	22,833,807	22,833,807	—	—	14,077,816	14,077,816
Other assets	—	—	—	4,210,754	4,210,754	—	—	846,963	846,963
Total Assets	42,620,328	10,988,486	3,201,057	10,400,214	67,210,085	23,814,680	6,570,835	3,746,172	34,131,687
Deposits from other credit institutions (3)	240,999	613,495	—	(74,244)	780,250	—	—	87,453	87,453
Deposits from customers (4)	40,393,065	9,035,690	2,855,308	2,000,116	54,284,179	22,323,357	6,189,527	—	28,512,884
Debt securities issued (5)	996,242	1,981	320,154	2,102,732	3,421,109	—	—	1,641,119	1,641,119
Other financial liabilities (6)	—	—	—	1,092,696	1,092,696	—	—	546,708	546,708
Other liabilities (7)	—	—	—	1,559,116	1,559,116	—	—	1,431,445	1,431,445
Total Liabilities	41,630,306	9,651,166	3,175,462	6,680,416	61,137,350	22,323,357	6,189,527	3,706,725	32,219,609
Total Equity	990,022	1,337,320	25,595	3,719,798	6,072,735	1,491,323	381,308	39,447	1,912,078
Total Liabilities and Equity	42,620,328	10,988,486	3,201,057	10,400,214	67,210,085	23,814,680	6,570,835	3,746,172	34,131,687
Number of employees	3,374	322	104	2,429	6,229	5,555	1,013	279	6,847

(1) Includes loans to customers at amortised cost net of impairment, debt instruments at amortised cost associated to credit operations net of impairment and balance sheet amount of loans to customers at fair value through profit or loss.

(2) Includes debt instruments at amortised cost not associated with credit operations (net of impairment), financial assets at fair value through profit or loss (excluding the ones related to loans to customers), financial assets at fair value through other comprehensive income and hedging derivatives.

(3) Includes deposits and other financing from central banks and deposits from other credit institutions.

(4) Corresponds to deposits and other resources from customers (including deposits from customers at amortised cost and customer deposits at fair value through profit or loss).

(5) Includes non subordinated debt securities at amortized cost and financial liabilities at fair value through profit or loss (debt securities and certificates).

(6) Includes financial liabilities held for trading, subordinated debt and hedging derivatives.

(7) Includes provisions, current and deferred tax liabilities and other liabilities.

As at 31 March 2024, the net contribution of the main geographical areas, for the income statement, is analysed as follows:

(Thousands of euros)

	31 March 2024				
		International			
	Portugal	Poland	Mozambique	Others (*)	Consolidated
INCOME STATEMENT					
Net interest income	339,054	307,281	49,902	—	696,237
Net fees and commissions income	142,241	46,191	8,832	—	197,264
Other net income	5,760	(38,614)	337	—	(32,517)
Gains/(losses) on financial operations (1)	(4,332)	(2,233)	3,666	—	(2,899)
Dividends from equity instruments	—	35	—	—	35
Share of profit of associates under the equity method	9,143	—	476	796	10,415
Net operating income	491,866	312,660	63,213	796	868,535
Operating expenses	154,284	121,953	31,553	—	307,790
Results on modification (2)	—	(7,240)	—	—	(7,240)
Impairment for credit and financial assets (3)	(48,184)	(25,726)	(659)	—	(74,569)
Other impairments and provisions (4)	(15,539)	(127,817)	(820)	—	(144,176)
Net income before income tax	273,859	29,924	30,181	796	334,760
Income tax	(70,367)	(201)	(7,565)	—	(78,133)
Net income after income tax					
from continuing operations	203,492	29,723	22,616	796	256,627
Net income for the period	203,492	29,723	22,616	796	256,627
Non-controlling interests	48	(14,832)	(7,534)	—	(22,318)
Net income for the period attributable to Bank's Shareholders	203,540	14,891	15,082	796	234,309

(*) Includes the contribution associated with the investments held in Angola, in Banco Millennium Atlântico.

(1) Includes results from financial operations at fair value through profit or loss, results from foreign exchange, results from hedge accounting operations and results arising from derecognition of financial assets and liabilities not measured at fair value through profit or loss.

(2) Includes the results of contractual amendments, namely, costs arising from negotiations with customers holding mortgage loans in foreign currency.

(3) Includes impairment of financial assets at amortised cost, for loans to customers (net of recoveries - principal and accrual) and for debt instruments related to credit operations. It also includes impairment of financial assets at amortised cost not associated with credit operations.

(4) Includes impairment of non current assets held for sale, investments in associated companies, goodwill, other assets and provisions, highlighting the provisions for legal proceedings related to mortgage loans granted in Swiss francs, booked by the Polish subsidiary.

The detail of the net contribution of the main geographies, by business areas, for the income statement, is analysed as follows:

(Thousands of euros)

	31 March 2024								
	Portugal					Poland			
	Retail banking	Companies and Corporate	Private banking	Other	Total Portugal	Retail banking	Companies and Corporate	Other	Total Poland
INCOME STATEMENT									
Net interest income	291,461	68,848	11,438	(32,693)	339,054	262,300	50,414	(5,433)	307,281
Net fees and commissions income	108,794	35,299	7,599	(9,451)	142,241	33,439	11,704	1,048	46,191
Other net income	3,556	4,069	15	(1,880)	5,760	(1,701)	(14)	(36,899)	(38,614)
Gains/(losses) on financial operations (1)	390	428	14	(5,164)	(4,332)	6,565	5,709	(14,507)	(2,233)
Dividends from equity instruments	—	—	—	—	—	—	—	35	35
Share of profit of associates under the equity method	—	—	—	9,143	9,143	—	—	—	—
Net operating income	404,201	108,644	19,066	(40,045)	491,866	300,603	67,813	(55,756)	312,660
Operating expenses	81,388	14,916	3,840	54,140	154,284	94,908	17,834	9,211	121,953
Results on modification (2)	—	—	—	—	—	(2,206)	(253)	(4,781)	(7,240)
Impairment for credit and financial assets (3)	(7,871)	(37,874)	12	(2,451)	(48,184)	(23,113)	(3,922)	1,309	(25,726)
Other impairments and provisions (4)	—	—	—	(15,539)	(15,539)	—	—	(127,817)	(127,817)
Net income before income tax	314,942	55,854	15,238	(112,175)	273,859	180,376	45,804	(196,256)	29,924
Income tax	(98,577)	(17,482)	(4,769)	50,461	(70,367)	(34,271)	(8,703)	42,773	(201)
Net income after income tax from continuing operations	216,365	38,372	10,469	(61,714)	203,492	146,105	37,101	(153,483)	29,723
Net income for the period	216,365	38,372	10,469	(61,714)	203,492	146,105	37,101	(153,483)	29,723
Non-controlling interests	—	—	—	48	48	—	—	(14,832)	(14,832)
Net income for the period attributable to Bank's Shareholders	216,365	38,372	10,469	(61,666)	203,540	146,105	37,101	(168,315)	14,891

(1) Includes results from financial operations at fair value through profit or loss, results from foreign exchange, results from hedge accounting operations and results arising from derecognition of financial assets and liabilities not measured at fair value through profit or loss.

(2) Includes the results of contractual amendments, namely, costs arising from negotiations with customers holding mortgage loans in foreign currency.

(3) Includes impairment of financial assets at amortised cost, for loans to customers (net of recoveries - principal and accrual) and for debt instruments related to credit operations. It also includes impairment of financial assets at amortised cost not associated with credit operations.

(4) Includes impairment of non current assets held for sale, investments in associated companies, goodwill, other assets and provisions, highlighting the provisions for legal proceedings related to mortgage loans granted in Swiss francs, booked by the Polish subsidiary.

As at 31 December 2024, the net contribution of the main geographical areas, for the balance sheet, is analysed as follows:

(Thousands of euros)

	31 December 2024				
		International			
	Portugal	Poland	Mozambique	Others (*)	Consolidated
BALANCE SHEET					
Cash and Loans and advances to credit institutions	3,756,273	1,359,173	1,522,276	—	6,637,722
Loans and advances to customers (1)	37,490,219	17,531,311	684,977	—	55,706,507
Financial assets (2)	21,199,298	12,822,561	644,740	(55)	34,666,544
Other assets	3,999,132	861,313	225,072	47,312	5,132,829
Total Assets	66,444,922	32,574,358	3,077,065	47,257	102,143,602
Deposits from other credit institutions (3)	584,936	120,296	72,487	—	777,719
Deposits from customers (4)	54,246,569	27,416,885	2,378,084	—	84,041,538
Debt securities issued (5)	3,388,590	1,432,126	—	—	4,820,716
Other financial liabilities (6)	1,120,748	525,187	92	—	1,646,027
Other liabilities (7)	1,313,526	1,262,661	88,858	—	2,665,045
Total Liabilities	60,654,369	30,757,155	2,539,521	—	93,951,045
Total Equity	5,790,553	1,817,203	537,544	47,257	8,192,557
Total Liabilities and Equity	66,444,922	32,574,358	3,077,065	47,257	102,143,602
Number of employees	6,203	6,836	2,625	0	15,664

(*) Includes the contribution associated with the investments held in Angola, in Banco Millennium Atlântico.

(1) Includes loans to customers at amortised cost net of impairment, debt instruments at amortised cost associated to credit operations net of impairment and balance sheet amount of loans to customers at fair value through profit or loss.

(2) Includes debt instruments at amortised cost not associated with credit operations (net of impairment), financial assets at fair value through profit or loss (excluding the ones related to loans to customers), financial assets at fair value through other comprehensive income (net of impairment) and hedging derivatives.

(3) Includes deposits and other financing from central banks and deposits from other credit institutions.

(4) Corresponds to deposits and other resources from customers (including deposits from customers at amortised cost and customer deposits at fair value through profit or loss).

(5) Includes non subordinated debt securities at amortized cost and financial liabilities at fair value through profit or loss (debt securities and certificates).

(6) Includes financial liabilities held for trading, subordinated debt and hedging derivatives.

(7) Includes provisions, current and deferred tax liabilities and other liabilities.

The detail of the net contribution of the main geographies, by business areas, for the balance sheet is analysed as follows:

(Thousands of euros)

	31 December 2024								
	Portugal					Poland			
	Retail banking	Companies and Corporate	Private banking	Other	Total Portugal	Retail banking	Companies and Corporate	Other	Total Poland
BALANCE SHEET									
Cash and Loans and advances to credit institutions	14,785,634	1,486,527	2,567,308	(15,083,196)	3,756,273	9,536,064	2,598,098	(10,774,989)	1,359,173
Loans and advances to customers (1)	26,700,789	10,147,503	362,472	279,455	37,490,219	13,826,512	3,398,737	306,062	17,531,311
Financial assets (2)	—	—	—	21,199,298	21,199,298	—	—	12,822,561	12,822,561
Other assets	—	—	—	3,999,132	3,999,132	—	—	861,313	861,313
Total Assets	41,486,423	11,634,030	2,929,780	10,394,689	66,444,922	23,362,576	5,996,835	3,214,947	32,574,358
Deposits from other credit institutions (3)	245,109	665,616	—	(325,789)	584,936	—	—	120,296	120,296
Deposits from customers (4)	39,283,522	9,573,893	2,620,759	2,768,395	54,246,569	21,803,332	5,613,553	—	27,416,885
Debt securities issued (5)	1,000,117	6,997	284,892	2,096,584	3,388,590	—	—	1,432,126	1,432,126
Other financial liabilities (6)	—	—	—	1,120,748	1,120,748	—	—	525,187	525,187
Other liabilities (7)	—	—	—	1,313,526	1,313,526	—	—	1,262,661	1,262,661
Total Liabilities	40,528,748	10,246,506	2,905,651	6,973,464	60,654,369	21,803,332	5,613,553	3,340,270	30,757,155
Total Equity	957,675	1,387,524	24,129	3,421,225	5,790,553	1,559,244	383,282	(125,323)	1,817,203
Total Liabilities and Equity	41,486,423	11,634,030	2,929,780	10,394,689	66,444,922	23,362,576	5,996,835	3,214,947	32,574,358
Number of employees	3,369	418	101	2,315	6,203	5,606	908	322	6,836

(1) Includes loans to customers at amortised cost net of impairment, debt instruments at amortised cost associated to credit operations net of impairment and balance sheet amount of loans to customers at fair value through profit or loss.

(2) Includes debt instruments at amortised cost not associated with credit operations (net of impairment), financial assets at fair value through profit or loss (excluding the ones related to loans to customers), financial assets at fair value through other comprehensive income (net of impairment) and hedging derivatives.

(3) Includes deposits and other financing from central banks and deposits from other credit institutions.

(4) Corresponds to deposits and other resources from customers (including deposits from customers at amortised cost and customer deposits at fair value through profit or loss).

(5) Includes non subordinated debt securities at amortized cost and financial liabilities at fair value through profit or loss (debt securities and certificates).

(6) Includes financial liabilities held for trading, subordinated debt and hedging derivatives.

(7) Includes provisions, current and deferred tax liabilities and other liabilities.

Reconciliation of net income of reportable segments with the net income attributable to shareholders

(Thousands of euros)

	31 March 2025	31 March 2024
Net contribution		
Retail banking in Portugal	211,419	216,365
Companies and Corporate	42,649	38,372
Private Banking	11,379	10,469
International business (continuing operations)	47,118	53,135
Non-controlling interests (1)	(22,574)	(22,366)
	289,991	295,975
Amounts not allocated to segments (presented under Others)		
Net interest income - bonds portfolio	132,407	115,090
Net interest income - others (2)	(148,731)	(147,782)
Foreign exchange activity	(10,148)	11,289
Gains / (losses) arising from sales of subsidiaries and other assets	1,621	(284)
Equity accounted earnings	12,419	9,143
Impairment and other provisions (3)	(10,379)	(17,992)
Operational costs	(67,503)	(54,141)
Gains on sale of Portuguese public debt	(11,207)	(734)
Gains on sale of foreign public debt	6,881	394
Mandatory contributions	(6)	(18)
Loans sale	3,499	1,642
Income from other financial assets not held for trading mandatorily at fair value through profit or loss (4)	6,177	7,235
Taxes (5)	44,072	50,462
Non-controlling interests	27	48
Others (6)	(5,668)	(36,018)
Total not allocated to segments (presented under Others)	(46,539)	(61,666)
Consolidated net income	243,452	234,309

(1) Corresponds mainly to the income attributable to third parties related to the subsidiaries in Poland and in Mozambique.

(2) Includes net interest income arising from internal transfer of liquidity, interest rate risk, cost of wholesale funding and others.

(3) Includes impairments for non-current assets held for sale, impairments for other assets, provisions for administrative infractions, various contingencies and other impairments and/or provisions not allocated to business segments.

(4) Includes gains/(losses) from corporate restructuring funds.

(5) Includes deferred tax revenue/(expenses), net of current non-segment tax expense, namely the tax effect associated with the impacts of the previous items.

(6) It includes other operations not allocated previously namely funding for non-interest bearing assets and strategic financial investments.

48. Solvency

The Group's own funds are determined according to the established regulation, namely, according to Directive 2013/36/EU and Regulation (EU) 575/2013, approved by the European Parliament and the Council.

Total capital includes tier 1 and tier 2. Tier 1 comprises common equity tier 1 (CET1) and additional tier 1.

Common equity tier 1 includes: (i) paid-up capital, share premium, reserves and retained earnings deducted of any foreseeable charges or dividends and non-controlling interests; ii) and deductions related to own shares and loans to finance the acquisition of shares of the Bank, the shortfall of value adjustments and provisions to expected losses concerning risk-weighted exposure amounts calculated according to the IRB approach, goodwill and other intangible assets and the additional value adjustments necessary for the prudent valuation requirements applied to all assets at fair value, adjustments related to minimum commitment with collective investments undertakings, insufficient coverage for non-performing exposures and with the amount of securitisation positions, eligible for deduction as an alternative to a 1 250 % risk weight. Reserves and retained earnings are adjusted by the reversal of unrealised gains and losses on cash-flow hedge transactions and on financial liabilities valued at fair value through profits and losses, to the extent related to own credit risk. The non-controlling interests are only eligible up to the amount of the Group's capital requirements attributable to the minorities. In addition, the deferred tax assets arising from unused tax losses carried forward are deducted, as well as the deferred tax assets arising from temporary differences relying on the future profitability and the interests held in financial institutions and insurers of at least 10%, in this case only in the amount that exceeds the thresholds of 10% and 15% of the common equity tier 1, when analysed on an individual and aggregated basis, respectively. The irrevocable payment commitments for the Single Resolution Fund, the fair value of the collateral for irrevocable commitments from the Deposits Guarantee Fund and the additional coverage for non-performing exposures, are also deducted, due to a SREP (Supervisory Review and Evaluation Process) recommendation.

Additional tier 1 comprises preference shares, hybrid instruments and perpetual bonds representing subordinated debt that are compliant with the issue conditions established in the Regulation and non-controlling interests related to minimum level 1 additional capital requirements of institutions that are not totally owned by the Group.

Tier 2 includes the subordinated debt that is compliant with the Regulation and the non-controlling interests related to minimum total capital requirements of institutions that are not totally owned by the Group. Additionally, Tier 2 instruments held in financial institutions and insurers of at least 10% are deducted.

According to the legislation in force, the capital requirements applicable to the Group as at 31 March 2025 are as follows:

2025 Minimum Capital Requirements				
		of which:		
BCP Consolidated	Total	Pilar 1	Pilar 2	Buffers (*)
CET1	9.57%	4.50%	1.27%	3.81%
T1	11.49%	6.00%	1.69%	3.81%
Total	14.06%	8.00%	2.25%	3.81%

(*) Capital conservation buffer (CCB), other systemically important institution (O-SII), institution specific countercyclical capital buffer (CCyB) e de systemic risk buffer (SyRB).

The Group meets all the requirements and other recommendations issued by the supervisor on this matter.

The Group has adopted the methodologies based on internal rating models (IRB) for the calculation of capital requirements for credit and counterparty risk, covering a substantial part of both its retail portfolio in Portugal and Poland and its corporate portfolio in Portugal. The Group has adopted the advanced approach (internal model) for the coverage of trading portfolio's general market risk and for exchange rate risks generated in exposures in the perimeter centrally managed from Portugal, and the standard method was used for the purposes of operational risk coverage. The capital requirements of the other portfolios/geographies were calculated using the standardised approach.

The own funds and the capital requirements determined according to the CRD IV/CRR (phased-in) methodologies previously referred, are the following:

(Thousands of euros)

	31 March 2025	31 December 2024
Common equity tier 1 (CET1)		
Share capital	3,000,000	3,000,000
Share Premium	16,471	16,471
Reserves and retained earnings	3,152,572	3,018,648
Non-controlling interests eligible to CET1	517,369	551,239
Regulatory adjustments to CET1	(125,960)	(23,119)
	6,560,452	6,563,239
Tier 1		
Capital Instruments	400,000	400,000
Non-controlling interests eligible to AT1	82,895	93,372
	7,043,347	7,056,611
Tier 2		
Subordinated debt	981,415	992,236
Non-controlling interests eligible to Tier 2	190,622	219,321
Other	32,875	(2,483)
	1,204,912	1,209,074
Total own funds	8,248,259	8,265,685
RWA - Risk weighted assets		
Credit risk	33,142,023	33,909,206
Market risk	669,771	853,385
Operational risk	7,014,229	5,312,735
CVA	52,655	52,685
	40,878,678	40,128,011
Capital ratios		
CET1	16.0%	16.4%
Tier 1	17.2%	17.6%
Tier 2	2.9%	3.0%
Total own funds	20.2%	20.6%

The presented amounts include the accumulated net income.

49. Mozambique's sovereign debt

Following a period of deceleration in economic activity and increase of inflation, reduction of Republic of Mozambique rating, depreciation of Metical and decrease in foreign direct investment, the Bank of Mozambique has adopted a restrictive policy, with increases in the reference rate since December 2015, as well as increasing the reserve ratio. This set of factors constrained commercial banking in Mozambique, pushing it to pursue a strict liquidity management, emphasis on raising funds, despite contributing to the improvement of net interest income.

According to an International Monetary Fund (IMF) statement dated 23 April 2016, existing debt guaranteed by the State of Mozambique in an amount over USD 1 billion that had not been disclosed to the IMF. Following this disclosure, the economic program supported by the IMF was suspended. According to an IMF statement dated 13 December 2016, discussions were initiated on a possible new agreement with the Government of Mozambique and the terms of reference for an external audit were agreed.

In the statements dated of 16 January 2017 and 17 July 2017, the Ministry of Economy and Finance of Mozambique informed the holders of bonds issued by the Republic of Mozambique specifically "US$726.524 million, 10.5%, repayable securities in 2023" that the interest payment due on 18 January 2017 and 18 July 2017, would not be paid by the Republic of Mozambique. In November 2018, the Ministry of Economy and Finance of the Republic of Mozambique announced that it has reached an agreement in principle on the key commercial terms of a proposed restructuring transaction related to this debt securities with four members of the Global Group of Mozambique Bondholders.

On 6 September 2019, the Ministry of Economy and Finance of the Republic of Mozambique announced the approval by 99.95% of the Bondholders of a written decision containing the terms and conditions of the restructuring proposal. The Group has no exposure to this debt.

In May 2020, the Constitutional Council of the Republic of Mozambique issued a Judgment, declaring the nullity of the acts related with the loans contracted by Proindicus, SA ("Proindicus") and Mozambique Asset Management, MAM, SA ("MAM"), and the respective sovereign guarantees granted by the Government in 2013 and 2014, respectively, and on 19 October 2020, the dissolution of the two companies was registered based on an order issued by the Judicial Court of the City of Maputo.

An action brought on 27 February 2019 (amended on 30 April 2020), by the Republic of Mozambique (represented by the Attorney General of the Republic) against the arranger and originating lender of the loan to Proindicus and other entities, by which the Republic of Mozambique requested, inter alia, the declaration of nullity of the sovereign guarantee of the Mozambican State to the Proindicus loan. Following this lawsuit, on 27 April 2020, the Banco Internacional de Moçambique (BIM) filed a lawsuit, in the London Commercial Court, against the arranger and lender of the loan to Proindicus, claiming, inter alia, payment of BIM's exposure to the Proindicus, in the event that the said sovereign guarantee of the State of Mozambique to Proindicus was, in a court of law declared null and void.

In the context of the liquidation of Proindicus and MAM, the Liquidator published, on 3 May 2022, an announcement in the Jornal de Notícias de Moçambique, through which the creditors of those companies are notified to submit, within thirty days counted from the said publication, the supporting documents of their credits. Following the publication of the said announcement, BIM and BCP submitted, on 1 June 2022, their credit claims on Proindicus and MAM, respectively.

However, on 30 September 2023, the Republic of Mozambique and the arranger and originating lender of the loan to Proindicus announced that they have settled amicably the legal proceedings in London concerning the loan to Proindicus and associated guarantee. This settlement was subscribed by the majority lenders of the said credit facility, including BIM. The signing parties to the agreement have mutually released each other from any liabilities and claims relating to the loan to Proindicus.

Regarding MAM, on 26 June 2024, the Republic of Mozambique, represented by the Attorney General of the Republic, MAM (in liquidation), represented by its Liquidator, BCP and others have signed a “Deed of Release and Settlement” (The “Agreement”), under which the signing parties released the Republic of Mozambique from any liabilities and claims relating to the loan to MAM, against payment of an agreed amount.

Following the political and social situation in Mozambique as a result of the disputed presidential election results, Standard & Poor's ('S&P') downgraded Mozambique's sovereign debt rating (in local currency) in October 2024.

According to S&P, "liquidity management challenges remain considerable, with some apparent payment delays to domestic creditors, the accumulation of arrears to suppliers and contractors", and as a result, Mozambique's local currency debt rating was downgraded by one notch to CCC.

Considering the impairment model defined by Banco Internacional de Moçambique for sovereign debt, which applies the probability of default resulting from the S&P study, this situation implied an increase in the impairment levels for Mozambique's sovereign debt to MZN 3,655,091,000 (Euros 53,018,000) as at 31 March 2025 (31 December 2024: MZN 2,358,324,000 (EUR 35,771,000). The impact on profit in the first quarter of 2025 is MZN 1,227,800,000 (Euros 18,382,000), while the impact in the financial year of 2024 was MZN 2,372,954,000 (EUR 34,404,000).

As at 31 March 2025, considering the 66.7% indirect investment in BIM, the Group's interest in BIM's equity amounted to EUR 344,028,000 (31 December 2024: EUR 358,464,000), with the exchange translation reserve associated with this participation, accounted in Group's consolidated equity, in a negative amount of EUR 143,708,000 (31 December 2024: negative amount of EUR 128,243,000). BIM's contribution to consolidated net income in the first quarter of 2025, attributable to the shareholders of the Bank, was a positive amount of EUR 2,443,000 (31 March 2024: positive amount of EUR 15,082,000).

As at 31 March 2025, the subsidiary BIM's exposure to the State of Mozambique includes public debt securities denominated in Metical classified as Financial assets measured at amortised cost - Debt instruments in the gross amount of MZN 35,857,630,000 corresponding to EUR 520,128,000 (31 December 2024: MZN 35,364,638,000 corresponding to EUR 536,405,000) and Financial assets at fair value through other comprehensive income in the gross amount of MZN 9,674,788,000 corresponding to EUR 140,336,000 (31 December 2024: MZN 9,396,711,000 corresponding to EUR 142,528,000).

Additionally, the Group has also recorded as at 31 March 2025, in the balance Loans and advances to customers, a direct gross exposure to the Mozambican State in the amount of MZN 17,526,788,000 corresponding to EUR 254,232,000 (31 December 2024: MZN 17,791,809,000 corresponding to EUR 269,863,000) and in the balance Guarantees granted revocable and irrevocable commitments, an amount of MZN 2,836,746,000 corresponding to EUR 41,136,000 (31 December 2024: MZN 2,943,963,000 corresponding to EUR 44,600,000).

50. Contingent liabilities and other commitments

In accordance with accounting policy 1.U3, the main contingent liabilities and other commitments under IAS 37 are the following:

1. In 2012, the Competition Authority ("AdC") filed an administrative offence proceedings for alleged practices restricting competition (proceedings PRC 2012/9). On 6 March 2013, it carried out measures of search and seizure at Banco Comercial Português, S.A. ("BCP" or "Bank") and other credit institutions facilities, where it seized documents relevant to the investigation of an alleged exchange of sensitive commercial information between credit institutions in the national market.

The proceedings was subject to justice secrecy by decision of the AdC, considering that the interests of the investigation and the rights of the procedural parties would not be specifically compatible with the publicity of the proceedings. On 2 June 2015, the Bank was notified of an infringement notice ("NI") adopted by the AdC in the context of the investigation of proceedings PRC 2012/9, accusing it of participating, together with 14 other credit institutions, in an exchange of sensitive commercial information, regarding the offer of credit products in retail banking, namely home loan, consumer loan and corporate loan.

On 9 September 2019, the AdC adopted a final decision in this proceedings, and convicted the Bank to pay a EUR 60 million fine on the grounds that it had participated in a system of sharing confidential information between competitors regarding home loan, consumer loan and corporate loan. BCP disagrees with the Decision, which it considers having a set of serious defects, both in fact and in law, and appealed against it to the Competition Court on 21 October 2019, requesting that it be annulled and that the appeal be given suspensive effect. On 8 May 2020, the appeal was admitted. On 21 December 2020, BCP submitted, which the Competition Court accepted, a bank guarantee issued by the Bank itself as a way of fulfilling the bail. By order of 1 March 2021, the Competition Court granted suspensive effect to the judicial objection appeal as to the sentencing decision. By order of 20 March 2021, the Competition Court ordered the lifting of the justice secrecy and informed the appellants that the trial will, in principle, begin in September 2021.

On 28 April 2022, the CRSC ruled within proceedings Proc. n.º 225/15.4YUSTR-W, regarding the judicial objection appeal as to the decision of the Competition Authority of September 2019 (PRC/2012/09).

In this extensive ruling, the CRSC lists the facts given as proven, both in the administrative phase and in the trial, however, at this stage, the CRSC has not yet concluded that the facts have been proven are legally based, nor, consequently, that fines should be imposed, and the CRSC has instead chosen to make a reference for a preliminary ruling to the Court of Justice of the European Union (CJEU) to answer two questions referred for a preliminary ruling, requesting that this reference follow further terms in the form of an expedited procedure in view of the limitation risk. It should be noted that the CJEU is not responsible for judging the case, but only for interpreting the rules of Community law by answering in abstract to the questions referred to it by the national court.

The CJEU rejected the CRSC's request for an expedited procedure and for priority to be given in the examination of this proceedings.

On 29 July 2024, the CJEU delivered its judicial ruling in which it gave the following interpretation on the questions referred by the CRSC:

"Article 101(1), TFEU to be interpreted as meaning that a comprehensive reciprocal and monthly exchange of information between competing credit institutions, carried out on highly concentrated markets with high barriers to entry, and which regards the conditions applicable to transactions carried out on those markets, in particular spreads and risk variables, current and future ones, as well as the individualised production values of the participants in that exchange, to the extent that, at least, those spreads thus exchanged are those that those institutions intend to apply in the future, must be qualified as a restriction of competition by object."

After the judicial Ruling, the proceedings returned to the CRSC, which issued an order on 30 July 2024, notifying the Banks (i) of the appointment of 18 September 2024 for oral arguments, of an optional nature, limited to the content of the CJEU Ruling; and (ii) the designation of 20 September 2024 for the reading of the Ruling, in the part relating to the Law and the section.

On 20 September 2024, the CRSC issued its Final Ruling in which it deemed that an offence by object committed by the Appellants BPN/BIC, BBVA, BPI, BCP, BES, Popular/Santander, Santander, Barclays, Caixa Agrícola, Montepio, CGD and UCI, embodied in an exchange of sensitive information between competitors, was verified in the case files.

In its Ruling, the CRSC confirmed the EUR 60 million fine imposed by the AdC on the Bank.

On 14 October 2024, the Bank filed its appeal with the Lisbon Court of Appeal (TRL), which, by decision issued on 10 February 2025 by its Intellectual Property, Competition and Supervision Section, decided, by majority, to declare the pending administrative offence proceedings against the Defendant companies in relation to the practice of the aforementioned administrative offence to be barred and ordered the timely filing of the case.

In summary, the TRL considered that the facts occurred between 2002 and March 2013, applying the 2012 Competition Law, which provides for the maximum limitation period for administrative offence proceedings of 10 years and 6 months, and not applying the 2022 Competition Law, which provides for a longer period of suspension of the limitation period for administrative offence proceedings (either because the legislator so determined, or because it is more unfavourable than the 2012 Competition Law).

Moreover, the reference for a preliminary ruling (made by the TCRS to the CJEU) does not suspend (autonomously) the limitation period.

The TRL also considered that the limitation occurred on 1 September 2023 or, at the limit, applied to the so-called Covid-19 laws, on 11 February 2024.

The Public Prosecutor's Office appealed against this decision to the Lisbon Court of Appeal and the Competition Authority appealed to the Constitutional Court.

At this time, The Lisbon Court of Appeal rejected the nullities invoked by the Public Prosecutor's Office in relation to the decreed prescriptions. The case now goes to the Constitutional Court, which will have to rule on the appeal filed by the Competition Authority, but its admission by the TC has not yet been decided.

1-A. In relation to this administrative offence proceeding of the Competition Authority PRC/2012/09, and in view of the alleged damage caused by the targeted and defendant Banks to bank customers, resulting from the alleged sharing of confidential information between the Banks relating to home loan, consumer loan and corporate loan, three declaratory popular actions of conviction were filed against the Bank and several other banking institutions.

These proposed popular actions aim to compensate consumers and companies affected by alleged harm caused by the alleged anti-competitive practice. Actions vary depending on the group of consumers and companies represented and the damages calculated.

It should be noted that the decision issued by the Lisbon Court of Appeal on 10 February 2025, which decided to declare the administrative offence proceedings PRC/2012/09 barred, does not extinguish these popular actions, which will now fully continue as "stand alone", not taking advantage of the presumption of evidence produced in this case.

1-A.1. On 11 March 2024, BCP, along with 8 banking institutions, was summoned, to plead a "popular declaratory action of conviction in the form of a common proceeding aimed at the protection of competition, consumer rights, and diverse and/or collective interests associated with the consumption of goods and services", an action brought by Ius Omnibus Association, which is under no. 2/24.1YQSRT in the Competition, Regulation and Supervision Court, entirely based on the alleged competition offence in home and consumer loan transactions declared in the AdC's Ruling of 9 September 2019 (PRC/2012/09), a ruling that was subject to a judicial objection appeal by BCP, an objection that has not yet been definitively judged.

In this case, the Plaintiff makes the following main claims:

1. To be declared that, from May 2002 to March 2013, the Defendants violated, in a single and continuous practice, article 101(2) of the TFEU and (subsequently) article 2 of Decree-Law no. 371/393 and article 4 of Law no. 18/2003, by exchanging strategic, non-public, current and future information, with its competitors, in a disaggregated, individualised and regular manner, namely, on their respective offers of home loan and consumer loan;

2. To be declared that this Defendants' practice has caused damage to the diverse or collective protection interests of the consumption of goods and services and of competition, and to the individual homogeneous interests of the consumers represented;

3. Alternatively to section 2, to be declared that the Defendants' practice has led to their unjust enrichment at the expense of the impoverishment of all the consumers represented;

4. Based on civil liability, or, alternatively, by restitution of the undue, the Defendants be sentenced to compensate/return in full all the consumers represented in this lawsuit for the damage suffered/overprice paid as a result of the anti-competitive practices in question in the amount resulting from the sum of several factors.

5. To be declared the nullity of the clause(s) that fix the spread rate in home loan agreements and consumer loan agreements entered into by consumers represented during the relevant period, the aforementioned clause(s) being consequently reduced in the part corresponding to the unlawful overprice, in agreements whose validity exceeds the date of the final judgment, and in which the Defendants are lenders, because they were entered into by them or by subsequent termination of the contractual position.

As the deadline for the pleading is running, the Bank was notified on 9 May 2024 that an order had been issued ordering the suspension of the proceedings until the final judgment to be rendered in proceeding no. 225/15.4YUSTR-W (the judicial objection appeal of the administrative offence proceeding PRC/2012/09), before this Competition, Regulation and Supervision Court.

1-A.2. On 8 April 2024, BCP, along with 9 banking institutions, was summoned to oppose another case brought by Ius Omnibus Association against the banks, under no. 6/24.4YQSTR, also related to the aforementioned Ruling of the AdC of 9 September 2019 (PRC/2012/09), this case being related to the corporate credit segment.

In this case, the Plaintiff makes the following main claims:

1. To be declared that from May 2002 to March 2013, the Defendants violated, in a single and continuous practice, article 101 of the TFEU and (successively) article 2 of Decree-Law No. 371/393 and article 4 of Law No. 18/2003, by exchanging strategic, non-public, current and future information with their competitors, in a disaggregated, individualised, and regular manner, namely, on their respective credit offers to companies;

2. To be declared that the Defendants' practice has caused damage to the diverse or collective protection interests of the consumption of goods and services and of competition, and to the individual homogeneous interests of the consumers represented;

3. Based on civil liability, or, alternatively, by restitution of the undue, the Defendants be sentenced to compensate/return in full all the consumers represented in this lawsuit for the damage suffered/overprice paid as a result of the anti-competitive practices in question, associated with the credits to the companies entered into between the Defendants and companies in Portugal, in the period from May 2005 to September 2012, with regard to the overprice that was passed on by the companies to the represented consumers, and charged directly by the Defendants, in a global amount to be fixed and determined considering several factors.

On 18 November 2024, the Bank filed its opposition with the Competition, Regulation and Supervision Court.

1-A.3. On 24 April 2024, BCP, along with 9 banking institutions, was summoned to oppose an action brought by Association of Portuguese Micro, Small and Medium Enterprises (AMPEMEP) against the banks, under no. 10/24.2YQSRT, also related to the aforementioned AdC' Decision of 9 September 2019 (PRC/2012/09), this case also being related to the corporate credit segment.

In this case, the Plaintiff makes the following main claims:

1. To be declared that from May 2002 to March 2013, the Defendants violated, in a single and continuous practice, article 101 of the TFEU and (successively) article 2 of Decree-Law No. 371/393 and article 4 of Law No. 18/2003, by exchanging strategic, non-public, current and future information with their competitors, in a disaggregated, individualised, and regular manner, namely, on their respective credit offers to companies;

2. To be declared that this Defendants' practice has caused damage to the diverse or collective protection interests of the consumption of goods and services and of competition, and to the individual homogeneous interests of the consumers represented;

3. Based on civil liability, or, alternatively, by restitution of the undue, the Defendants be sentenced to compensate/return in full all the consumers represented in this lawsuit for the damage suffered/overprice paid as a result of the anti-competitive practices in question, associated with the credits to the companies entered into between the Defendants and companies in Portugal, in the period from May 2005 to September 2012, with regard to the overprice that was passed on by the companies to the represented consumers, and charged directly by the Defendants, in a global amount to be fixed and determined considering several factors.

On 17 December 2024, the Bank filed its opposition with the Competition, Regulation and Supervision Court.

In view of the similarity of the object and parts of these 3 popular actions, the possibility of joining them was raised, and BCP was notified, in the context of proceeding no. 6/24.4YQSTR (point 1-A.2.above) to rule on the joinder to this action of proceeding no. 10/24.2YQSTR (point 1-A.3.above).

The Bank has already ruled on this issue, requesting the opposite, that is, that proceeding no. 6/24.4YQSTR be joined to proceeding no. 10/24.2YQSTR instead, requesting that the logical precedence relationship between this proceeding and that one be declared, and that the Judge in charge of proceeding no. 10/24.2YQSTR be granted the decision to join proceeding no. 6/24.4YQSTR.

We have already been notified of the Court's Order of 8 August 2025, in the context of proceedings no. 6/24.4YQSTR, in which the Court determined that proceedings no. 10/24.2YQSTR be joined to this one.

2. On 7 June 2022, the Bank was notified by the Court to contest a lawsuit brought by Fundação José Berardo and José Manuel Rodrigues Berardo against Banco Comercial Português, S.A., Caixa Geral de Depósitos, S.A., Novo Banco, S.A. and Banco Espírito Santo, S.A., in liquidation.

In this lawsuit, the Plaintiffs allege that they incurred in a mistake regarding the endogenous situation of the defendant banks and the financial system, without which they would have sold the pledged shares and paid their loans. If this is not the case, the plaintiffs request the defendant banks to be ordered to pay compensation to Fundação José Berardo for damages caused by breach of contract, since the moment when they should have been sold in execution of the pledge due to failure to verify coverage ratios until the moment when they were sold, that is, the difference between the price at which the pledged shares would have been sold on the dates of coverage ratios default and the price at which they were actually sold, plus interest and all other loan charges since those dates, in any case the global amount of compensation not being less than EUR 800,000,000. In any case, the plaintiffs ask the defendant banks to be jointly condemned to pay José Manuel Rodrigues Berardo compensation for moral damages, in the already calculated amount of EUR 100,000,000 and also in the amount that is settled as soon as the full extent of the damages is known.

In the meantime, through Order No. 8765/2022 of Mr. Secretary of State for the Presidency of the Council of Ministers, published in Republic Diary, Series 2, part C, of 19 July 2022, the Plaintiff of this lawsuit, Fundação José Berardo, was declared extinct. This decision was legally contested by the José Berardo Foundation, and in April 2023, the Administrative and Fiscal Court of Funchal cancel the decision that ordered its extinction. Dissatisfied, the Portuguese State appealed against this latter and is awaiting the outcome.

The lawsuit was contested on 27 September 2022 and is awaiting subsequent terms.

Nothing relevant to the judgment on the merit of the case happened. The lawsuit is suspended until the motions submitted by FJB in the execution filed by the Banks (8489/19.8T8LSB) have been definitively judged.

The Bank does not anticipate that this lawsuit may result in any responsibility that could have impact on the respective financial statements.

3. On 3 January 2018, Bank Millennium received decision of the Chairman of the Office for Protection of Competition and Consumers (OPCC Chairman), in which the OPCC Chairman found infringement by Bank Millennium of the rights of consumers. In the opinion of the OPCC Chairman the essence of the violation is that Bank Millennium informed consumers (it regards 78 agreements) in responses to their complaints, that the court verdict stating the abusiveness of the provisions of the loan agreement regarding exchange rates does not apply to them. According to the position of the OPCC Chairman the abusiveness of contract's clauses determined by the court in the course of abstract control is constitutive and effective for every contract from the beginning. As a result of the decision, Bank Millennium was obliged to:

1) send information on the UOKiK"s decision to the said 78 clients;

2) place the information on decision and the decision itself on the website and on Twitter;

3) to pay a fine amounting to PLN 20.7 million (EUR 4.9 million).

Bank Millennium lodged an appeal within the statutory time limit.

On 7 January 2020, the first instance court dismissed Bank Millennium's appeal in its entirety. Bank Millennium appealed against the judgment within the statutory deadline. The court presented the view that the judgment issued in the course of the control of a contractual template (in the course of an abstract control), recognizing the provisions of the template as abusive, determines the abusiveness of similar provisions in previously concluded contracts. Therefore, the information provided to consumers was incorrect and misleading. As regards the penalty imposed by OPCC, the court pointed out that the policy of imposing penalties by the Office had changed in the direction of tightening penalties and that the court agrees with this direction.

In Bank Millennium's assessment, the Court should not assess Bank Millennium's behaviour in 2015 from the perspective of today's case-law views on the importance of abstract control (it was not until January 2016 that the Supreme Court's resolution supporting the view of the OPCC Chairman was published), the more penalties for these behaviours should not be imposed using current policy. The above constitutes a significant argument against the validity of the judgment and supports the appeal which Bank Millennium submitted to the Court of second instance.

The second instance court, in its judgment of 24 February 2022, completely revoked the decision of the OPCC Chairman. On 31 August 2022, the OPCC Chairman lodged a cassation appeal to the Supreme Court. On 3 July 2024, the Supreme Court issued a decision accepting the cassation appeal for consideration. Bank Millennium believes that the prognosis regarding the litigation chances of winning the case before the Supreme Court is positive.

4. Bank Millennium (along with other banks) is also a party to the dispute with OPCC, in which the OPCC Chairman recognized the practice of participating banks, including Bank Millennium, in an agreement aimed at jointly setting interchange fee rates charged on transactions made with Visa and Mastercard cards as restrictive of competition, and by decision of 29 December 2006 imposed a fine on Bank Millennium in the amount of PLN 12.2 million (EUR 2.9 million). Bank Millennium, along with other banks, appealed the decision.

In connection with the judgment of the Supreme Court and the judgment of the Court of Appeal in Warsaw of 23 November 2020, the case is currently pending before the court of first instance - the Court of Competition and Consumer Protection. Bank Millennium has created a provision in the amount equal to the imposed penalty.

5. On 22 September 2020, Bank Millennium received decision of the Chairman of the Office for Protection of Competition and Consumers (OPCC Chairman) recognising clauses stipulating principles of currency exchange applied in the so-called anti-spread annex as abusive and prohibited the use thereof.

Penalty was imposed upon Bank Millennium in the amount of PLN 10.5 million (EUR 2.5 million). Penalty amount takes account of two mitigating circumstances: cooperation with the Office for Protection of Competition and Consumers and discontinuation of the use of provisions in question.

Bank Millennium was also requested, after the decision becomes final and binding, to inform consumers, by registered mail, to the effect that the said clauses were deemed to be abusive and therefore not binding upon them (without need to obtain court's decision confirming this circumstance) and publish the decision in the case on Bank Millennium's website.

In the decision justification delivered in writing the OPCC Chairman stated that FX rates determined by Bank Millennium were determined at Bank Millennium's discretion (on the basis of a concept, not specified in any regulations, of average inter-bank market rate). Moreover, client had no precise knowledge on where to look for said rates since provision referred to Reuters, without precisely defining the relevant site.

Provisions relating to FX rates in Bank Millennium's tables were challenged since Bank Millennium failed to define when and how many times a day these tables were prepared and published.

In justification of the decision, the OPCC Chairman also indicated that in the course of the proceeding, Bank Millennium presented various proposed solutions, which the OPCC Chairman deemed to be insufficient.

Bank Millennium appealed against the said decision within statutory term.

On 31 March 2022, the first instance court revoked the entire decision of the Chairman of the OPCC. On 23 May 2022, the Chairman of the OPCC filed an appeal. On 26 October 2022, the Court of Appeal changed the judgment of the court of first instance and shared the position of the Chairman of the OPCC as to the abusiveness of the provisions regarding the determination of exchange rates in the annexes concluded with foreign currency borrowers. On 21 November 2022, the Court of Appeals, at the request of Bank Millennium, suspended the execution of the judgment until the end of the cassation proceedings. On 30 January 2023, Bank Millennium filled a cassation appeal to the Supreme Court. By the decision of 20 March 2024, the cassation appeal was accepted for consideration. The date of the hearing has not been set yet. Bank Millennium has created a provision in the amount equal to the imposed penalty.

6. Bank Millennium is a defendant in two court proceedings, in which the subject of the dispute is the amount of the interchange fee. The total value of claims reported in these cases is PLN 729.2 million (EUR 174.1 million). The procedure with the highest value of the reported claim is the case is brought by PKN Orlen SA, the plaintiff demands payment of PLN 635.7 million (EUR 151.8 million). The plaintiff in this proceeding alleges that the banks acted under an agreement restricting competition on the acquiring services market by jointly setting the level of the national interchange fee in the years 2006-2014. In this case, Bank Millennium was sued jointly with another bank and card organisations. In the case brought by LPP S.A. the allegations are similar to those raised in the case brought by PKN Orlen SA, while the period of the alleged agreement is indicated as 2008-2014. In this case, the Bank is sued jointly and severally with another bank. The case was resolved positively for the Bank by the courts of both instances, and is currently at the stage of a cassation appeal filed by LPP S.A. The Supreme Court did not issue a decision regarding the acceptance of the cassation appeal for consideration. According to current estimates of the risk of losing a dispute in these matters, Bank Millennium did not create a provision. In addition, we point out that Bank Millennium participates as a side intervener in three other proceedings regarding the interchange fee. Other banks are the defendant. Plaintiffs in these cases also accuse banks of acting as part of an agreement restricting competition on the acquiring services market by jointly setting the level of the national interchange fee in the years 2008-2014.

- A lawsuit brought up by shareholder of PCZ S.A. in bankruptcy (PHM, then the European Foundation for Polish-Belgian Cooperation - EFWP-B, currently called The European Foundation for Polish-Kenyan Cooperation) against Bank Millennium S.A., worth of the dispute PLN 521.9 million (EUR 124.6 million) with statutory interest from 5 April 2016 until the day of payment. The plaintiff filed the suit dated 23 October 2015 to the Regional Court in Warsaw; the suit was served to Bank Millennium on 4 April 2016. According to the plaintiff, the basis for the claim is damage to their assets, due to the actions taken by Bank Millennium and consisting in the wrong interpretation of the Agreement for working capital loan concluded between Bank Millennium and PCZ S.A., which resulted in placing the loan on demand. Bank Millennium is requesting complete dismissal of the suit, stating disagreement with the charges raised in the claim. Supporting the position of Bank Millennium, the Bank's attorney submitted a binding copy of final verdict of Appeal Court in Wrocław favourable to Bank Millennium, issued in the same legal state in the action brought by PCZ SA against Bank Millennium. On 10 May 2023, the Court of First Instance announced a judgment dismissing the claim in its entirety. The verdict is not final, the plaintiff filed an appeal.

On 6 May 2024, the Bank Millennium's representative submitted a response to the appeal, requesting that it be dismissed in its entirety as unfounded. On 17 December 2024, the Court of Appeal in Warsaw issued a judgment favourable to the Bank, dismissing the Plaintiff's appeal. The judgment is final. Due to the Plaintiff's submission of a motion for a written justification of the aforementioned judgment of the Court of Appeal of 17 December 2024, it is possible for the Foundation to file a cassation appeal to the Supreme Court.

7. On 3 December 2015 a class action was served on Bank Millennium. A group of Bank Millennium's debtors (454 borrowers party to 275 loan agreements) is represented by the Municipal Consumer Ombudsman in Olsztyn. The plaintiffs demanded payment of the amount of PLN 3.5 million (EUR 0.8 million), claiming that the clauses of the agreements, pertaining to the low down payment insurance, are unfair and thus not binding. Plaintiff extended the group in the court letter filed on 4 April 2018, therefore the claims increased from PLN 3.5 million (EUR 0.8 million) to over PLN 5 million (EUR 1.2 million).

Actual status:

On 1 October 2018, the group's representative corrected the total amount of claims pursued in the proceedings and submitted a revised list of all group members, covering the total of 697 borrowers – 432 loan agreements. The value of the subject of the dispute, as updated by the claimant, is PLN 7,371,107.94 (EUR 1,759,718.3).

By the resolution of 1 April 2020 the court established the composition of the group as per request of the plaintiff and decided to take witness evidence in writing. On 18 October 2024, the Court adjourned the hearing without setting a new date. The court decided to disregard the evidence from the hearing of the parties and obliged the parties to submit documents - agreements concluded between the group members and the Bank and final judgments regarding the agreements in question. The court adjourned the hearing without specifying a new date.The Bank submitted the above-mentioned documents in a letter dated 17 December 2024, while the group representative, in performance of the obligation, submitted two letters containing documents confirming the legitimacy of individual group members. The court obliged the Bank to submit a position in response to the letters of the group representative. The deadline for submitting a position expires on 17 June 2025.

The Bank Millennium assesses that the procedural chances of winning the case is positive.

As at 31 March 2025, there were also 72 individual court cases regarding LTV (loans-to-value) insurance (cases in which only a claim for the reimbursement of the commission or LTV insurance fee is presented).

8. On 13 August 2020, Bank Millennium received lawsuit from the Financial Ombudsman. The Financial Ombudsman, in the lawsuit, demands that Bank Millennium and the Insurer (TU Europa) be ordered to discontinue performing unfair market practices involving, as follows:

- presenting the offered loan repayment insurance as protecting interests of the insured in case when insurance structure indicates that it protects Bank Millennium’s interests;

- use of clauses linking the value of insurance benefit with the amount of borrower’s debt;

- use of clauses determining the amount of insurance premium without prior risk assessment (underwriting);

- use of clauses excluding insurer’s liability for insurance accidents resulting from earlier causes.

Furthermore, the Ombudsman requires Bank Millennium to be ordered to publish, on its web site, information on use of unfair market practices.

The lawsuit does not include any demand for payment, by Bank Millennium, of any specified amounts. Nonetheless, if the practice is deemed to be abusive it may constitute grounds for future claims to be filed by individual clients.

The case is being examined by the court of first instance. The court is still continuing the evidentiary proceedings.

9. By 31 March 2025, Bank Millennium received 1,622 lawsuits in which the plaintiffs (both clients and companies purchasing claims), alleging violation of the information obligations provided in Art. 30 of the Consumer Credit Act, demand reimbursement of interest and other costs incurred in connection with taking out a loan (free loan sanction within the meaning of Article 45 of the Consumer Credit Act).

Based on publicly available information, it can be assumed that there will be an increase in the number of lawsuits concerning Article 45 of the Consumer Credit Act. This phenomenon affects the entire banking services sector. It is likely that a "new business model" will be created in the area of law firms, which involves questioning consumer credit agreements.

As at 31 March 2025, 175 cases have been legally concluded, in 148 cases the Bank won the dispute and lost in 27 cases. Disputes in the above respect should be subject to constant observation and analysis. In the cases in question, the Bank makes an individual assessment of the litigation chances in each of the court cases, which is justified by the lack of a uniform line of jurisprudence. Currently, the Bank's litigation chances in the cases in question are assessed positively.

On 13 February 2025, the Court of Justice of the European Union (CJEU) issued a judgment in a case registered under the reference number C472/23 as a result of an application filed by the District Court for the Capital City of Warsaw. In its judgment, the CJEU, interpreting the provisions of Directive 2008/48/EC of the European Parliament and of the Council of 23 April 2008 on consumer credit agreements, found that:

(i) the fact that a credit agreement indicates an annual percentage rate which turns out to be inflated because certain terms of that agreement were subsequently found to be unfair within the meaning of Article 6(1) of Council Directive 93/13/EEC of 5 April 1993 on unfair terms in consumer contracts and therefore not binding on the consumer, does not in itself constitute an infringement of the obligation to provide information laid down in that provision of Directive 2008/48.

(ii) the fact that a credit agreement lists a number of circumstances justifying an increase in the fees related to the performance of the agreement, without a properly informed and sufficiently observant and reasonable consumer being able to verify their occurrence or their impact on those fees, constitutes an infringement of the information obligation laid down in that provision, provided that this indication may undermine the consumer's ability to assess the extent of his obligation.

(iii) Directive 2008/48 does not preclude national legislation which provides, in the event of a breach of the obligation to provide for information imposed on the creditor in accordance with Article 10(2) of that directive, a uniform penalty consisting in depriving the creditor of the right to interest and fees, irrespective of the individual degree of gravity of such a breach, provided that such breach may undermine the consumer's ability to assess the extent of his obligation.

Following the judgment of the Court, it is still up to the domestic courts to assess the possibility of crediting non-interest costs of the loan and to assess compliance with the information obligation regarding the possibility of changing fees. The CJEU also noted that the right to benefit from the free loan sanction is updated only if a potential breach of the bank may undermine the consumer's ability to assess the scope of his liability. Law firms purchasing clients' receivables publicize the judgment as a ruling with a favourable ruling for consumers (opposite to the view of the Bank), which may translate into an increase in the number of new cases.

On 21 March 2025, the Financial Stability Committee issued a resolution (No. 79/2025) on the position regarding the risk associated with the sanction of free credit (SKD). The Committee noted that "while the violations listed in the Consumer Credit Act are of a varied nature and severity, the sanction itself is not subject to gradation. The inability to moderate sanctions creates a system of incentives to instrumentally use the benefits of the SKD and to undermine credit agreements, regardless of whether the violation has economic consequences for the borrower or not."

10. By 31 March 2025, Bank Millennium recorded the receipt of 158 lawsuits by borrowers of mortgage loans in PLN for reimbursement of benefits provided under the loan agreement. Three final judgments were issued dismissing the borrowers' claim. The borrowers' allegations focus on the WIBOR ratio as an incomprehensible, unverifiable element affecting the consumer's liability, as well as the issue of insufficient information on the effects of variable interest rates provided to the consumer by the bank before the conclusion of the contract.

Based on publicly available information, it can be assumed that there will be an increase in the number of lawsuits concerning mortgage loans in PLN. This phenomenon affects the entire sector of banking services. It is possible that a "new business model" will be created in the area of law firms, which consists in questioning mortgage contracts containing a variable interest rate clause based on the WIBOR reference index.

On 29 June 2023, the Polish Financial Supervision Authority (KNF) announced that it had assessed the ability of the WIBOR interest rate reference index to measure the market and economic realities. The KNF stated that the WIBOR interest rate reference index is capable of measuring the market and economic realities for which it was established. According to the Commission's assessment, the WIBOR ratio responds appropriately to changes in liquidity conditions, changes in central bank rates and economic realities (https://www.knf.gov.pl/komunikacja/komunikaty?articleId=82924&p_id=18).

On 26 July 2023, the Polish Financial Supervision Authority (PFSA) presented its position on legal and economic issues related to mortgage loan agreements in Polish currency in which the WIBOR interest rate reference index is used. This position can be used in court proceedings and can then be treated as an 'amicus curiae' opinion. The Polish Financial Supervision Authority stated that the WIBOR reference index meets all legal requirements. In the opinion of the Polish Financial Supervision Authority, there are no grounds to question the credibility and legality of WIBOR, in particular in the context of the use of this indicator in mortgage loan agreements in the Polish currency (Stanowisko_UKNF_dot_zagadnien_prawnych_i_ekonomicznych_zw_ze_wskaznikiem_referencyjnym WIBOR_83233.pdf).

11. Currently, in connection with the activities of Bank Millennium - as it is the case with the activities of other banks in Poland - the President of the Office of Competition and Consumer Protection is conducting proceedings on the use of practices infringing the collective interests of consumers as regards the so-called "unauthorized transactions". In the opinion of the President of the Office of Competition and Consumer Protection, in the case of Bank Millennium, such actions include the following:

(i) failure – no later than by the end of the business day after the date of receipt of an appropriate notification from the consumer regarding the occurrence of an unauthorised payment transaction – to refund the amount of the unauthorised payment transaction or to restore the debited payment account to the state that would have existed if the unauthorised payment transaction had not taken place, despite the lack of justified and duly documented grounds to suspect fraud on the part of the consumer and informing the authorities appointed to prosecute crimes about this suspicion in writing, as well as;

(ii) providing consumers – in the replies to their reports regarding the occurrence of unauthorized payment transactions – with information about the verification by the payment service provider of the correct use of the payment instrument by using individual authentication data in a way suggesting that the Bank's demonstration only that the disputed payment transactions have been correctly authenticated constitutes at the same time demonstration of the authorization of such a transaction and excludes its obligation to return the amount of the unauthorized transaction and;

(iii) providing consumers – in the replies to their reports regarding the occurrence of unauthorized payment transactions – with false information about authorization of the transactions questioned by consumers, while presenting information indicating that the transactions took place as a result of an intentional or grossly negligent violation by consumers of at least one of the obligations referred to in Article 42 of the Payment Services Act and in the agreement between the consumer and the bank, as a result of which they are liable for the questioned payment transactions.

In the course of the proceedings, the Bank provided appropriate explanations and also substantively referred to the allegations formulated by the President of the Office of Competition and Consumer Protection. The proceedings have been extended until 30 June 2025.

On 18 April 2025, Bank Millennium filed an application for a binding decision pursuant to Article 28 section 1 of the Act on Competition and Consumer Protection. The application (proposal) includes all allegations presented by the UOKiK, i.e. changes in the procedure for handling reports regarding unauthorized payment transactions, changes in the classification of a given transaction as authorized and changes in complaint response templates. The application also includes a proposal for "compensation" for customers whose complaints were rejected.

The Bank did not create a provision for these proceedings because at this stage of the proceedings, it is not possible to reasonably predict the outcome of the proceedings.

As at 31 March 2025, the Bank Millennium was a party to 337 court proceedings in which customers questioned the fact of their authorization of a transaction. In the cases in question, the Bank makes an individual assessment of the litigation chances in each of the court cases, In cases where, in the Bank's opinion, there is a greater probability of losing the dispute than winning it, provisions in the amount resulting from the potential loss of the Bank are created.

12. On 22 December 2023, the Polish Financial Supervision Authority (KNF) started administrative proceedings against Bank Millennium S.A. that might result in a penalty being imposed on the Bank under Article 176i(1)(4) of the Act on trading in financial instruments. On 16 September 2024, Bank Millennium was served with the Resolution of 13 September 2024 issued by the PFSA ("the Resolution") pursuant to the provisions of Chapter 2b of the Act of 21 July 2006 on Financial Market Supervision regarding: the possibility of concluding an arrangement regarding the conditions for extraordinary easing of sanctions and setting a 3-month deadline for concluding an arrangement. In response to the Resolution, on 27 September 2024 after considering the circumstances of the case, Bank Millennium decided not to proceed with the procedure of concluding the arrangement.

In the course of further proceedings Bank Millennium S.A. received the following letters:

(i) Letter from the KNF on the opportunity to present explanations before the decision is issued (18 November 2024) regarding the opportunity to comment on the materials and evidence collected during the proceedings. In response, Bank Millennium S.A. on 19 December 2024 communicated the position of a party to the proceedings in which it maintains the legal arguments contained in the letters submitted in the proceedings and an indication that, in the Bank's opinion, the factual circumstances in the case file described in the Bank's letters and this position do not justify the application of an administrative sanction to Bank Millennium S.A. as a supervised entity providing input to the WIRON reference index.

(ii) KNF letter of 19 December 2024 on extension of the proceedings until February 2025.

(iii) KNF letter of 27 February 2025 on planned completion of the administrative proceedings in April 2025.

On 31 May 2024, the Polish Financial Supervision Authority initiated administrative proceedings against Bank Millennium S.A. regarding the imposition of a financial penalty on the Bank pursuant to Art. 73 sec. 1 item 11 in conjunction with sec. 3 point 10 of the Act of 5 July 2018 on the National Cybersecurity System (UKSC) in connection with failure to ensure that an information system security audit was conducted within the statutory deadline. On 23 August 2024, the PFSA imposed a fine on Bank Millennium in the amount of PLN 150,000 (EUR 35,810). Bank Millennium appealed against the fine by filing a complaint with the Provincial Administrative Court.

As at 31 March 2025, the total value of the subjects of the other litigations in which the Bank Millennium Group's companies appeared as defendant, stood at PLN 6,122.1 million (EUR 1,461.5 million) (excluding the class actions described in note 51. In this group the most important category are cases related with FX loans mortgage portfolio.

13. On 1 October 2015, a set of entities connected to a group with debts in default to BCP amounting to EUR 170 million, resulting from a loan agreement signed in 2009 - debts already fully provisioned in the Bank's accounts -, filed against BCP, after receiving the Bank's notice for mandatory payment, a lawsuit requesting that:

a) the court declares that two of the defendants are mere fiduciary owners of 340,265,616 BCP shares, since they acted pursuant to a request made by the Bank for the making of the respective purchases, and also that the court orders the cancellation of the registration of those shares in the name of those companies;

b) the court declares the nullity of the financing agreement established between the plaintiffs and the Bank, due to relative simulation;

c) the court sentences the Bank, in accordance with the legal regime of the mandate without representation, to become liable for the amounts due to the institution, abstaining from requesting those amounts to the plaintiffs and to refund them the cost they incurred while complying with that mandate, namely, EUR 90,483,816.83 regarding Banco Espírito Santo, S.A. (BES) and EUR 52,021,558.11 regarding Caixa Geral de Depósitos, S.A. (CGD), plus default interests;

d) the amount of the lawsuit determined by the plaintiffs is EUR 317,200,644.90;

e) the Bank opposed and presented a counter claim, wherein it requests the conviction, namely, of a plaintiff company in the amount of EUR 185,169,149.23 for the loans granted, plus default interests and stamp tax.

The court issued a curative act and already ascertained the factual basis that are proven and that must be proven.

The expertise was carried out and the expert report submitted.

In November 2022 the Bank complained about the Experts' Report: (i) they considered documents that the Court had ordered to be removed from the proceedings, which had not been done due to the Court's inertia, (ii) they considered written notes on documents, that may have been written by the entities that initiated the process, and (iii) they did not consider much information that was contained in the statements, and (iv) they made errors in the calculation of interest and the amount of financing granted. In view of the experts' new reply, BCP claimed all the expertise, in March 2023. For the Court's final decision, BCP added, in June this year, a set of documents supporting its position.

14. Resolution Fund

Resolution measure of Banco Espírito Santo, S.A.

On 3 August 2014, with the purpose of safeguarding the stability of the financial system, Banco de Portugal applied a resolution measure to Banco Espírito Santo, S.A. (BES) in accordance with the Article 145-C (1.b) of the Decree-law no. 298/92, of 31 December 1992, as amended (the “Banking Law”), which entailed, *inter alia*, the partial transfer of assets, liabilities, off-balance sheet items and assets under management into a transition bank, Novo Banco, S.A. (Novo Banco), incorporated on that date by a decision issued by Banco de Portugal. Within the scope of this process, the Resolution Fund made a capital contribution to Novo Banco amounting to EUR 4,900 million, becoming, on that date, the sole shareholder. Further, in accordance with information published on the Resolution Fund’s website, the Resolution Fund borrowed EUR 4,600 million, of which EUR 3,900 million were granted by the Portuguese State and EUR 700 million by a group of credit institutions, including the Bank.

As announced on 29 December 2015, Banco de Portugal transferred to the Resolution Fund the liabilities emerging from the “*eventual negative effects of future decisions regarding the resolution process that may result in liabilities or contingencies*”.

On 7 July 2016, the Resolution Fund declared that it would analyse and evaluate the diligences to be taken, following the publication of the report on the result of the independent evaluation, made to estimate the level of credit recovery for each category of creditors under a hypothetical scenario of a normal insolvency process of BES on 3 August 2014.

In accordance with the applicable law, when the BES liquidation process is over, if it is verified that the creditors, whose credits were not transferred to Novo Banco, would take on a higher loss than the one they would hypothetically take if BES had gone into liquidation right before the application of the resolution measure, such creditors shall be entitled to receive the difference from the Resolution Fund.

On 31 May 2019, the Liquidation Committee of BES presented a list of all the acknowledged and a list of the non-acknowledged creditors before the court and the subsequent terms of the proceedings. These lists detail that the total acknowledged credits, including capital, remunerative and default interest amounts to EUR 5,056,814,588, of which EUR 2,221,549,499 are common credits and EUR 2,835,265,089 are subordinated claims, and no guaranteed or privileged claims exist. Both the total number of acknowledged creditors and the total value of the acknowledged credits and their ranking will only be ultimately determined upon the definitive judicial judgment of the verification and ranking of credits to be given in the liquidation proceedings.

According to the Resolution Fund's Annual Report of 2023, "in 2019, the Resolution Fund was informed that the credits (it) claimed had not been recognised by the Liquidation Commission of BES – In Liquidation, whilst the Resolution Fund filed an objection to the list of creditors with the Lisbon District Court, requesting that the credits it claimed be recognised. The challenge was upheld and the Liquidation Committee of BES – In Liquidation appealed. In 2023, the Lisbon Court of Appeal issued a judgment dismissing the appeal of the Liquidation Commission of BES - In Liquidation, and in favour of the position defended by the Resolution Fund, confirms the decision of the Court of First Instance and the recognition of the credits claimed by the Resolution Fund as privileged credits. The Liquidation Commission of BES - In Liquidation, filed an appeal for review before the Supreme Court of Justice, which issued a judgment in July 2023, which has already become final, recognising, and classifying as privileged the credits claimed by the Resolution Fund for the total amount of EUR 1,242,568.9 thousand".

Following the resolution measure of BES, a significant number of lawsuits against the Resolution Fund was filed and is underway. According to note 22 of the Resolution Fund's Annual Report of 2023, *"Legal actions related to the application of resolution measures have no definitive legal precedents, which makes it impossible to use case law in its evaluation, as well as to obtain a reliable estimate of the associated contingent financial impact. (…) The Resolution Fund, supported by legal advice of the attorneys for these actions, and in light of the legal and procedural information available so far, considers that there is no evidence to cast doubt on their belief that the probability of success is higher than the probability of failure"*.

According to note 24 of the Resolution Fund's Annual Report of 2023, *"In addition to the Portuguese courts, it is important to take into account the litigation of Novo Banco, S.A., in other jurisdictions, being noteworthy, for its materiality and respective procedural stage, the litigation in the Spanish jurisdiction. Regarding litigation in the Spanish jurisdiction, during the years 2018 to 2023, twelve (decisions) have become final and unappealable condemning Novo Banco, Spanish branch, as well as four sentences in relation to which due compensation has been requested from the Resolution Fund"*.

On 31 March 2017, Banco de Portugal communicated the sale of Novo Banco, where it states the following: *"Banco de Portugal today selected Lone Star to complete the sale of Novo Banco. The Resolution Fund has consequently signed the contractual documents of the transaction. Under the terms of the agreement, Lone Star will inject a total of EUR 1,000 million in Novo Banco, of which EUR 750 million at completion and EUR 250 million within a period of up to 3 years. Through the capital injection, Lone Star will hold 75% of the share capital of Novo Banco and the Resolution Fund will maintain 25% of the share capital"*.

The terms agreed also included a Contingent Capital Agreement (CCA), under which the Resolution Fund, as a shareholder, undertakes to make capital injections if certain cumulative conditions are met related to the performance of a specific portfolio of assets and to the capital ratios of Novo Banco going forward.

The terms agreed also provide for mechanisms to safeguard the interests of the Resolution Fund, to align incentives as well as monitoring mechanisms, notwithstanding the limitations arising from State Aid rules.

On 18 October 2017, following the resolution of the Council of Ministers no.151-A/2017 of 2 October 2017, Banco de Portugal communicated the conclusion of the sale of Novo Banco to Lone Star, with an injection by the new shareholder of EUR 750 million, followed by a further capital increase of EUR 250 million by the end of 2017. Upon completion of the transaction, the status of Novo Banco as a bridge institution ceased, fully complying with the purposes of the resolution of BES.

On 26 February 2018, the European Commission published the non-confidential version of its decision regarding the approval of State aid underlying Novo Banco's sale process. This statement identifies the three support measures by the Resolution Fund and the Portuguese State that are part of the sale agreement associated with a total gross book value of around EUR [10-20] billion[1] that revealed significant uncertainties regarding adequacy in provisioning[2]:

(i) Contingent Capital Agreement (CCA) which allows Lone Star to reclaim, from the Resolution Fund, funding costs, realised losses and provisions related to an ex-ante agreed portfolio of existing loan stock, up to a maximum of EUR 3.89 billion, subject to a capital ratio trigger (CET1 below 8%-13%) as well as to some additional conditions[1][2][3];

(ii) Underwriting by the Resolution Fund of a Tier 2 instrument to be issued by Novo Banco up to the amount necessary (but no more than EUR 400 million). The amount that can be reclaimed by the Resolution Fund under the CCA is subject to the cap of EUR 3.89 billion[2];

(iii) In case the Supervisory Review and Evaluation Process ("SREP") total capital ratio of Novo Banco falls below the SREP total capital requirement, the Portuguese State will provide additional capital in certain conditions and through different instruments[2]. According to the audit report on the management of Novo Banco conducted by the Court of Auditors and released on 12 July 2022, *"the risk of triggering the additional capital mechanism (capital backstop), up to EUR 1.6 billion, provided for in the commitments made by the Portuguese State to ensure the viability of NB, exists"*.

On 9 September 2020, BCP informed that it has decided not to continue with the legal proceeding before the General Court of the European Union with a view to partially annul the European Commission's decision regarding its approval of the CCA of Novo Banco.

According to a statement issued by the Resolution Fund on 13 February 2023, "the Ministry of Finance has disclosed that the European Commission intends to consider the restructuring process of Novo Banco as completed. The information disclosed today confirms the successful restructuring of Novo Banco, resulting from the combined execution of the restructuring plan agreed in 2017, under the sale transaction conducted by Banco de Portugal, and the sale agreements, namely the CCA, under which the Resolution Fund transferred to Novo Banco EUR 485 million, less than the maximum amount set in the contract (EUR 3,890 million). The completion of the restructuring of Novo Banco, is also another indicator that Novo Banco should not need to request any further payment to the Resolution Fund under the CCA, without prejudice to the ongoing litigation or that still may occur regarding the amounts already requested by Novo Banco in relation to past years and that the Resolution Fund considers that are not due.

On the same day, Banco de Portugal issued the following statement "The conclusion of the Novo Banco restructuring process also results in the end of the backstop mechanism, which provided for the possibility, which was always considered remote, of the Portuguese State providing extraordinary support to Novo Banco in extreme scenarios. This mechanism protected Novo Banco and the national financial system from more adverse scenarios, which did not materialise. With the end of the backstop, the financial risk for the Portuguese State is eliminated".

On 9 December 2024, the Resolution Fund announced in a statement that it had signed an agreement ending the Contingent Capitalization Agreement (CCA) signed in 2017 as part of the Novo Banco sale. This agreement brings forward by around a year the end of the CCM, which until now had been scheduled for the end of 2025, definitively extinguishing any possibility of Novo Banco requesting further payments from the Resolution Fund. The main terms and conditions of the agreement to bring forward the end of the MCC include:

- Immediate termination of the CCA, bringing forward the maturity of the contract, scheduled for the end of 2025, which implies, in particular, that no new payment requests can be made by Novo Banco, that operations relating to the assets covered by the Agreement no longer require the Resolution Fund's opinion, and that the Monitoring Committee is also extinguished, and that the impediment to the distribution of dividends by Novo Banco, which was stipulated in the MCC, ceases.

[1] Exact value not disclosed by the European Commission for confidentiality reasons

[2] As referred to in the respective European Commission Decision

[3] According to 2018 Novo Banco's earnings institutional presentation, the "minimum capital condition" is (i) CET1 or Tier 1 < CET1 or Tier 1 SREP requirement plus a buffer for the first three years (2017-2019); (ii) CET1 < 12%

- The existing payment obligations between the parties as a result of the CCA, as well as all litigation and disputes related to the implementation of the agreement, are settled - without any transfer of funds.

- The Resolution Fund's contingent liabilities associated with the alleged breach of the “Business Warranties” assumed in the Novo Banco sale agreement are extinguished, namely with the waiver of the compensation claims preliminarily presented by Nani Holdings, which amounted to around EUR 60 million.

- The mechanism whereby the stake in Novo Banco held by Nani Holdings is not diluted in the event of capital increases because of the application and under the terms of the Special Regime Applicable to Deferred Tax Assets is extinguished.

The agreement allows for a significant reduction in the Resolution Fund's liabilities (in excess of EUR 73 million in net terms, based on the amounts claimed by Novo Banco), as well as allowing for the extinction of potentially significant contingencies. Thus, all the Resolution Fund's obligations relating to the CCA are definitively closed. The amount paid by the Resolution Fund was therefore EUR 485 million below the maximum amount provided for in the contract (EUR 3,890 million) and EUR 936 million below the aggregate amount of losses “covered” by the contingent capitalization mechanism (EUR 4,341 million, as at 30/06/2024).

With the expiry of the Contingent Capitalization Agreement, the payments made by the Resolution Fund will be limited to the EUR 3,405 million that the Resolution Fund considered to be due, between 2018 and 2021.

According to a statement issued by the Banco de Portugal on 9 December 2024 on the end of the contingent capitalization agreement signed in the context of the sale of Novo Banco, “The CCA and the management of the assets that comprised it were subject to numerous internal and external audits, as provided for in the original Agreement, carried out by independent entities hired for this purpose. To this was added the monitoring carried out by the supervisory authorities and others with powers to do so within the legal framework in force, including the European Central Bank and the Court of Auditors.”

According to Novo Banco’s 2024 Annual Report (note 28), Novo Banco adhered to the Special Regime applicable to Deferred Tax Assets under Law No. 61/2014, of 26 August (REAID), according to which, the deferred tax assets recorded until 31 December 2015 can be converted into tax credits when the taxable entity reports an annual net loss, in accordance to the proportion of the amount of the said net loss to total equity at the individual company level, A special reserve was established with an amount identical to the tax credit approved, increased by 10%. The conversion rights are securities that entitle the State to require Novo Banco to increase its share capital by incorporating the amount of the special reserve and consequently issuing and delivering free of charge ordinary shares. The shareholders have the right to acquire the conversion rights attributed to the Portuguese State.

According to the Resolution Fund’s 2022 Annual Report, under the terms of the sale of Novo Banco, the 75% of the share capital of Novo Banco held by Nani Holdings would not be affected by the dilution associated with the REAID.

According to the Resolution Fund’s 2023 Annual Report, under REAID, Novo Banco, S. A., carried out three capital increases by incorporation of reserves, through the rights conversion that had been attributed to the State as a result of the conversion, into tax credits, of Novo Banco's deferred tax assets with reference to the 2015 to 2019 tax periods.

According to Novo Banco’s 2024 Annual Report, Novo Banco carried out another capital increase following the conversion of the conversion rights granted by the State for the 2020 fiscal year, fully subscribed by the Resolution Fund.

The Resolution Fund had by 31 December 2024 a stake of 13.54%, the Directorate-General for Treasury and Finance 11.46% and Lone Star 75%.

Resolution measure of Banif – Banco Internacional do Funchal, S.A.

On 19 December 2015, the Board of Directors of Banco de Portugal announced that Banif *"was failing or likely to fail"* and started an urgent resolution process of the institution through the partial or total sale of its activity, which was completed on 20 December 2015 through the sale to Banco Santander Totta S.A. (BST) of the rights and obligations of Banif, formed by the assets, liabilities, off-balance sheet items and assets under management. The largest portion of the assets that were not sold, were transferred to an asset management vehicle denominated Oitante, S.A. (Oitante) specifically created for that purpose, having the Resolution Fund as the sole shareholder. For that matter, Oitante issued bonds representing debt in the amount of EUR 746 million. The Resolution Fund provided a guarantee and the Portuguese State a counter-guarantee. The operation also involved State aid, of which EUR 489 million were provided by the Resolution Fund, which was funded by a loan granted by the State.

On 12 January 2021, Banco de Portugal was informed that the Administrative and Fiscal Court of Funchal dismissed a lawsuit involving several disputes associated to Banif's resolution measures applied by Banco de Portugal. In its decision, the Court determined the legality and maintenance of Banco de Portugal's measures.

On 4 July 2022, Oitante - 100% owned by the Resolution Fund - completed the process of repayment of the bonds issued in connection with the resolution of BANIF. Oitante's debt. With the repayment of the debt, the Resolution Fund's responsibility as guarantor also ceases, as well as the Portuguese State's responsibility as provider of a counter-guarantee.

According to the Resolution Fund (press release dated 27 December 2024), Oitante has already paid a total of EUR 55.4 million after the payment of a dividend of 15.7 million delivered during the year. With this new distribution, the amount delivered by Oitante to the Resolution Fund totals EUR 150 million since the company was set up. The amounts received and to be received by the Resolution Fund, given its 100% participation in Oitante's capital, contribute to reducing the losses of Euro 489 million incurred by this Fund in the resolution of BANIF and will be used to repay the debts of the Resolution Fund.

On 16 January 2023, the Liquidation Committee of Banif announced a list of all the acknowledged and a list of the non-acknowledged creditors. According to the Resolution Fund's 2023 Annual Report, the Resolution Fund holds a claim on Banif of EUR 489 million, which has a higher claim ranking provided for in article 166-A of the RGICSF. Under the judicial liquidation process of Banif, which was initiated following the resolution, the independent evaluator estimates that the level of recovery of the financial support made available by the Resolution Fund, as having a higher ranking at the end of the liquidation, is expected to be 7.6%.

Liabilities and financing of the Resolution Fund

Pursuant to the resolution measures applied to BES and Banif, the Resolution Fund incurred on loans and assumed other responsibilities and contingent liabilities resulting from:

- The State loans, on 31 December 2023, included the amounts made available (i) in 2014 for the financing of the resolution measure applied to BES (EUR 3,900 million); (ii) to finance the absorption of Banif's losses (EUR 353 million); (iii) under the framework agreement concluded with the State in October 2017 for the financing of the measures under the CCA (EUR 430 million plus EUR 850 million of additional funding requested in 2019 and EUR 850 million made available in 2020);

- Other funding received:

- in 2014 by seven domestic institutions in the amount of EUR 700 million, in which the Bank participates, within the scope of BES resolution measure;
- in 2021 by seven domestic credit institutions, including BCP, to finance payments due under the CCA up to a maximum of EUR 429 million;

- The underwriting by the Resolution Fund of a Tier 2 instrument to be issued by Novo Banco up to the amount of EUR 400 million did not take place as the instruments were placed with third party investors as disclosed by Novo Banco on 29 July 2018;

- Effects of the application of the principle that no creditor of the credit institution under resolution may assume a loss greater than the one it would take if that institution did not go into liquidation;

- Negative effects resulting from the resolution process that result in additional liabilities or contingencies for Novo Banco, which must be neutralized by the Resolution Fund;

- Legal proceedings filed against the Resolution Fund;

- Guarantee granted to secure the bonds issued by Oitante, S.A.;

- CCA that allows Lone Star to claim, from the Resolution Fund, funding costs, realised losses and provisions related to the aforementioned ex-ante portfolio of existing loan stock agreed upon the sale process to Lone Star up to EUR 3.89 billion under the aforementioned conditions, among which a reduction of Novo Banco's CET1 below 8%-13%;

- In case the Supervisory Review and Evaluation Process (SREP) total capital ratio of Novo Banco falls below the SREP total capital requirement, the State will provide additional capital in certain conditions and through different instruments as referred to in the respective European Commission Decision.

To meet a payment from the Resolution Fund to Novo Banco, as per to Resolution no. 63-A/2021 of 27 May 2021 of the Council of Ministers and Order from the Minister of State and Finance, of 31 May 2021 - intended to provide the Resolution Fund with the financial resources necessary to meet any obligations arising from the Contingent Capitalization Agreement in the years 2021 and 2022 – rendering a new loan from the State to the Resolution Fund, a number of national financial institutions offered to finance the Resolution Fund, increasing up to EUR 475 million the direct financing of banks to the Resolution Fund and waiving a Portuguese State loan to the Resolution Fund.

According to the Resolution Fund's 2023 Annual Report from the maximum amount of EUR 475 million. The Resolution Fund used EUR 429 million, which corresponds to the payment made to Novo Banco in 2021. The loan matures in 2046 and bears interest at a rate corresponding to the sovereign cost of funding for the period between the contract date (31 May 2021) and 31 December 2026, plus a margin of 15 b.p. The interest rate will be reviewed on 31 December 2026 and, after that, every five-years. The payment obligations arising from this loan benefit from a pari passu treatment with the payment obligations of the loans entered into with the Portuguese State on 7 August 2014 and 31 December 2015 and with the Portuguese credit institutions on 28 August 2014. The funding costs of the Resolution Fund (from the State and from banks) will continue to be exclusively borne by periodic revenues, corresponding to the contributions paid by the banking sector.

According to note 24 of the Resolution Fund's 2023 Annual Report, the Resolution Fund considers that, to date, there are no elements that allow a reliable estimate of the potential financial effect of these potential liabilities.

By a public statement on 28 September 2016, the Resolution Fund and the Ministry of Finance communicated the agreement based on a review of the terms of the EUR 3,900 million loan originally granted by the State to the Resolution Fund in August 2014 to finance the resolution measure applied to BES. According to the Resolution Fund, the extension of the maturity of the loan was intended to ensure the ability of the Resolution Fund to meet its obligations through its regular revenues, regardless of the contingencies to which the Resolution Fund is exposed. On the same day, the Office of the Minister of Finance also announced that increases in the liabilities arising from the materialization of future contingencies will determine the maturity adjustment of State and bank loans to the Resolution Fund, required from to maintain the contributory effort required from the banking sector at prevailing levels at that time.

According to the statement of the Resolution Fund of 21 March 2017:

- *"The conditions of the loans obtained from the Fund to finance the resolution measures applied to Banco Espírito Santo, S.A. and to Banif – Banco Internacional do Funchal, S.A. were changed. These loans amount to EUR 4,953 million, of which EUR 4,253 million were granted by the Portuguese State and EUR 700 million were granted by a group of banks"*;

- *"Those loans are now due in December 2046, without prejudice to the possibility of early repayment based on the use of the Resolution Fund's revenues. The revision of the loan's terms aimed to ensure the sustainability and financial balance of the Resolution Fund. The terms allow the Resolution Fund to fully meet its liabilities based on regular revenues and without the need for special contributions or any other type of extraordinary contributions".*

According to the audit report on the management of Novo Banco conducted by the Court of Auditors and released on 12 July 2022, "the repayment of the EUR 2,130 million loans granted by the Portuguese State to the Resolution Fund will not end in 2046, as expected, rather in 2056 (without payments under the CCA after 2021) or in 2059 (with the use of the CCA cap). (...) In other, more pessimistic scenarios, these loans will still be being repaid in 2062".

On 2 October 2017, by Resolution no. 151-A/2017, of the Council of Ministers of the Portuguese State, as the ultimate guarantor of financial stability, was authorised to enter into a framework agreement with the Resolution Fund, to make available the necessary financial resources to the Resolution Fund, if and when the State deemed necessary, to satisfy any contractual obligations that may arise from the sale of the 75% stake in Novo Banco. The above-mentioned resolution further set out that the framework agreement should be subject to a time period that is consistent with the undertakings of the Resolution Fund and should preserve the Resolution Fund's capacity to satisfy said obligations in due time.

As at 31 December 2023, the Resolution Fund's own resources had a negative equity of EUR 6,735.1 million, as opposed to EUR 6,974.7 million at the end of 2022, according to the latest 2023 Annual Report of the Resolution Fund.

To repay the loans obtained and to meet other liabilities that it may take on, the Resolution Fund receives proceeds from the initial and regular contributions from the participating institutions (including the Bank) and from the contribution over the banking sector (created under Law no. 55-A/2010). It is also provided for the possibility of the member of the Government responsible for the area of Finance to determine, by ordinance that the participating institutions make special contributions, in the situations provided for in the applicable legislation, particularly if the Resolution Fund does not have resources to satisfy its obligations.

Pursuant to Decree-Law no. 24/2013 of 19 February, which establishes the method for determining the initial, periodic and special contributions to the Resolution Fund, provided for in the Banking Law, the Bank has been paying, since 2013, its mandatory contributions set out in the aforementioned decree-law.

On 3 November 2015, the Banco de Portugal issued Circular Letter no. 085/2015/DES, under which it is clarified that the periodic contribution to the Resolution Fund should be recognised as an expense at the time of the occurrence of the event which creates the obligation to pay the contribution, i.e. on the last day of April of each year, as stipulated in Article 9 of the referred Decree-Law no. 24/2013, of 19 February, thus the Bank is recognising as an expense the contribution to the Resolution Fund in the year in which it becomes due.

Decree-Law no. 24/2013 of 19 February further sets out that Banco de Portugal has the authority to determine, by way of instruction ("instrução"), the applicable yearly rate based on objective incidence of periodic contributions. The instruction of Banco de Portugal no. 18/2024, published on 16 December 2024, set the base rate for 2025 for the determination of periodic contributions to the Resolution Fund at 0.049% (0.032% in 2024).

According to Article 5 (e) of the Regulation of the Resolution Fund, approved by the Ministerial Order no. 420/2012, of 21 December, the Resolution Fund may submit to the member of the Government responsible for finance a proposal with respect to the determination of amounts, time limits, payment methods, and any other terms related to the special contributions to be made by the institutions participating in the Resolution Fund. According to public communications from both the Resolution Fund and from the Government, there is no indication that any such special contributions are foreseen.

The Resolution Fund issued, on 15 November 2015, a public statement declaring: *"...it is further clarified that it is not expected that the Resolution Fund will propose the setting up of a special contribution to finance the resolution measure applied to BES. Therefore, the potential collection of a special contribution appears to be unlikely"*.

In 2015, following the establishment of the Single Resolution Fund (SRF), the Group made an initial contribution in the amount of EUR 31,364 thousand. In accordance with the Intergovernmental Agreement on the Transfer and Mutualisation of Contributions to the SRF, this amount was not transferred to the SRF but was used instead to partially cover for the disbursements made by the Resolution Fund in respect of resolution measures prior to the date of application of this Agreement. This amount will have to be reinstated over a period of 8 years (started in 2016) through the periodic contributions to the SRF. The Single Resolution Fund does not cover undergoing situations with the National Resolution Fund as at 31 December 2015. In 2024, no contribution was made to the Single Resolution Fund attributable to the Group (BCP and ActivoBank) according to information from the SRB – Single Resolution Board of 15 February 2024, which states that the financial means available in the Single Resolution Fund at 31 December 2023 have already reached the target level of at least 1% of covered deposits held in the Member States participating in the Single Resolution Mechanism, as set in article 69, paragraph 1 of Regulation (EU) No. 806/2014.

In 2024, the Group made regular contributions to the Portuguese Resolution Fund in the amount of EUR 6,490 thousand. The amount related to the contribution on the banking sector in Portugal, recorded in this period was EUR 32,867 thousand. These contributions were recognised as a cost in 2024, in accordance with IFRIC no. 21 – Levies.

It is not possible, on this date, to assess the effects on the Resolution Fund due to: (i) the sale of the shareholding in Novo Banco in accordance with the communication of Banco de Portugal dated 18 October 2017 and the information provided by the European Commission on this subject under the terms described above; (ii) the application of the principle that no creditor of the credit institution under resolution may take on a loss greater than the one it would take if that institution did not go into liquidation; and (iii) legal proceedings against the Resolution Fund.

15. Banco Comercial Português, S.A., Banco ActivoBank S.A. and Banco de Investimento Imobiliário, S.A. (company merged into Banco Comercial Português, S.A.) initiated an administrative proceeding to contest the resolution adopted by Banco de Portugal on 31 March 2017 to sell Novo Banco (NB), and also, as a precaution, the deliberation adopted by the Resolution Fund on the same date, as they foresee the sale of NB by resorting to a contingent capitalization agreement under which the Resolution Fund commits to inject capital in Novo Banco up to EUR 3,9 billion, under determined circumstances. In the proceedings, the claimants request the declaration of nullity or annulment of those acts.

The proceedings were filed based on the information contained in the Communication from Banco de Portugal dated 31 March 2017, of which the claimants were not notified. The proceedings were filed in court on 4 September 2017. Banco de Portugal and the Resolution Fund presented their arguments and, only very recently, Nani Holdings SGPS, S.A. did the same since, by delay of the court, this company was only very recently notified to act as a party in the proceedings.

In addition to opposing to it, the defendants invoke three objections (i) the illegitimacy of the claimants, (ii) the argument that the act performed by Banco de Portugal cannot be challenged and (iii) the material incompetence of the court. The opponent party invoked the issue of passive illegitimacy since Novo Banco was not notified as an opponent party.

The claimants replied to the arguments presented by the defendants and to the arguments presented by the opponent party. After the presentation of the arguments, Banco de Portugal attached to the proceedings what it called an evidence process (allegedly in compliance with the law) but most of the documents delivered were truncated in such a way that neither the court nor the claimants are able to obtain adequate knowledge thereof. That issue was already raised in the proceedings (requesting the court to order Banco de Portugal to deliver a true evidence process) but no decision thereon has been made yet.

Currently, the proceedings are prepared for confirmation of the decision accepting the formalities of the right of action (with the making of a decision on the specific objections invoked). In case the judge considers that Novo Banco is an opponent party, the judge must start by issuing a pre-confirmation in order to request the claimants to identify it. Afterwards, that Bank will be notified to present its opposition arguments.

The proceeding was sent to the judge on 23 September 2019 and the Bank is awaiting a decision. BCP added legal opinions to the records (Professors Mário Aroso de Almeida and Manuel Fontaine de Campos).

16. Following the restructuring process agreed with the Directorate-General for Competition (DGComp) and the Portuguese State, Group Banco Comercial Português implemented in 2014 a salary adjustment process for employees, with a temporary effect. Additionally, it was agreed between the Bank and the Unions that, in the years after the State intervention and if there are distributable profits, the Board of Directors and the Executive Committee would submit for approval of the Shareholders' General Meeting a proposal of extraordinary distribution of profits to the employees, which allows the distribution of an accumulated total global amount at least equal to the total amount that was not received over the temporary term of the salary adjustment, as described in the clause no. 151-E of BCP's Collective Labour Agreement, effective between 2014 and 2017.

At the General Meeting held on 24 May 2023, the proposal submitted by the Board of Directors, the application of profits relating to the financial year of 2022 was approved, which included an extraordinary distribution to the employees to EUR 9,972,000, with the concrete determination of the amount to be attributed to each employee to be fixed by the Executive Committee to employees who, having not already been fully compensated with the results distributed extraordinarily in 2019, 2020 and 2022, and remain in Bank on the date of payment of the remuneration of June 2023. This extraordinary distribution of results, together with those of 2019, 2020 and 2022 allowed the distribution to the employees already in the Bank in June 2023 of an accumulated amount equal to the total amount not received during the period of temporary salary adjustment indicated in the previous paragraph.

17. The Bank was subject to tax inspections for the years up to 2021. As a result of the inspections in question, corrections were made by the tax authorities, arising from the different interpretation of some tax rules. The main impact of these corrections occurred regarding IRC, including in terms of the tax loss carry forwards and, in the case of indirect tax, in the calculation of the Value-Added Tax (VAT) deduction pro rata used for the purpose of determining the amount of deductible VAT and at the Stamp Duty level. Most of additional liquidations/ corrections made by the tax administration were the object of contestation by administrative and/or judicial means.

The Bank recorded provisions, current tax liabilities or deferred tax liabilities at the amount considered sufficient to offset the tax or tax loss carry forwards, as well as the contingencies related to the fiscal years not yet reviewed by the tax administration.

51. Provisions for legal risk related to foreign currency-indexed mortgage loans in Bank Millennium (Poland)

1. Court claims and current provisions for legal risk

On 31 March 2025, Bank Millennium had 21,092 loan agreements and additionally 2,271 loan agreements from former Euro Bank under individual ongoing litigations (excluding claims submitted by Bank Millennium against clients i.e. debt collection cases) concerning indexation clauses of FX mortgage loans submitted to the courts (49% loans agreements before the courts of first instance and 51% loans agreements before the courts of second instance) with the total value of claims filed by the plaintiffs amounting to PLN 4,493.8 million (EUR 1,069.9 million) and CHF 341.4 million (EUR 365.4 million) [(Bank Millennium portfolio: PLN 4,010.1 million (EUR 954.7 million) and CHF 330.1 million (EUR 353.3 million) and former Euro Bank portfolio: PLN 483.7 million (EUR 115.2 million) and CHF 11.3 million (EUR 12.1 million)]. The original value of the portfolio of CHF agreements granted (the sum of tranches paid to customers), taking into account the exchange rate as at the date of disbursement of loan tranches, amounted to PLN 19.4 billion (EUR 4.6 billion) for 109 thousand loan agreements (Bank Millennium portfolio: PLN 18.3 billion (EUR 4.3 billion) for 103.8 and former Euro Bank portfolio: PLN 1.1 billion (EUR 0.3 billion) for 5.2 thousand loan agreements). Out of 21,092 Bank Millennium's loan agreements in ongoing individual cases 460 are also part of class action. From the total number of individual litigations against the Bank approximately 3,800 or 18% were submitted by borrowers that had already naturally or early fully repaid the loan or were converted to polish zloty at the moment of submission. Approximately another 860 cases correspond to loans that were fully repaid during the proceedings (as court proceedings are lengthy).

The claims formulated by the clients in individual proceedings primarily concern the declaration of invalidity of the contract and payment for reimbursement of paid principal and interest instalments as undue performance, due to the abusive nature of indexation clauses, or maintenance of the agreement in PLN with interest rate indexed to CHF Libor.

In addition, Bank Millennium is a party to the group proceedings (class action) subject matter of which is to determine Bank's liability towards the group members based on unjust enrichment (undue benefit) ground in connection with the foreign currency mortgage loans concluded. It is not a payment dispute. The judgment in these proceedings will not directly grant any amounts to the group members. The number of credit agreements currently covered by these proceedings is 1,739. Out of 1,739 loan agreements in class action 460 are also part of ongoing individual cases, 155 concluded settlements and 30 received final verdicts (invalidation of loan agreement). On 24 May 2022 the court issued a judgment on the merits, dismissing the claim in full. On 13 December 2022 the claimant filed an appeal against the judgment of 24 May 2022. On 25 June 2024 an appeal hearing was held, at which the Bank filed a motion to amend the composition of the group and exclude those group members who had entered into an amicable settlement. The court required the plaintiffs' attorneys to take a written position on the current composition of the group. On 31 January 31 the court issued an order setting aside the judgment and discontinuing the proceedings from the persons who entered into amicable settlements. Based on this order, the number of credit agreements covered by the class action dropped from 3,273 to 1,739.

The intense advertising campaign observed in the public domain affects the number of court disputes. Until the end of 2019, 1,980 individual claims were filed against Bank Millennium (in addition, 235 against former Euro Bank), in 2020 the number increased by 3,002 (265), in 2021 the number increased by 6,153 (422), in 2022 the number increased by 5,752 (407), in 2023 the number increased by 6,862 (644), in 2024 the number increased by 5,842 (656), while in the first quarter of 2025 the number increased by 1,083 (135).

Based on ZBP (the Polish Banking Association) data gathered from all banks having FX mortgage loans, vast majority of disputes were finally resolved against the banks. As far as Bank Millennium (including the former Euro Bank portfolio) is concerned, from 2015 until the end of the first quarter of 2025, 10,392 cases were finally resolved (10,277 in claims submitted by clients against the Bank and 115 in claims submitted by the Bank against clients i.e. debt collection cases) out of which 3,111 were settlements, 109 were remissions, 76 rulings were favourable for the Bank and 7,096 were unfavourable including both invalidation of loan agreements as well as conversions into PLN+LIBOR. Bank Millennium undertakes proper legal actions in order to secure repayment of initially disbursed capital of the loan.

The outstanding gross balance of the loan agreements under individual court cases and class action against Bank Millennium (including the former Euro Bank portfolio) on 31 March 2025 was CHF 1,121 million (EUR 1,173.1 million) [of which the outstanding amount of the loan agreements under the class action proceeding was CHF 76 million (EUR 79.5 million)].

If all Bank Millennium's originated loan agreements currently under individual and class action court proceedings would be declared invalid without any compensation for the use of capital, the pre-tax cost could reach PLN 6,504 million (EUR 1,548.5 million). Overall losses would be higher or lower depending on the final court jurisprudence in this regard and the consideration of additional costs in the court verdicts.

In the first quarter of 2025, Bank Millennium created PLN 411 million (EUR 98.1 million) of provisions for Bank Millennium originated portfolio and PLN 33.8 million (EUR 8.1 million) for former Euro Bank originated portfolio. The balance sheet value of provisions for the Bank Millennium's portfolio at the end of March 2025 was PLN 7,343.8 million (EUR 1,754.8 million), and for the former Euro Bank portfolio, PLN 747.9 million (EUR 178.5 million).

The methodology developed by Bank Millennium of calculating provisions for legal risk involved with indexed loans is based on the following main parameters resulting from historical observations or expert assumptions:

(1) the number of ongoing cases (including class action agreements) and potential future lawsuits;

(2) as regards the number of future court cases, the Bank monitors customer behaviours, analyses their willingness to sue the Bank, including due to economic factors and applies the following assumptions:

a. regarding active loans (i.e., loans with an outstanding balance), the Bank estimates the percentage of customers covered by methodology in this group of clients at 88% of the total number of active loans (including expected number of amicable settlements);

b. regarding loans already fully repaid or converted to polish zloty, the Bank attributes a much lower probability of becoming the subject of a court case (the Bank assumes that approximately 24% of the repaid loans that had an economic justification for suing the Bank but were not covered by a prior settlement have sued or will decide to sue the Bank in the future).

(3) the amount of Bank's potential loss in the event of a specific court judgment (including statutory interest estimation);

(4) the probability of obtaining a specific court judgement calculated on the basis of statistics of judgments in cases where the Bank is a party;

(5) estimates involved with amicable settlements with clients, concluded in court or out of court:

a. the Bank assumes a 12% probability of success in concluding a settlement as part of negotiations conducted with clients in the course of court proceedings;

b. negotiations are conducted on a case-by-case basis and can be stopped at any time by the Bank;

c. due to significant negotiation efforts already made in the past, the probability of success in these negotiations in the future is decreasing, and at the same time most customers have already contacted the Bank regarding the possible conversion of loans into PLN, so at the moment the Bank adopts a conservative approach when taking into account the potential impact of this factor.

Bank Millennium is open to negotiate case by case favourable conditions for early repayment or conversion of loans to PLN. As a result of these negotiations, the number of active FX mortgage loans originated by Bank Millennium decreased by 26,977. As the end of the first quarter of 2025, Bank Millennium had 22,501 active FX mortgage loans. Cost incurred in conjunctions with these negotiations totalled PLN 2,464.5 million (EUR 588.3 million). These costs are presented mainly under the headings 'Result on exchange differences' (note 5) and also in 'Result on modification' (note 10) in the income statement, which amounted, in the first quarter of 2025, to PLN 22.3 million (EUR 5.3 million) and PLN 10.6 million (EUR 2.5 million), respectively. In the first quarter of 2025, a significant part of the negotiations costs was booked against existing provisions for that purpose.

Taking into consideration the above-mentioned information regarding court cases (active and already closed after verdicts), realized settlements and assumptions regarding future number of court cases and settlements, as well as the historical number and original amount of loans granted, it can be said that the already materialized risk (reflected in the provisions and in the losses already booked through the P&L) accounts for 60% of the historical number of loans granted and for 73% of the original disbursed capital.

Legal risk from former Euro Bank portfolio is fully covered by Indemnity Agreement with Société Générale S.A.

Bank Millennium analysed the sensitivity of the amount of the provision to changes in specific methodology parameters:

Parameter	Scenario	Impact on loss
Change in the number of court cases adopted in the assumptions	In addition 1,000 new customers file a lawsuit against the Bank	PLN 188 million (EUR 44.9 million)
Change in costs incurred in connection with the judgment or settlement	Change in cost levels by 1% compared to the assumed	PLN 74 million (EUR 17.7 million)

On 8 December 2020, Mr. Jacek Jastrzębski, the Chairman of the Polish Financial Supervision Authority ('PFSA') proposed a 'sector' solution to address the sector risks related to FX mortgages. The solution would consist in offering banks' clients a voluntary possibility of concluding arrangements based on which a client would settle a CHF Mortgage Loan as if it was a PLN loan bearing interest at an appropriate WIBOR rate increased by the margin historically employed for such loans. The decision to generally implement this solution could imply the need of creating upfront provisions for the losses resulting from the conversion of CHF Mortgage Loans. Bank Millennium in practice has been using elements of the proposal of above system solution on many individual negotiations with FX mortgage borrowers, including in the course of court proceedings.

Due to the circumstances stemming from the CJEU which excludes demanding by the Bank amounts exceeding the return of disbursed capital, the possibility of successful implementation of a general offer of KNF solution is low.

It can reasonably be assumed that the legal issues relating to foreign currency mortgage loans will be further examined by the domestic courts and the European Court of Justice which could potentially result in the further interpretations, that are relevant for the assessing of the risks associated with proceedings.

The issues related to the statute of limitations for the Bank Millennium's and the customer's restitutionary claims following the invalidation of a loan agreement remain an area that may be subject to further analysis in the jurisprudence of Polish courts. Legal interpretations in this subject may have an impact for the amount of provisions in the future.

There is a need for constant analysis of these matters. Bank Millennium will have to regularly review and may need to continue to create additional provisions for FX mortgage legal risk, taking into consideration not only the above mentioned developments, but also the negative verdicts in the courts regarding FX mortgage loans and important parameters, such as the number of new customer claims, including those relating to repaid loan agreements.

A draft law on special solutions for the examination of cases concerning loan agreements denominated or indexed to the Swiss franc concluded with consumers has been published on the website of the Government Legislation Centre. https://legislacja.gov.pl/projekt/12394303/katalog/13109961).

The bill aims to create new regulations enabling courts to consider Swiss franc cases faster and more effectively. Its primary task is to relieve the judiciary, and thus increase the efficiency of the justice system and speed up the examination of Swiss franc cases. In addition, the bill places great emphasis on the promotion of settlement and mediation solutions, thus limiting the number of new lawsuits submitted to the courts.

The adoption of this draft law by the Council of Ministers and its referral to the Sejm is planned for the second quarter of 2025. According to the legislative procedure, a bill after its adoption requires the signature of the President of the Republic of Poland and publication in the Journal of Laws.

The Court of Justice of the European Union and the Polish Supreme Court rulings relevant to risk assessment

Jurisprudence of the Court of Justice of the European Union

On 3 October 2019, the Court of Justice of the European Union (the CJEU) issued the judgment in Case C-260/18 in connection with the preliminary questions formulated by the District Court of Warsaw in the case against Raiffeisen Bank International AG. The judgment of the CJEU, as regards the interpretation of European Union law made therein, is binding on domestic courts. The judgment in question interpreted Article 6 of Directive 93/13. In the light of the subject matter judgment the said provision must be interpreted in such a way that:

(i) the national court may invalidate a credit agreement if the removal of unfair terms detected in this agreement would alter the nature of the main subject-matter of the contract;

(ii) the effects for the consumer's situation resulting from the cancellation of the contract must be assessed in the light of the circumstances existing or foreseeable at the time when the dispute arose and the will of the consumer is decisive as to whether he wishes to maintain the contract;

(iii) Article 6 of the Directive precludes the filling-in of gaps in the contract caused by the removal of unfair terms from the contract solely on the basis of national legislation of a general nature or established customs;

(iv) Article 6 of the Directive precludes the maintenance of unfair terms in the contract if the consumer has not consented to the maintenance of such terms. It can be noticed the CJEU found doubtful the possibility of a credit agreement being performed further in PLN while keeping interest calculated according to LIBOR.

The CJEU judgment concerns only the situation where the national court has previously found the contract term to be abusive. It is the exclusive competence of the national courts to assess, in the course of judicial proceedings, whether a particular contract term can be regarded as abusive in the circumstances of the case.

On 29 April 2021, the CJEU issued the judgement in the case C-19/20 in connection with the preliminary questions formulated by the District Court in Gdańsk in the case against of ex-BPH S.A., the CJEU said that:

(i) it is for the national court to find that a term in a contract is unfair, even if it has been contractually amended by those parties. Such a finding leads to the restoration of the situation that the consumer would have been in in the absence of the term found to be unfair, except where the consumer, by means of amendment of the unfair term, has waived such restoration by free and informed consent. However, it does not follow from Council Directive 93/13 that a finding that the original term is unfair would, in principle, lead to annulment of the contract, since the amendment of that term made it possible to restore the balance between the obligations and rights of those parties arising under the contract and to remove the defect which vitiated it;

(ii) the national court may remove only the unfair element of a term in a contract concluded between a seller or supplier and a consumer where the deterrent objective pursued by Council Directive 93/13 is ensured by national legislative provisions governing the use of that term, provided that that element consists of a separate contractual obligation, capable of being subject to an individual examination of its unfair nature. At the same time, provisions of the Directive preclude the referring court from removing only the unfair element of a term in a contract concluded between a seller or supplier and a consumer where such removal would amount to revising the content of that term by altering its substance;

(iii) the consequences of a judicial finding that a term if a contract concluded between a seller or supplier and a consumer is unfair are covered by national law and the question of continuity of the contract should be assessed by the national court of its own motion in accordance with an objective approach on the basis of those provisions;

(iv) the national court, finding that a term in a contract concluded between a seller or supplier and a consumer is unfair, shall inform the consumer, in the context of the national procedural rules after both parties have been heard, of the legal consequences entailed by annulment of the contract, irrespective of whether the consumer is represented by a professional representative.

On 18 November 2021, the Court of Justice of the European Union (CJEU) issued a judgment in case C-212/20 in connection with questions submitted by the District Court for Warsaw Wola in Warsaw in the case against Raiffeisen Bank International AG. The CJEU stated that:

(i) the content of the clause of the loan agreement concluded between the entrepreneur and the consumer fixing the purchase and sale price of the foreign currency to which the loan is indexed should, on the basis of clear and comprehensible criteria, enable the consumer who is reasonably well informed and sufficiently observant and rational to understand how the exchange rate of the foreign currency used to calculate the amount of the loan instalments is determined, so that the consumer is able to determine himself at any time the exchange rate used by the entrepreneur;

(ii) a national court which has found that a term of the agreement concluded between an entrepreneur and a consumer is unfair cannot interpret that term in order to mitigate its unfairness, even if such an interpretation would correspond to the common will of the parties.

On 10 June 2021, the Court of Justice of the European Union (CJEU) issued an order in case C-198/20 in connection with questions submitted by the District Court for Warsaw Wola in Warsaw in the case against Santander Bank Polska SA. The CJEU stated that the protection provided for in Council Directive 93/13/EEC is granted to all consumers, not just those who can be considered to be 'duly informed and reasonably observant and circumspect average consumer'.

On 8 September 2022, the Court of Justice of the European Union (CJEU) issued a judgment in joined cases C-80/21, C-81/21, C-82/21 in connection with questions submitted by the District Court for Warsaw Śródmieście in Warsaw in cases against Deutsche Bank SA and mBank SA. The CJEU stated that:

(i) a national court may find that the parts of a contractual term of the agreement concluded between a consumer and an entrepreneur which render it unfair are unfair, if such a deletion would not amount to a change in the content of that term that affects its substance, which is for the referring court to verify;

(ii) a national court cannot, after annulling an unfair term contained in an agreement concluded between a consumer and an entrepreneur which does not render the agreement invalid in its entirety, replace that term with a supplementary provision of the national law;

(iii) a national court may not, after having declared invalid an unfair term contained in an agreement concluded between a consumer and an entrepreneur which entails the invalidity of that agreement in its entirety, replace the contractual term which has been declared invalid either by interpretation of the parties' declaration of intent in order to avoid the cancellation of that agreement or by a provision of national law of a supplementary nature, even if the consumer has been informed of the effects of the invalidity of that agreement, and accepted them;

(iv) the ten-year limitation period for a consumer's claim seeking reimbursement of sums unduly paid to the entrepreneur in performance of an unfair term of a loan agreement does not start to run on the date of each performance made by the consumer if the consumer was not able on that date to assess on his own the unfairness of the contractual term or if he had not become aware of the unfair nature of that term and without taking into account the circumstances that the agreement provided for a repayment period – in this case thirty years – well in excess of the ten-year statutory limitation period.

On 16 March 2023, the Court of Justice of the European Union issued a judgment in a case registered under case number C-6/22, following preliminary questions submitted by the District Court for Warsaw-Wola in a case against the former Getin Noble Bank S.A. In the judgment, the CJEU ruled that:

(i) in the event that a contract concluded between a consumer and a seller or supplier is declared invalid because one of its terms is unfair, it is for the Member States, by means of their national law, to make provision for the effects of that invalidation, in compliance with the protection granted to the consumer by that directive, in particular, by ensuring the restoration of the legal and factual situation that he or she would have been in if that unfair term had not existed.

(ii) a national court is not allowed:

a. to examine of its own motion, without any prerogative conferred on it by national law in that regard, the financial situation of a consumer who has sought the invalidation of the contract between him or her and a seller or supplier on account of the presence of an unfair term without which the contract cannot legally continue to exist, even if that invalidation is liable to expose the consumer to particularly unfavourable consequences and,

b. to refuse to declare that invalidation where the consumer has expressly sought it, after being objectively and exhaustively informed of the legal consequences and the particularly unfavourable financial consequences which it may have for him or her.

(iii) a national court is not allowed, after it has found that a term in a contract concluded between a seller or supplier and a consumer is unfair, to fill gaps resulting from the removal of the unfair term contained therein by the application of a provision of national law which cannot be characterised as a supplementary provision. However, it is for the national court, taking account of its domestic law as a whole, to take all the measures necessary to protect the consumer from the particularly unfavourable consequences which annulment of the contract might entail for him or her.

On 8 June 2023, the Court of Justice of the European Union (CJEU) issued a judgment in a case registered under case number C-570/21, following preliminary questions submitted by the District Court in Warsaw in a case against the former Getin Noble Bank S.A. In the judgment, the CJEU ruled that:

(i) provisions of Council Directive 93/13 must be interpreted as meaning that the concept of 'consumer', within the meaning of that provision, covers a person who has concluded a loan contract intended for a purpose in part within and in part outside his or her trade, business or profession, together with a joint-borrower who did not act within his or her trade, business or profession, where the trade, business or professional purpose is so limited as not to be predominant in the overall context of that contract.

(ii) provisions of Directive 93/13 must be interpreted as meaning that in order to determine whether a person falls within the concept of 'consumer', within the meaning of that provision, and, specifically, whether the trade, business or professional purpose of a loan contract concluded by that person is so limited as not to be predominant in the overall context of that contract, the referring court is required to take into consideration all the relevant circumstances surrounding that contract, both quantitative and qualitative, such as, in particular, the distribution of the borrowed capital between, on the one hand, a trade, business or profession and, on the other hand, a non-professional activity and, where there are several borrowers, the fact that only one of them is pursuing a professional purpose or that the lender made the grant of credit intended for consumer purposes conditional on a partial allocation of the amount borrowed to the repayment of debts connected with a trade, business or profession.

On 15 June 2023, the Court of Justice of the European Union (CJEU) issued a judgment in a case registered under case number C-287/22, following preliminary questions submitted by the District Court in Warsaw in a case against the former Getin Noble Bank S.A. In the judgment, the CJEU ruled that provisions of the Directive 93/13 must be interpreted as precluding national case-law according to which a national court may dismiss an application for the grant of interim measures lodged by a consumer seeking the suspension, pending a final decision on the invalidity of the loan agreement concluded by that consumer on the ground that that loan agreement contains unfair terms, of the payment of the monthly instalments due under that loan agreement, where the grant of those interim measures is necessary to ensure the full effectiveness of that decision.

On 15 June 2023, the CJEU issued a judgment in a case registered under case number C-520/21, following preliminary questions submitted by the District Court in Warsaw in a case against Bank Millennium, in which indicated that Directive 93/13 does not expressly regulate the consequences of invalidity of a contract concluded between a credit institution and a consumer after the removal of unfair terms contained therein. The CJEU stated that:

(i) the provisions of the Directive 93/13 do not preclude a judicial interpretation of national law, according to which the consumer has the right to demand compensation from the credit institution beyond the reimbursement of monthly instalments and costs paid for the performance of this contract and the payment of statutory default interest from the date of the request for payment provided that the objectives of Directive 93/13 and the principle of proportionality are respected.

(ii) the provisions of Directive 93/13 preclude the judicial interpretation of national law, according to which a credit institution has the right to demand compensation from the consumer that goes beyond the return of the capital paid for the performance of this contract and beyond the payment of statutory default interest from the date of the request for payment.

On 21 September 2023, the CJEU issued a judgement in a case registered under case number C-139/22, following preliminary questions submitted by the District Court in Warsaw in a case against mBank. The CJEU stated that:

(i) provisions of the Directive 93/13 must be interpreted as not precluding a contractual term which has not been individually negotiated from being regarded as unfair by the national authorities concerned merely by virtue of the fact that its content is equivalent to that of a standard contract term entered in the national register of standard business terms held to be unlawful;

(ii) the contractual term which, because of the circumstances for the performance of certain obligations of the consumer concerned provided for in that term, must be regarded as unfair, may not cease to be considered unfair on account of another term of that contract which provides for the possibility for that consumer to perform those obligations under different circumstances;

(iii) a seller or supplier is obliged to inform the consumer concerned of the essential characteristics of the contract concluded with that seller or supplier and the risks associated with that contract, even though that consumer is its employee and has relevant knowledge in the field of the contract.

On 7 December 2023, the CJEU issued the judgement in the case C-140/22 in connection with the preliminary questions formulated by the District Court in Warsaw in the case against of mBank S.A. The Court stated that provisions of the Directive 93/13 must be interpreted as meaning that, in the context of the cancellation, in its entirety, of a mortgage loan agreement concluded with a consumer by a banking institution on the ground that that agreement contains an unfair term without which it cannot continue in existence:

(i) they preclude the judicial interpretation of national law according to which the exercise of the rights which that consumer draws from that directive is conditional on the lodging, by that consumer, before a court, of a declaration by which he or she states, first, not to consent to that unfair term remaining effective, secondly, to be aware of the fact that the nullity of that term entails the cancellation of that agreement and, moreover, of the consequences of that cancellation and, thirdly, to consent to the cancellation of that agreement;

(ii) they preclude the compensation sought by the consumer concerned in respect of the restitution of the sums paid by him or her in the performance of the agreement at issue being reduced by the equivalent of the interest which that banking institution would have received if that agreement had remained in force.

The Court of Justice of European Union by an order of 11 December 2023, closed the case registered under case number C-756/22 initiated by the District Court in Warsaw in the case brought by Bank Millennium and ruled that the provisions of Directive 93/13 must be interpreted as meaning that, in the context of declaring a mortgage loan agreement concluded with a consumer by a banking institution to be invalid in its entirety on the grounds that, that the contract contains unfair terms without which it cannot be continued, they preclude a judicial interpretation of the law of a Member State according to which that institution is entitled to recover from that consumer amounts other than the capital paid in performance of that contract and statutory interest for delay from the time of the demand for payment.

On 14 December 2023, the CJEU issued the judgement in the case C-28/22 in connection with the preliminary questions referred by the District Court in Warsaw in the case of ex-Getin Noble Bank S.A. The Court stated that:

(i) provisions of Directive 93/13 read in the light of the principle of effectiveness must be interpreted as precluding a judicial interpretation of national law according to which, following the cancellation of a mortgage loan agreement concluded with a consumer by a seller or supplier, on account of unfair terms contained in that agreement, the limitation period for the claims of that seller or supplier stemming from the nullity of that agreement starts to run only as from the date on which the agreement becomes definitively unenforceable, whereas the limitation period for the claims of that consumer stemming from the nullity of that agreement begins to run as from the day on which the consumer became aware, or should reasonably have become aware, of the unfair nature of the term entailing such nullity;

(ii) provisions of the Directive 93/13 must be interpreted as not precluding a judicial interpretation of national law according to which it is not for a seller or supplier who has concluded a mortgage loan agreement with a consumer to ascertain whether the consumer is aware of the consequences of the removal of the unfair terms contained in that agreement or of that agreement being no longer capable of continuing in existence if those terms were removed;

(iii) provisions of the Directive 93/13, read in the light of the principle of effectiveness, must be interpreted as precluding a judicial interpretation of national law according to which, where a mortgage loan agreement concluded with a consumer by a seller or supplier is no longer capable of continuing in existence after the unfair terms in that agreement have been removed, that seller or supplier may rely on a right of retention which allows him or her to make the restitution of the sums which it has received from that consumer conditional on that consumer making an offer to repay the sums which he or she has himself or herself received from that seller or supplier or to provide a security for the repayment of those sums, where the exercise by that seller or supplier of that right of retention entails the loss, for that consumer, of the right to obtain default interest as from the expiry of the time limit set for performance by the seller or supplier concerned, following receipt by that seller or supplier of a request to repay the sums he or she had been paid in performance of that agreement.

The Court of Justice of the European Union by an order of 15 January 2024, closed the case registered under case number C-488/23 following a question from the District Court of Warsaw, indicating that the right of a financial institution to demand the valorization of the disbursed capital after a loan agreement has been declared invalid was excluded in the judgment of 15 June 2023 issued in case C-520/21.

On 18 January 2024, the CJEU issued the judgement in the case C-531/22 in connection with the preliminary questions referred by the District Court in Warsaw in the case of ex-Getin Noble Bank S.A. The Court stated that:

(i) the provisions of Directive 93/13 preclude national legislation which provides that a national court may not examine of its own motion the potentially unfair nature of the terms contained in a contract and draw the consequences thereof, where it is supervising enforcement proceedings carried out on the basis of a final decision to issue an order for payment which is subject to res judicata:

a. if the regulations do not provide for such an examination at the stage of issuing a payment order, or

b. if such examination is provided for only at the stage of opposition to the order for payment in question, provided that there is a significant risk that the consumer in question will not file the required opposition either because the time limit specified for this purpose is very short, or because of the cost of the proceedings before the court in relation to the amount of the disputed debt, or because the national legislation does not provide for the obligation to provide that consumer with all the information necessary for him to establish the extent of his rights;

(ii) the provisions of Directive 93/13 do not preclude national case law according to which the entry of a term of a contract in a national register of prohibited clauses has the effect of declaring that term unfair in any proceedings involving a consumer, including against a trader other than the one against whom proceedings for the entry of the said term in that national register were pending, and where that term does not have the same wording as the term entered in the said register, but has the same meaning and has the same effect with respect to the consumer in question.

By decision of 3 May 2024, the Court of Justice of the European Union closed the case registered under case no. C-348/23 following a question from the District Court in Warsaw, indicating that they preclude the recognition that the legal effects related to the declaration of invalidity of the contract are conditional on the fulfilment by the consumer of the condition precedent for that consumer to make a declaration before the national court, that it does not agree to maintain the contractual term in force and that it is aware that the invalidity of the said term entails the annulment of the loan agreement and its effects and that it consents to the annulment of the agreement.

By decision of 8 May 2024, the Court of Justice of the European Union closed the case registered under case no. C-424/22 as a result of a question from the Regional Court in Kraków, indicating that they preclude the application by a financial institution of the right of retention which makes the consumer's receipt of the amounts awarded to him by the court conditional on the consumer's simultaneous offer of reimbursement or security for the return of the entire benefit received from that financial institution.

Jurisprudence of the Polish Supreme Court

On 7 May 2021, the Supreme Court composed of 7 judges of the Supreme Court, issued a resolution for which the meaning of legal principle has been granted, stating that:

1. An abusive contractual clause (art. 385(1) § 1 of the Civil Code), by force of the law itself, is ineffective to the benefit of the consumer who may consequently give conscious and free consent to this clause and thus restore its effectiveness retroactively.

2. If without the ineffective clause the loan agreement cannot bind, the consumer and the lender shall be eligible for separate claims for return of monetary performances made in exercising this agreement (art. 410 § 1 in relation to art. 405 of the Civil Code). The lender may demand return of the performance from the moment the loan agreement becomes permanently ineffective.

On 28 April 2022 the Supreme Court issued a resolution (III CZP 40/22) in which it indicated that in disputes with consumers, the provision of Article 358(1) of the Civil Code is a special provision to Article 353(1) of the Civil Code, which means that if the prerequisites for the application of both provisions exist, the court should apply the special provision and declare the contractual provision permanently ineffective, rather than invalid. This decision of the Supreme Court should be perceived as significantly limiting the risk of the bank's claims for return of capital being time-barred.

The effect of the Supreme Court's resolution of 7 May 2021 is that the bank is entitled to a refund of the cash benefit provided by the bank in performance of a permanently ineffective contract. Taking into account the uncertainty as to the starting point of the limitation period for the bank's claims, Bank Millennium, in order to protect its interests, files lawsuits for payment against borrowers in a court dispute with the Bank and in other circumstances where such risk may exist. The Bank's demand consists of a claim for return of the capital made available to the borrower under the contract. By 31 March 2025 Bank Millennium filed 16,063 lawsuits against the borrowers.

On 25 April 2024, a session of the Civil Chamber of the Supreme Court was held to answer questions formulated by the First President of the Supreme Court, published on 29 January 2021, on key issues related to foreign currency mortgage loan agreements. The Supreme Court, composed of the entire Civil Chamber, adopted a resolution having the force of a legal principle, in which it stated that:

a. When finding that a provision of an indexed or denominated credit agreement relating to the manner of determining the foreign currency exchange rate constitutes an unfair contractual provision and is not binding, then in currently existing legal situation it cannot be stated that such a provision could be replaced by another formula of defining the foreign currency exchange rate resulting from law or custom.

b. In case of impossibility to determine the foreign currency exchange rate binding the parties in the indexed or denominated loan agreement, the agreement is not binding also in the remaining scope.

c. If, in the performance of a credit agreement which is not binding due to the unfair nature of its provisions, the bank has disbursed to the borrower all or part of the amount of the credit and the borrower has made repayments of the credit, independent claims for repayment of the undue performance shall arise in favour of each party.

d. If a credit agreement is not binding due to the unfair nature of its provisions, the statute of limitations of the bank's claim for repayment of amounts disbursed under the credit shall, as a rule, start to run from the day following the day on which the borrower challenges being bound by the provisions of agreement.

e. If a credit agreement is not binding due to the unfair nature of its provisions, there shall be no legal basis for any party to claim interest or other remuneration because of using party's pecuniary means during the period from the provision of undue benefit until the delay in the return of this benefit.

On 19 June 2024, the Supreme Court issued a resolution by a panel of 7 Supreme Court judges (III CZP 31/23) stating that:

The right of retention (Article 496 of the Civil Code) does not apply to the party that can set off its claim against the claim of the other party.

On 28 February 2025, the Supreme Court issued a resolution of 7 judges of the Supreme Court (III CZP 126/22), in which it stated that:

(i) A bank loan agreement (Article 69(1) of the Banking Law Act of 29 August 1997) is a mutual agreement within the meaning of Article 487 § 2 of the Civil Code.

On 5 March 2025 the Supreme Court issued a resolution by a panel of 7 Supreme Court judges (III CZP 37/24), in which it stated that:

(i) In the event of a claim for repayment from a bank of a consideration fulfilled on the basis of a credit agreement which has proved to be invalid, the bank is not entitled to the right of retention under Article 496 in connection with Article 497 of the Civil Code.

Due to the CJEU jurisprudence interpreting the causes and effects of invalidity of foreign currency mortgage loan agreements as well as above indicated resolution of the Civil Chamber of the Supreme Court, the area of interpretation of regulations by Polish courts in this respect appears to be limited. However, further jurisprudential practice of the Polish courts will play certain role in practical realisation of the CJEU's and the Supreme Court's guidance.

52. List of subsidiaries and associates of Banco Comercial Português Group

SUBSIDIARIES

As at 31 March 2025, the Group's subsidiaries included in the consolidated accounts using the full consolidation method were as follows:

					Group		Bank
Subsidiaries	Head office	Share capital	Currency	Sector of activity	% economic interests	% effective held	% direct held
Banco ActivoBank, S.A.	Lisbon	127,600,000	EUR	Banking	100 %	100 %	100 %
Bank Millennium, S.A.	Warsaw	1,213,116,777	PLN	Banking	50.1 %	50.1 %	50.1 %
Millennium Bank Hipoteczny S.A.	Warsaw	130,000,000	PLN	Banking	100 %	50.1 %	—
BCP África, S.G.P.S., Lda.	Funchal	214,223,800	EUR	Holding company	100 %	100 %	100 %
BIM - Banco Internacional de Moçambique, S.A.	Maputo	4,500,000,000	MZN	Banking	66.7 %	66.7 %	—
BCP International B.V.	Amsterdam	18,000	EUR	Holding company	100 %	100 %	100 %
M Representações Ltda.	São Paulo	88,202,444	BRL	Financial Services	100 %	100 %	100 %
Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda.	Funchal	25,000	EUR	Holding company	100 %	100 %	100 %
Interfundos - Sociedade Gestora de Organismos de Investimento Coletivo, S.A.	Oeiras	1,500,000	EUR	Real estate investment fund management	100 %	100 %	100 %
Monumental Residence - Sociedade de investimento coletivo imobiliária fechada, S.A.	Oeiras	31,900,000	EUR	Real-estate management	100 %	100 %	100 %
Millennium bcp - Prestação de Serviços, A.C.E.	Lisbon	331,750	EUR	Services	98.6 %	97.7 %	93.2 %
Millennium bcp Teleserviços - Serviços de Comércio Electrónico, S.A.	Lisbon	50,004	EUR	E-commerce	100 %	100 %	100 %
Imoserit, S.A.	Oeiras	50,000	EUR	Real-estate company	100 %	100 %	100 %
Bichorro – Empreendimentos Turísticos e Imobiliários S.A.	Oeiras	2,150,000	EUR	Real-estate management	100 %	100 %	—
Finalgarve – Sociedade de Promoção Imobiliária Turística, S.A.	Oeiras	250,000	EUR	Real-estate management	100 %	100 %	—
Fiparso – Sociedade Imobiliária S.A	Oeiras	50,000	EUR	Real-estate company	100 %	100 %	—
Millennium Consulting S.A.	Warsaw	4,339,500	PLN	Consulting services	100 %	50.1 %	—
Millennium Goodie Sp.z.o.o.	Warsaw	500,000	PLN	Web portals	100 %	50.1 %	—
Millennium Leasing, Sp.z o.o.	Warsaw	48,195,000	PLN	Leasing	100 %	50.1 %	—
Millennium Service, Sp.z o.o.	Warsaw	1,000,000	PLN	Services	100 %	50.1 %	—
Piast Expert Sp. z o.o (in liquidation)	Warsaw	100,000	PLN	Marketing services	100 %	50.1 %	—
Millennium Telecommunication Services Sp. z o.o.	Warsaw	100,000	PLN	Brokerage services	100 %	50.1 %	—
Millennium TFI - Towarzystwo Funduszy Inwestycyjnych, S.A.	Warsaw	10,300,000	PLN	Investment fund management	100 %	50.1 %	—

As at 31 March 2025, the investment funds included in the consolidated accounts using the full consolidation method, were as follows:

Investment funds	Head office	Share capital	Currency	Activity	Group		Bank
					% economic interests	% effective held	% direct held
Imosotto acumulação – Fundo de Investimento Imobiliário Fechado	Oeiras	102,385,157	EUR	Real-estate investment fund	100 %	100 %	100 %
Imorenda – Fundo de Investimento Imobiliário Fechado	Oeiras	85,156,715	EUR	Real-estate investment fund	100 %	100 %	100 %
Sand Capital - Fundo de Investimento Imobiliário Fechado	Oeiras	88,082,695	EUR	Real-estate investment fund	100 %	100 %	100 %
Fundial – Fundo de Investimento Imobiliário Fechado	Oeiras	17,340,985	EUR	Real-estate investment fund	100 %	100 %	100 %
Fundipar – Fundo de Investimento Imobiliário Fechado	Oeiras	1,546,726	EUR	Real-estate investment fund	100 %	100 %	100 %
Domus Capital– Fundo de Investimento Imobiliário Fechado	Oeiras	3,799,969	EUR	Real-estate investment fund	95.8 %	95.8 %	95.8 %
Predicapital – Fundo de Investimento Imobiliário Fechado (*)	Oeiras	88,951,500	EUR	Real-estate investment fund	60 %	60 %	60 %

(*) - Company classified as non-current assets held for sale.

The Group holds a securitization transaction regarding mortgage loans which was set through specifically created SPE. As referred in accounting policy 1 B, when the substance of the relationships with the SPEs indicates that the Group holds control of its activities, the SPE is fully consolidated, following the application of IFRS 10.

As at 31 March 2025, the Special Purpose Entity included in the consolidated accounts under the full consolidation method is as follows:

Special Purpose Entities	Head office	Share capital	Currency	Activity	Group		Bank
					% economic interests	% effective held	% direct held
Magellan Mortgages No.3 Limited	Dublin	40,000	EUR	Special Purpose Entities	82.4 %	82.4 %	82.4 %

ASSOCIATES

As at 31 March 2025, the Group's associates included in the consolidated accounts under the equity method are as follows:

					Group		Bank
Associates	Head office	Share capital	Currency	Activity	% economic interests	% effective held	% direct held
Banco Millennium Atlântico, S.A.	Luanda	53,821,603,000	AOA	Banking	22.7 %	22.5 %	—
Banque BCP, S.A.S.	Paris	215,559,319	EUR	Banking	18.9 %	18.9 %	18.9 %
Lubuskie Fabryki Mebli, S.A. (in liquidation)	Swiebodzin	13,400,050	PLN	Furniture manufacturer	50 %	25.1 %	—
Europa Millennium Financial Services sp. z o.o.	Warsaw	100,000	PLN	Services	20 %	10 %	—
SIBS, S.G.P.S., S.A.	Lisbon	24,642,300	EUR	Banking services	23.3 %	21.9 %	—
UNICRE - Instituição Financeira de Crédito, S.A.	Lisbon	10,000,000	EUR	Credit cards	32 %	32 %	0.5 %
Webspectator Corporation	Delaware	950	USD	Digital advertising services	25.1 %	25.1 %	25.1 %
TIICC S.A.R.L.	Luxembourg	12,500	EUR	Services	38.5 %	38.5 %	38.5 %
Nexponor - Sociedade de Investimento Coletivo Imobiliário Fechado, S.A. (in liquidation)	Lisbon	65,621,200	EUR	Real-estate management	20.7 %	20.7 %	20.7 %

As at 31 March 2025, the investment and venture capital funds included in the consolidated accounts under the equity method are as follows:

					Group		Bank
Investment and venture capital funds	Head office	Share capital	Currency	Activity	% economic interests	% effective held	% direct held
Fundo Turismo Algarve, FCR (*)	Lisbon	123,810,000	EUR	Venture capital fund	73.6 %	73.6 %	73.6 %
Fundo de Investimento imobiliário fechado Eurofundo (in liquidation)	Lisbon	14,412,550	EUR	Real-estate investment fund	35.1 %	35.1 %	35.1 %
Lusofundo - Fundo de Investimento imobiliário fechado (in liquidation)	Lisbon	34,518,110	EUR	Real-estate investment fund	42.5 %	42.5 %	42.5 %

(*) Since Banco Comercial Português, SA does not have control over the management of this fund, the equity method was applied in the Group 's consolidated accounts.

As at 31 March 2025, the Group's associates in the insurance sector included in the consolidated accounts under the equity method were as follows:

					Group		Bank
Associates	Head office	Share capital	Currency	Activity	% economic interests	% effective held	% direct held
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A.	Lisbon	50,002,375	EUR	Holding company	49 %	49 %	49 %
Ocidental - Companhia Portuguesa de Seguros de Vida, S.A.	Lisbon	22,375,000	EUR	Life insurance	49 %	49 %	—
Ageas - Sociedade Gestora de Fundos de Pensões, S.A.	Lisbon	1,200,000	EUR	Pension fund management	49 %	49 %	—
Fidelidade Moçambique - Companhia de Seguros S.A.	Maputo	295,000,000	MZN	Insurance	22 %	14.7 %	—

Some indicators of the main subsidiaries and associates are analysed as follows:

(Thousands of euros)

	31 March 2025			31 March 2024		
Subsidiaries and associates	Total Assets	Total Equity	Net income for the period	Total Assets	Total Equity	Net income for the period
Banco Comercial Português, S.A.	66,014,799	6,983,347	190,281	62,873,528	6,323,527	190,416
Banco ActivoBank, S.A.	4,630,960	300,353	11,798	3,714,711	260,133	7,336
Bank Millennium, S.A. (1)	34,131,686	1,912,079	42,793	30,667,730	1,643,684	29,723
BIM - Banco Internacional de Moçambique, S.A. (1)	2,904,091	515,896	3,664	2,828,509	481,709	22,616
BCP International B.V.	176	162	(15)	523,896	523,873	(62)
BCP Finance Bank, Ltd.	—	—	—	519,087	519,080	(251)
BCP África, S.G.P.S., Lda.	284,990	284,969	(741)	275,383	273,962	(5,719)
Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda.	188,100	188,085	(25)	175,979	174,774	94
Interfundos - Sociedade Gestora de Organismos de Investimento Coletivo, S.A.	8,146	6,765	168	9,654	6,362	289
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A. (1) (3)	8,521,593	507,843	17,796	8,387,720	516,412	16,698
Banco Millennium Atlântico, S.A. (2)	2,030,345	205,161	3,037	2,234,991	202,123	3,675
Banque BCP, S.A.S.	5,913,938	284,890	15,815	5,756,950	284,272	4,061

1) Consolidated accounts.
2) These indicators correspond to the statutory financial statements that do not include the effects of applying IAS 29 and refer to the estimated financial statements.
3) These indicators refer to the estimated financial statements.

53. Subsequent events

In addition to the aspects disclosed in the other notes and according to the accounting policy 1 Z, the events that occurred after the date of the financial statements and until the date of its approval, were as follows:

Banco Comercial Português, S.A. informed about resolutions of the Annual General Meeting

Banco Comercial Português, S.A. concluded on 22 May 2025, at the Bank's facilities and, simultaneously, through electronic means with 66.19% of the share capital represented, the Annual General Meeting of Shareholders, with the following resolutions:

Item One – Approval of the management report, the balance sheet and the individual and consolidated accounts for the financial year 2024, the Corporate Governance Report, which includes a chapter on the remuneration of the management and supervisory bodies, and the Sustainability Report;

Item Two – Approval of the proposal for the appropriation of profits regarding the 2024 financial year;

Item Three – Approval of a vote of trust and praise addressed to the Board of Directors, including to the Executive Committee and to the Audit Committee and each one of their members, as well as to the Chartered Accountant and its representative;

Item Four – Ratification of the co-option of a director for the 2022-2025 term of office;

Item Five – Approval of the Shareholder Distribution Policy;

Item Six – Approval of the updating the Remuneration Policy for Members of the Management and Supervisory Bodies;

Item Seven – Approval of the updating the Internal Policy for the Selection and Assessment of the suitability of members of the management and supervisory bodies and key function holders;

Item Eight – Approval of the reduction of the Bank's share capital by up to Euros 150,000,000.00 (one hundred and fifty million euros), with the special purpose of implementing a Buyback Programme and cancelling own shares already acquired or to be acquired under said programme, involving the cancellation of up to 755,699,497 own shares representing up to 5% of the total number of shares representing the share capital, as well as the related reserves, with the consequent amendment of article 4(1) of the articles of association;

Item Nine – Approval of the increase of the Bank's share capital to Euros 3,000,000,000, by incorporating the special reserve that may be set up under item Eight of the Agenda, by the amount corresponding to the resulting share capital reduction and without issuing new shares, with the consequent amendment of Article 4(1) of the articles of association;

Item Ten – Approval of the amendment to article 27(2) of the Articles of Association (postal and electronic voting);

Item Eleven – Approval of the acquisition and sale of own shares and bonds.

Banco Comercial Português, S.A. informed about ratings upgrade by Moody’s

On 21 May 2025, Banco Comercial Português, S.A. (“BCP” or “Bank”) informed that Moody’s has upgraded the Baseline Credit Assessment (BCA) and Adjusted BCA from ‘baa3’ to ‘baa2’. This upgrade reflects the group’s strengthened creditworthiness, in particular its significantly improved asset-risk metrics, its higher capital levels and the group's enhanced bottom-line profitability, that will, nevertheless, continue to be strained over the outlook period by the relatively high, albeit decreasing, legal provisions associated to BCP's Polish subsidiary's legacy Swiss franc mortgage portfolio. BCP's BCA also reflects the bank's sound funding and liquidity position.

As a result, Moody’s upgraded the rating of the deposits from ‘A3’ to ‘A2’, the rating of the subordinated debt from ‘Ba1’ to 'Baa3', standing after the revision at an Investment Grade level and affirmed the rating of the senior unsecured debt at ‘Baa1’.

The Outlook on the deposit rating was changed to stable, while the Outlook on senior unsecured debt is stable.

Banco Comercial Português, S.A. informed on the approval of a Share Buyback Programme

On 8 April 2025, the Bank informed that a share buyback programme in the total amount of EUR 200 million, equivalent to approximately 2,683%[1] of BCP’s market capitalization[1] was approved today. The objective of the Buy-Back Programme, for the purposes of Article 5(2)(a) of Regulation (EU) No. 596/2014, is the cancellation of treasury shares acquired under its scope and it will be implemented in accordance with the provisions of Regulation (EU) No. 596/2014, as supplemented by Delegated Regulation (EU) No. 2016/1052, taking into consideration the terms and conditions described, and also being conditional to: (i) the limits set out in the resolution adopted under item 6 of the Agenda of the General Meeting held on 22 May 2024, as duly disclosed to the market; (ii) the terms and conditions of any future authorisations for the acquisition of treasury shares that may be approved by the General Meeting of Shareholders of BCP; and (iii) the terms and conditions of any share capital reduction that may be resolved for these purposes by the General Meeting of Shareholders. On 14 April 2025, the Bank started trading own shares in the context of the Share Buy-Back Programme approved by the Bank in accordance with the terms and conditions described in the announcement regarding the start of trading under the Buy-Back Programme disclosed by BCP on 8 April 2025.

Banco Comercial Português, S.A. informed on the termination of rating assignment by Morningstar DBRS to BCP's Covered Bonds

Banco Comercial Português, S.A. (“BCP”) hereby informed that, on 1 April 2025, and at its request, ceased the assignment of rating by Morningstar DBRS to the Covered Bonds issued by BCP.

BCP’s covered bonds maintain the ratings currently assigned by Moody’s and Fitch Ratings, respectively, of ‘Aaa’ and ‘AAA’.

[1] With reference to the closing price registered in the regulated market Euronext Lisbon on 8 April 2025.

Millennium
bcp