H1 2025
REPORT & ACCOUNTS

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

H1 2025 Report and 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 1S 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 1S 2025" prevails.

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

Millennium
bcp

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Miguel Maya
Chief Executive Officer
Vice-Chairman of the Board of Directors

Nuno Amado
Chairman of the Board of Directors

Joint Message of the Chairman of the Board of Directors and of the CEO

In the first half of 2025, in a context of worsening risks associated with the international geopolitical situation, Millennium bcp once again stood out for its role in supporting the economy, companies and families, continuing to prioritize a policy that promotes relationships of trust based on proximity and on the quality of services provided to its customers.

It was in this context that Millennium bcp presented, in the first half of 2025, a consolidated net profit of 502.3 million euros, corresponding to an increase of 3.5% compared to the same period in 2024, results that raise the Bank's ROE to 14.3%.

This performance reflects Millennium's bcp favorable group performance, with particular emphasis on Portugal and Poland. Portugal contributed a net profit of 424 million euros, a 3.2% increase compared to the same period in 2024, and international operations contributed 146.6 million euros, an 11.8% increase.

The results of the international operations benefited from the improvement achieved by Bank Millennium in Poland, which maintained its positive evolution, achieving in June 2025 a net result of 121.1 million euros, a rise of 46.2% from the same period in 2024, despite charges of 276.5 million euros associated with the mortgage loan portfolio in Swiss francs, of which 218.2 million euros were provisions.

Millennium bim in Mozambique reported a profit of 23.7 million euros at the end of the first six months, a 49.3% decrease compared to the same period last year. The results of Millennium bim were strongly impacted by the country's context, with repercussions in terms of the downgrade in the sovereign debt rating, which resulted in a relevant increase in impairment charges on financial assets and.

For Millennium bcp consolidated core operating income totaled 1.17 billion euros in June 2025 a slight decrease of 0.2% compared to the same period in 2024. This performance was positively influenced by the 3.5% growth in core revenues, which increased from 1.80 billion in June 2024 to 1.86 billion in June 2025. This increase was mainly due to the favorable development of commissions and net interest income, which, at the consolidated level, recorded increases of 4.0% and 3.3%, respectively.

It is worth noting that the increase in operating profits, associated with a resilient financial margin, was achieved in a challenging context of a generalized drop in interest rates, more pronounced in Euro zone, which was only possible to achieve due to the rigorous interest rate risk management, combined with a strong commercial intensity that boosted business volumes, as well as commissions associated with the banking activity resulting from the greater number of customers and greater involvement with them.

On the other hand, operating costs increased by 10.5% year-on-year at the consolidated level and by 8.5% in Portugal. This increase was primarily driven by the increase in personnel costs across various operations. In Portugal the increase in costs were most prevalent in the second half of 2024 due to the implementation of salary increases and the accounting of variable remuneration foreseen for that year. To allow for better comparability and analysis of results, less subject to seasonal effects, a monthly periodization of these personnel cost items is being carried out in 2025. Therefore, on a pro forma basis, assuming a similar periodization throughout 2024, the increase in operating costs in the first half of 2025 compared to the same period of the previous year would be 8.7% at the consolidated level and 5.1% in Portugal.

Thanks to our robust business model, Millennium bcp maintained an intense and dynamic commercial performance, which allowed us to continue expanding our customer base. In June, we registered a total of 7.12 million active customers, 80% of whom are digital customers and 73% are mobile customers.

This same commercial dynamic allowed for a growth in total customer resources, at a consolidated level, of 5.5% compared to June last year, exceeding 106 billion euros in resources.

The consolidated gross loan portfolio also registered a 3.4% increase compared to June 2024, exceeding 60 billion euros. Real estate loans contributed most significantly to this growth, but the increase in loans to businesses is noteworthy, despite growing more moderately, representing a significant positive shift in the trajectory of this business segment.

Millennium's bcp credit portfolio management and monitoring processes have enabled us to identify and monitor customers who are potentially most affected by the current macroeconomic environment, anticipating potential difficulties in fulfilling their credit responsibilities and defining operational strategies tailored to the specific needs of each customer.

On the other hand, Millennium bcp continued a consistent trajectory of reducing non-productive assets in the period under analysis, having reduced, over the past 12 months, the stock of NPE, in consolidated terms, by 336 million euros, 70 million euros in restructuring funds and 19 million euros in the stock of properties received through recovery.

As a result of these actions, Millennium bcp presents a balance sheet underpinned by the quality of our assets, which is expressed in an NPE ratio of 2.7% at the consolidated level and 2.0% in Portugal.

Millennium bcp continues to demonstrate a strong capacity for organic capital generation, reflected in the robust capital position presented in June 2025, with the CET1 and total capital ratios far exceeding regulatory requirements, standing at 16.2% and 20.2%, respectively. These ratios consider the impact of CRR3 and incorporate, for this purpose, a retention of only 25% of the profit generated in the half-year and, therefore, a distribution to shareholders of up to 75% of this profit, in accordance with the shareholder remuneration policy set out in our 2025-2028 strategic plan.

Complementing this solid capital position, Millennium bcp continued to demonstrate, at the end of the first half of 2025, an equally comfortable liquidity position, far exceeding regulatory requirements. In June of this year, the net credit-to-deposit ratio stood at 69%, with 31.6 billion euros in assets eligible for discounting with the European Central Bank.

In this context of improving balance sheet quality, the cost of risk stood at 30 basis points at a consolidated level and 33 basis points in Portugal, in line with the objectives defined in the strategic plan.

Millennium bcp once again stood out for its central role in providing proximity, trust and quality in the services provided to Customers, continuing to make a decisive contribution to economic and social development, supporting families and businesses in the markets where we are present.

On June 25th, Millennium bcp celebrated its 40th anniversary, consolidating over these four decades a path of continuous affirmation among its stakeholders and renewing our commitment to trust and proximity that has sustained Millennium's bcp leading position as a Portuguese private commercial bank in the national financial system, as well as a benchmark in the other geographies where we operate. Guided by innovation and excellence, Millennium bcp has built a trajectory throughout this journey that honors the talent and work done by many professionals, inspires the present, and projects an even more promising future.

Despite a macroeconomic and geopolitical context marked by high unpredictability, we remain confident in the quality and execution capacity of the strategic plan presented to the market.

Miguel Maya

Chairman of the Executive Committee

Vice-Chairman of the Board of Directors

Nuno Amado

Chairman of the Board of Directors

From left to right:
Maria José Campos (Member of the Executive Committee); **Rui Teixeira** (Member of the Executive Committee); **Miguel Bragança** (Vice-Chairman of the Executive Committee); **Miguel Maya** (Chairman of the Executive Committee); **João Nuno Palma** (Vice-Chairman of the Executive Committee); **José Miguel Pessanha** (Member of the Executive Comm

Main highlights of the Results in H1 2025

A Solid and Efficient Bank

Profitability

- Group's net income of EUR 502.3 million in the first half of 2025, corresponding to an increase of 3.5% when compared to the first half of 2024, reaching a ROE of 14.3% in June 2025.
- Net income in the activity in Portugal increased by 3.2% from EUR 411.0 million in the first half of 2024, to EUR 424.0 million in the first half of 2025.
- Net income from international operations1 grew by 11.8%, increasing from EUR 131.1 million in the first half of 2024 to EUR 146.6 million in the first half of 2025, driven by Bank Millennium's net income of EUR 121.1[1] million in the first half of 2025, despite charges of EUR 276.5[2] million related with CHF mortgage loan portfolio (of which EUR 218.2[2] million in provisions).

Business Model

- Solid capital ratios. CET1[3] ratio stood at 16.2% and total capital ratio[3] at 20.2%, incorporating the effects resulting from CRR3[4].
- Liquidity indicators[5] well above regulatory requirements: LCR at 336%, NSFR at 181% and LtD at 69%. Eligible assets available to discount at ECB of EUR 31.6 billion.
- Group's total Customer funds grew 5.5% to EUR 106.2 billion and Loans to customers increase 3.4% to EUR 60.3 billion compared to June 2024. In Portugal, total customer funds increase by EUR 3.2 billion and customer loans by EUR 1.8 billion compared to June 2024.
- Relevant reduction in non-performing assets compared to June 2024: reduction of EUR 336 million in NPE, EUR 70 million in corporate restructuring funds and EUR 19 million in foreclosed assets.
- Cost of risk of the Group stood at 30 bp in the first half of 2025, which compares with 34 bp[6] in the same period of the previous year. In Portugal, cost of risk stood at 33 bp which compares with 28 bp[6] in the same period of last year.
- Customer base surpasses 7 million, highlighting the 9% increase in mobile Customers, which represented 73% of total active Customers at the end of June 2025.

1 Before non-controlling interests. 2 Includes provisions for legal risk, costs with out-of-court settlements and legal advice. Does not include provisions for legal risk on CHF mortgages of Euro Bank (guaranteed by a third party). Before taxes and non-controlling interests. 3 Fully implemented estimated ratio including 25% of the unaudited net income of H1'25. 4 Capital Requirement Regulation 3 (CRR3). 5 Liquidity Coverage Ratio (LCR); Net Stable Funding Ratio (NSFR); Loans to Deposits Ratio (LtD). 6 Includes an impairment reversal that occurred in Q2'24. Without this effect cost of risk stood at 50bp in the Group and 52bp in the activity in Portugal in H1'24.

Main highlights (1)

million EUR

	30 Jun. 25	30 Jun. 24 (restated [2])	Chg. 25/24
BALANCE SHEET			
Total assets	105,466	99,698	5.8 %
Equity	8,404	7,627	10.2 %
Loans to customers (net)	58,936	56,726	3.9 %
Total customer funds	106,246	100,678	5.5 %
Balance sheet customer funds	87,321	83,873	4.1 %
Deposits and other resources from customers	85,950	82,555	4.1 %
Loans to customers (net) / Deposits and other resources from customers (3)	69 %	69 %	
Loans to customers (net) / Balance sheet customer funds	67 %	68 %	
RESULTS			
Net interest income	1,444	1,398	3.3 %
Net operating revenues	1,848	1,750	5.6 %
Operating costs	684	619	10.5 %
Operating costs excluding specific items (4)	681	617	10.4 %
Results on modification	(5)	(61)	91.6 %
Loan impairment charges (net of recoveries)	90	98	(8.5 %)
Other impairment and provisions	281	292	(3.8 %)
Income tax	218	138	58.5 %
Net income	502	485	3.5 %
PROFITABILITY AND EFFICIENCY			
Net operating revenues / Average net assets (3)	3.6 %	3.6 %	
Return on average assets (ROA)	1.1 %	1.1 %	
Income before tax and non-controlling interests / Average net assets (3)	1.5 %	1.4 %	
Return on equity (ROE)	14.3 %	15.4 %	
Return on tangible equity (ROTE)	14.9 %	16.0 %	
Income before tax and non-controlling interests / Average equity (3)	19.9 %	19.2 %	
Net interest margin	2.97 %	3.08 %	
Cost-to-core income (4)	36.6 %	34.3 %	
Cost-to-income (3)	37.0 %	35.4 %	
Cost-to-income (3)(4)	36.8 %	35.2 %	
Cost-to-income - Activity in Portugal (3)(4)	34.7 %	32.6 %	
Staff costs / Net operating revenues (3)(4)	20.6 %	19.3 %	
CREDIT QUALITY			
Cost of risk (net of recoveries, in b.p.) (5)	30	34	
Non-Performing Exposures (loans to customers) / Loans to customers	2.7 %	3.4 %	
Total impairment (balance sheet) / NPE (loans to customers)	84.5 %	81.5 %	
Restructured loans / Loans to customers	2.2 %	3.0 %	
LIQUIDITY			
Liquidity Coverage Ratio (LCR)	336 %	296 %	
Net Stable Funding Ratio (NSFR)	181 %	175 %	
CAPITAL (6)			
Common equity tier I phased-in ratio	16.4 %	16.2 %	
Common equity tier I fully implemented ratio	16.2 %	16.2 %	
Total ratio fully implemented	20.2 %	20.6 %	
BRANCHES			
Activity in Portugal	396	398	(0.5 %)
International activity	796	804	(1.0 %)
EMPLOYEES			
Activity in Portugal	6,224	6,274	(0.8 %)
International activity (7)	9,572	9,431	1.5 %

(1) Some indicators are presented according to management criteria of the Group, which concepts are described and detailed at the glossary and at alternative performance measures chapter, being reconciled with the accounting values in the respective chapters.

(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 accounting amounts related to previous periods (EUR 6 million in June 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 34 million with reference to the end of June 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 the 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 accounting amounts related to previous periods. The impact of these reclassifications in the first half of 2024 was EUR -2 million in other net operating income, offset by net commissions (EUR +2 million) and other administrative costs (EUR -1 million).

Additionally, in the second quarter of 2025, some other commissions were reclassified, in order to improve the quality of the information reported. The historical amounts of such items are presented considering these reclassifications with the purpose of ensuring their comparability, with the following impacts as at June 2024: cards and transfers EUR +1 million, offset by management and maintenance of accounts EUR -1 million and by an immaterial amount of other banking commissions. The overall amount of net commissions disclosed in previous periods remains unchanged compared to that published in previous periods.

In the second quarter of 2025, the Bank reclassified a portfolio of debt instruments associated to credit operations, previously included in the Securities Portfolio (Debt securities held not associated with credit operations), now recognising them as Loans to Customers (Debt securities held associated with credit operations). The historical amounts considered for the purposes of this analysis are presented according to this reclassification, aiming to ensure their comparability, thus differing from the accounting amounts related to previous periods (EUR 1,105 million before impairment in June 2024). In June 2024, balance sheet impairment associated with these operations amounted to EUR 4 million. Consequently, the impact net of impairment on Loans to Customers portfolio and on Securities Portfolio was EUR 1,102 million in June 2024. This accounting reclassification also led to the reclassification of the respective results, namely from other impairment and provisions to loan impairment (EUR 1 million in June 2024). The results arising from these operations, associated with both net interest income and net trading income, were also reclassified, although the total amount of each item presented in this analysis did not change compared to the amounts disclosed in previous periods.

All indicators associated with the aforementioned reclassifications have been restated accordingly.

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

(4) Excludes the impact of specific items: negative impact of EUR 3 million in the first half of 2025 and an also negative impact of EUR 2 million in the first half of 2024. In both periods, specific items were recognised in staff costs in the activity in Portugal including costs with employment terminations, namely early retirements and indemnifications. In the first half of 2025, specific items also include a reversal of costs with mortgage financing to former employees and in the first half of 2024, an income recognised after an agreement related to liabilities with former directors of the Bank.

(5) Includes the impact of certain impairments reversal occurred in the activity in Portugal in the second quarter of the previous year. Excluding this impact, the Group 's cost of risk in the first half of 2024 was 50 basis points.

(6) The capital ratios as at 30 June 2025 include 25% of the net income of the first half of 2025.

(7) Of which, in Poland: 6,909 employees as at 30 June 2025 (corresponding to 6,786 FTE - full-time equivalent) and 6,834 employees as at 30 June 2024 (corresponding to 6,710 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, where its keeps a partnership with a shareholding below 20%, 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 and with a majority of independents. 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, 2025, the Board of Directors was made up of 17 members, of which 14 were elected at the General Meeting of Shareholders held on May 4, 2022. The remaining members were co-opted by the Board of Directors, 2 on 11 October 2022, with the co-option being ratified at the General Meeting held on 20 December 2022, and the last on 22 January 2025, ratified at the General Meeting held on 22 May 2025. All co-options were deliberated following the obtaining of authorisation to exercise their functions by the European Central Bank (ECB).

Of the 17 members that make up the BD, 6 are executive and 11 are non-executive, with 6 qualified as independent.

The BD began its functions on September 5, 2022 and was responsible for appointing the EC, made up of six of its members, with its President being appointed by the General Assembly. The BD delegated the day-to-day management of the Bank to the EC, with it being responsible for ensuring all management functions that the BD did not reserve for itself. The EC is assisted by several committees and subcommittees, which are responsible for special monitoring of some 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.

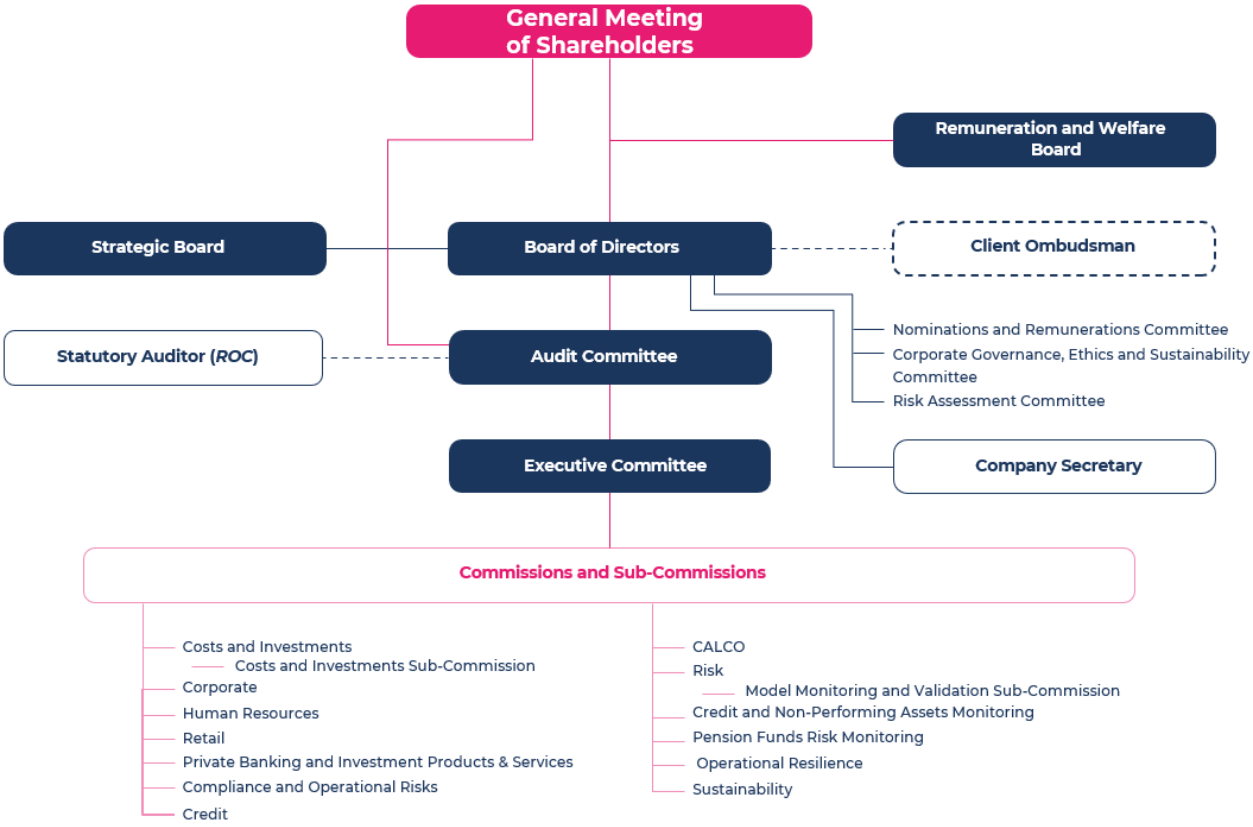
The supervision of the company is ensured by an Audit Committee (AudC), elected by the General Meeting of Shareholders, and composed of a minimum of 3 and a maximum of 5 members, elected together with the other administrators, and the lists proposed for the BD must detail the members who are intended 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 RWB's mission is to observe the long-term interests of shareholders, investors and other interested parties, as well as the public interest in general. It is made up of three to five members, all independent of the EC members.

The Strategic Board is a non-permanent consultative body and its inherent members are the President and Vice-Presidents of the BD, as well as the President of the EC.

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	●			●		

* 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 H1 2025

In the first half of 2025, in a context of worsening risks associated with the international geopolitical situation and in which, simultaneously, a certain political instability was witnessed in Portugal, which culminated in the holding of early legislative elections, BCP stood out for its role in supporting companies and families, for its policy of proximity, trust and for the quality of the 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 submitted for ratification at the Bank's 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 was conditional on the successful completion of the issuance of a new series of Subordinated Fixed Rate Reset Notes 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 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 the issue of 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.

On 1 April 2025, the Bank informed that, from that day,, 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 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', 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.

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

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.

On 16 June 2025, the Bank informed that it has set the terms for a new issue of senior preferred debt securities eligible for MREL (Minimum Requirement for own funds and Eligible Liabilities), under its Euro Note Programme. The issue, in the amount of EUR 500 million, has a tenor of 6 years, with the option of early redemption by the Bank at the end of year 5, an issue price of 99.631% and an annual interest rate of 3.125% during the first 5 years (corresponding to a spread of 0.95% over the 5-year mid-swap rate). The interest rate for the year 6 was set at 3-month Euribor plus a 0.95% spread. The issue was placed among a very diversified base of institutional investors, namely in investment funds, banks and pension funds.

SUBSEQUENT EVENTS

On 11 July 2025, the Bank informed that it has been notified by Banco de Portugal, as the national resolution authority, about the update of its minimum requirement for own funds and eligible liabilities ("MREL" or "Minimum Requirement for own funds and Eligible Liabilities") as decided by the Single Resolution Board.

The resolution strategy applied continues to be that of a multiple point of entry ("MPE"). The MREL requirements to be met by BCP Group of Resolution (consisting of BCP, S.A., Banco ActivoBank, S.A. and all the subsidiary companies of BCP apart from Bank Millennium S.A. and Banco Internacional de Moçambique and their respective subsidiaries), with immediate application, is of:

- 24.89% of the total risk exposure amount ("TREA") to which adds further a combined buffer requirement ("CBR"), which also includes the “Countercyclical Capital Buffer” — CCyB and the “Systemic Risk Buffer” — SyRB, currently of 3.95%, thus corresponding to total requirements currently of 28.84%; and
- 6.86% of the leverage ratio exposure measure ("LRE").

Additionally, the Bank informed that is not subject to any subordination requirements.

In accordance with the regulations in force, MREL requirements could be annually updated by the competent authorities, and therefore these targets replace those previously set.

On that date, BCP informs that it complies with the established MREL requirements, both as a percentage of the TREA (including the CBR) and as a percentage of the LRE.

On 1 August 2025, in the context of the Buy-Back Programme, the Bank informed that has, up until that date, purchased 266.116.418 shares for a price amounting to a total of EUR 166,949,656.41 (execution rate of 83%), holding on that date an aggregate total 266.116.418 own shares, representing 1.76% of its share capital.

On 1 August 2025, the Bank informed that was subject to the 2025 EU-wide stress test conducted by the European Banking Authority (EBA), in cooperation with the Banco de Portugal (BdP), the European Central Bank (ECB), and the European Systemic Risk Board (ESRB).

Banco Comercial Português, S.A. notes the announcements made on that date by the EBA on the EU-wide stress test and fully acknowledges the outcomes of this exercise, comprising 64 banks that together represent around 75% of total banking assets in the European Union.

The 2025 EU-wide stress test does not contain a pass-fail threshold and instead is designed to be used as an important source of information for the purposes of the Supervisory Review and Evaluation Process (SREP). The results will assist competent authorities in assessing Banco Comercial Português, S.A. ability to meet applicable prudential requirements under stressed scenarios.

The adverse stress test scenario was set by the ECB/ESRB and covers a three-year time horizon (2025-2027). The stress test has been carried out applying a static balance sheet assumption as of December 2024, and therefore does not take into account future business strategies and management actions. It is not a forecast of Banco Comercial Português, S.A. financial evolution.

Considering the results of Banco Comercial Português, S.A, in the stress test, it should be highlighted the following:

- the application of the adverse scenario resulted in a reduction of 228 b.p. at the end of 2025, 152 b.p. at the end of 2026 and of 100 b.p. at the end of 2027 compared to the CET1 fully loaded restated (CRR3) capital ratio of 2024, which compares with an average reduction in the universe of the 64 banks submitted to this exercise, of 260 b.p. at the end of 2025, 275 b.p. at the end of 2026 and 304 b.p. at the end of 2027.
- the application of the baseline scenario resulted in an increase of 129 b.p in the fully loaded CET1 capital ratio at the end of 2025, 254 b.p. at the end of 2026 and of 279 b.p. at the end of 2027 compared to the CET1 fully loaded restated (CRR3) capital ratio of 2024, which compares with an average increase in the universe of the 64 banks submitted to this exercise, of 65 b.p at the end of 2025, 113 b.p. at the end of 2026 and 128 b.p. at the end of 2027.

AWARDS AND DISTINCTIONS

Millennium bcp received several distinctions in H1 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.
- Millennium bcp distinguished at the IRGA Awards (Investor Relations and Governance Awards) in the categories of best CEO and best IRO (Investor Relations Officer).
- Millennium bcp wins "Estatuto Inovadora COTEC" for the 5th consecutive year.
- The "Nunca o zero value tanto" mortgage loans campaign of Millennium bcp 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 H1 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 H1 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

The first half of 2025 was characterised by high macroeconomic and geopolitical uncertainty, largely driven by the new U.S. administration's entry in term of office. In the early days of President Trump's mandate, a series of measures with potential economic implications were implemented, including the introduction of trade tariffs, immigration restrictions, and the reversal of the previous energy transition policies.

In this context of uncertainty, the U.S. Federal Reserve (Fed) maintained its benchmark interest rate unchanged at 4.25-4.5% throughout the first half of 2025, reiterating the need for prudent monitoring of the potential impacts of changes in macroeconomic policy and inflation dynamics. Meanwhile, the European Central Bank (ECB) continued on its path of monetary easing, implementing four rate cuts by 25 basis points each, thereby reducing the deposit rate from 3.0% at the end of 2024 to 2.0% by the end of June 2025.

From a macroeconomic stand point, U.S. GDP contracted by 0.3% in Q1'25, reflecting the adverse impact of trade tensions and a sharp increase in imports, in contrast with the 2.3% growth recorded in Q4'24. The Euro Area saw a stronger-than-expected recovery at the start of the year, recording growth of 1.4% in Q1'25 following a period of stagnation at the fourth quarter of 2024.

Trade tensions during the first half of the year were accompanied by significant geopolitical developments. Notable among these were negotiations between the United Stated and Russia concerning Ukraine, and the escalation of the conflict between Israel and Iran, which prompted direct military intervention by the U.S..

In response to the deteriorating external environment, Germany approved a €500 billion infrastructure investment plan (approximately 12% of GDP), along with legislative changes allowing for increasing defence spending. The European Commission proposed €150 billion in funding and stricter fiscal rules aimed at reinforcing defence investment. NATO also announced enhanced defence spending targets, with member contributions expected to rise to 5% of GDP by 2035.

Despite elevated instability, equity markets recorded strong gains in May and June (+5.9% and +3.8%, respectively), supported by the temporary suspension of U.S.-China tariffs and growing optimism regarding future bilateral trade agreements. However, uncertainty persisted, particularly due to legal challenges to the tariffs in the U.S.. In parallel, credit rating agency Moody's downgraded the U.S. sovereign credit rating (from Aaa to Aa1), evoking concerns over the trajectory of public finances.

During the first half of 2025, China adopted a more accommodative monetary policy stance, implementing benchmark interest rate cuts and reductions in banks' reserve requirements, in an effort to mitigate the effects of the trade war and support domestic economic growth.

BCP SHARES INDICATORS

	Units	H1 2025	H1 2024
ADJUSTED PRICES			
Maximum price	(€)	0.6980	0.3782
Average price	(€)	0.5680	0.3067
Minimum price	(€)	0.4589	0.2543
Closing price	(€)	0.6606	0.3366
SHARES AND EQUITY			
Number of ordinary shares (outstanding)	(M)	15,114	15,114
Shareholder's Equity attributable to the group (1)	(M€)	7,240	6,588
VALUE PER SHARE			
Adjusted net income (EPS) (2) (3)	(€)	0.066	0.063
Book value (4)	(€)	0.479	0.436
MARKET INDICATORS			
Closing price to book value	(PBV)	1.38	0.77
Market capitalisation (closing price)	(M€)	9,984	5,087
LIQUIDITY			
Turnover	(M€)	5,632	2,876
Average daily turnover	(M€)	45.1	22.8
Volume	(M)	9,911	9,269
Average daily volume	(M)	79.3	73.6
Capital rotation (4)	(%)	65.6%	61.3%

(1) Includes Other Equity Instruments (400 million euros of AT1 in H1 2025 and H1 2024)
(2) Considering the average number of shares outstanding
(3) Considering the average number of shares minus the number of treasury shares in portfolio
(4) Total number of shares traded divided by the average number of shares issued in the period

BCP's share, in the first half of 2025, outperformed the European banking benchmark index, the STOXX® Europe 600 Banks. Over the six-month period, BCP's share price rose by 42.2%, exceeding the index's gain of 29.1%.

The positive evolution of the Group's capital position, coupled with the resilience of net interest income and the progressive reduction in charges related with the CHF mortgage loan portfolio, were key drivers of the strong share price performance in H1'25.

On 21 May 2025, BCP presented its Q1'25 results, reporting consolidated net income of €243.5 million, an increase of 3.9% when compared with the Q1'24 and a ROE of 13.9%. In Portugal, net income grew by 7.6% year-on-year, while Bank Millennium in Poland recorded an increase of approximately 40%, despite charges associated with the CHF mortgage portfolio. The Group maintained solid capital ratios (CET1 of 15.9% and total capital ratio of 20.0%), alongside liquidity indicators well above regulatory requirements. The results were positively received by the market, with 12 upward revisions to the share's price target by analysts covering BCP.

Following the approval of the share buyback programme on 8 April 2025, amounting to €200 million, equivalent to approximately 2.683% of BCP's market capitalisation on that date, the bank began execution on 14 April 2025. By the end of June 2025, the programme had reached approximately 63% completion, with over 207 million shares repurchased, representing 1.37% of the share capital, for a cumulative investment of around €127 million.

As of the end of June 2025, based on analysts who regularly cover BCP, 71% (12 analysts) had a "buy" recommendation, 18% (3 analysts) held a "neutral" stance, and 12% (2 analysts) had a "sell" recommendation. The average price target for BCP shares at the end of June 2025 was €0.70 representing an increase of €0.14 from €0.56 in December 2024 and of €0.30 from the average price target in December 2023.

PERFORMANCE

Index	Change H1 2025
BCP share	42.2%
Eurostoxx 600 Banks	29.1%
PSI20	16.9%
IBEX 35	20.7%
CAC 40	3.9%
DAX XETRA	20.1%
FTSE 100	7.2%
MIB FTSE	16.4%
Dow Jones Indu Average	3.6%
Nasdaq	7.9%
S&P500	5.5%

Source: Euronext, Reuters, Bloomberg

Liquidity

During the first half of 2025, 5,632 million euros in BCP shares were traded, which represented an average daily turnover of 45.1 million euros. In H1'25, 9,911 million shares were traded, corresponding to an average daily volume of 79.3 million shares. The capital rotation index stood at 65.6% of the average annual number of shares issued.

Follow-up with Investors

During the first half of 2025, the Bank participated in several events, having been present at 10 conferences and roadshows, through which it held more than 200 meetings with investors.

Indexes listing BCP shares

The BCP share is included in more than 50 national and international stock indices, including the Stoxx 600 Europe Banks, Euronext 150, the PSI and the PSI All-Share Index GR.

Additionally, at the end of June 2025, BCP was also included in the “ISS STOXX Indices" and the “European Banks Index" of Standard Ethics.

Bank Millennium, in Poland, is part of the “WIG-ESG” of the Warsaw Stock Exchange.

Material information announced to the market and impact on the share price

The following table summarizes the relevant facts directly related to Banco Comercial Português that occurred during the first half of 2025, as well as the changes in the share price, both on the following day and in the 5 subsequent days, and the relative evolution vis-à-vis the main national reference indices and European banking sector in the periods mentioned.

Nr.	Date	Material Events	Chg. +1D	Chg. vs. PSI20 (1D)	Chg. vs. STOXX® Europe 600 Banks (1D)	Chg. +5D	Chg. vs PSI20 (5D)	Chg. vs STOXX® Europe 600 Banks (5D)
1	8/Jan	Banco Comercial Português, S.A. informs about estimated provisions against legal risk related to FX mortgage loans portfolio booked by Bank Millennium, S.A. in 4Q 2024	-1.2%	-1.6%	-1.6%	+0.6%	-0.8%	-2.7%
2	22/Jan	Banco Comercial Português, S.A. informs on the co-optation of non-executive independent Director	+1.8%	+1.6%	0.0%	-0.1%	-0.5%	-3.4%
3	24/Jan	Banco Comercial Português, S.A. informs about notice of sale of securities by Fidelidade	-2.5%	-1.9%	-2.6%	-1.9%	-2.3%	-3.5%
4	31/Jan	Banco Comercial Português, S.A. informs about Bank Millennium (Poland) results in 2024	-2.4%	-1.5%	-0.7%	-0.9%	-0.7%	-4.4%
5	26/Feb	Millennium bcp Earnings release as at 31 December 2024	-3.6%	-1.5%	-3.4%	-8.9%	-5.3%	-10.1%
6	28/Feb	Banco Comercial Português, S.A. informs about notice of transaction of securities	-0.2%	-0.4%	-1.4%	+3.2%	+2.9%	+2.1%
7	10/Mar	Banco Comercial Português, S.A. informs about decision to early redeem in full the EUR450,000,000 Subordinated Fixed Rate Reset Notes due 27 March 2030 bond issue	-1.7%	-1.6%	0.0%	+5.7%	+4.0%	+2.9%
8	12/Mar	Banco Comercial Português, S.A. informs about the upgrade of senior debt ratings by S&P Global	-1.9%	-1.3%	-1.7%	+6.7%	+4.6%	+1.5%
9	13/Mar	Banco Comercial Português, S.A. informs about issue of Tier 2 Notes	+4.0%	+3.3%	+1.8%	+3.7%	+1.6%	0.0%
10	13/Mar	Banco Comercial Português, S.A. informs about the decision to launch a tender offer on a T2 Notes issue due December 2027	+4.0%	+3.3%	+1.8%	+3.7%	+1.6%	0.0%

(Continues)

(Continuation)

Nr.	Date	Material Events	Chg. +1D	Chg. vs. PSI20 (1D)	Chg. vs. STOXX® Europe 600 Banks (1D)	Chg. +5D	Chg. vs PSI20 (5D)	Chg. vs STOXX® Europe 600 Banks (5D)
11	21/Mar	Banco Comercial Português, S.A. informs on the results of the tender offer on a T2 Notes issue due December 2027	+1.2%	+1.6%	+0.5%	+3.7%	+1.4%	+4.6%
12	25/Mar	Banco Comercial Português, S.A. informs on notice of transaction of securities	+0.6%	-0.2%	+1.3%	-1.0%	-2.8%	+2.7%
13	27/Mar	Banco Comercial Português, S.A. informs about correction on notice of transaction of securities	-0.9%	-1.7%	+1.0%	-5.1%	-6.1%	+3.0%
14	1/Apr	Banco Comercial Português, S.A. informs on the termination of rating assignment by Morningstar DBRS to BCP's Covered Bonds	-0.1%	-0.2%	0.0%	-13.0%	-5.6%	+1.6%
15	8/Apr	Banco Comercial Português, S.A. informs on the approval of a Share Buyback Programme	-1.2%	+1.7%	+2.0%	+15.4%	+11.2%	+6.9%
16	9/Apr	Banco Comercial Português, S.A. informs about estimated provisions against legal risk related to FX mortgage loans portfolio booked by Bank Millennium, S.A. in 1Q 2025	+5.5%	+3.1%	+0.4%	+12.0%	+4.2%	-0.3%
17	24/Apr	Banco Comercial Português, S.A. informs about Interim report on the transactions conducted under the Share Buy-Back Programme	+2.0%	+1.0%	+0.7%	+4.7%	+3.4%	+3.1%
18	30/Apr	Banco Comercial Português, S.A. informs about the attribution of shares within the scope of the variable remuneration policy for Persons with Managing Responsibilities and Employees	+3.5%	+3.9%	+3.6%	+5.0%	+4.6%	+3.1%
19	2/May	Banco Comercial Português, S.A. informs about Interim report on the transactions conducted under the Share Buy-Back Programme	-1.1%	-1.6%	-1.5%	+1.1%	+0.7%	-1.4%
20	9/May	Banco Comercial Português, S.A. informs about Interim report on the transactions conducted under the Share Buy-Back Programme	+2.2%	+0.4%	-0.1%	+6.0%	+2.4%	+2.1%

(Continues)

(Continuation)

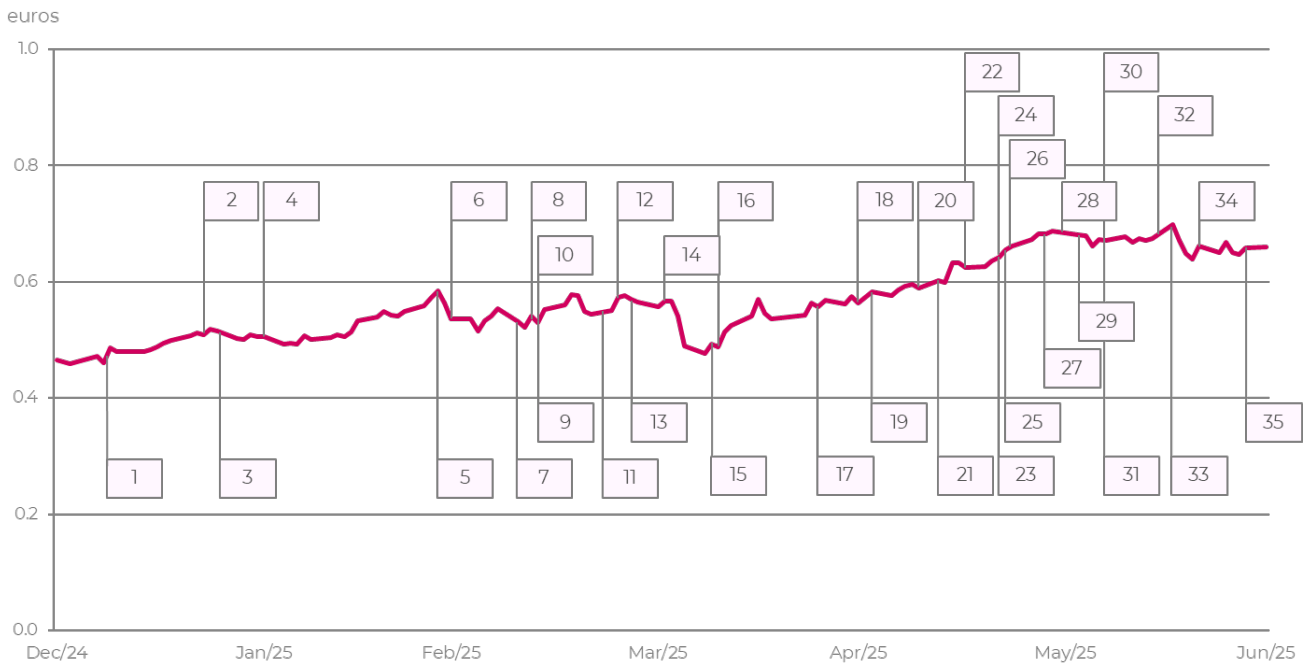
Nr.	Date	Material Events	Chg. +1D	Chg. vs. PSI20 (1D)	Chg. vs. STOXX® Europe 600 Banks (1D)	Chg. +5D	Chg. vs PSI20 (5D)	Chg. vs STOXX® Europe 600 Banks (5D)
21	12/May	Banco Comercial Português, S.A. informs about Bank Millennium (Poland) results in Q1 2025	-0.7%	-1.8%	-0.7%	+4.1%	+2.1%	+2.6%
22	16/May	Banco Comercial Português, S.A. informs about Interim report on the transactions conducted under the Share Buy-Back Programme	+0.3%	+0.1%	+0.4%	+6.0%	+4.7%	+6.9%
23	21/May	Banco Comercial Português, S.A. informs about ratings upgrade by Moody's	+1.9%	+1.7%	+2.1%	+6.1%	+6.1%	+7.7%
24	21/May	Millennium bcp Earnings release as at 31 March 2025	+1.9%	+1.7%	+2.1%	+6.1%	+6.1%	+7.7%
25	22/May	Banco Comercial Português, S.A. informs about resolutions of the Annual General Meeting	+1.1%	+1.7%	+2.9%	+5.0%	+5.0%	+6.2%
26	23/May	Banco Comercial Português, S.A. informs about Interim report on the transactions conducted under the Share Buy-Back Programme	+1.6%	+1.1%	+0.8%	+3.6%	+2.8%	+2.8%
27	28/May	Banco Comercial Português, S.A. informs on the payment of the dividend relating to the 2024 financial year	+0.9%	+0.7%	+0.6%	-3.0%	-3.8%	-2.8%
28	30/May	Banco Comercial Português, S.A. informs about Interim report on the transactions conducted under the Share Buy-Back Programme	-0.7%	-1.2%	-0.9%	-2.1%	-3.0%	-3.1%
29	3/Jun	Banco Comercial Português, S.A. informs on notice of transaction of securities	-2.5%	-2.0%	-1.9%	-1.6%	-2.2%	-1.0%
30	6/Jun	Banco Comercial Português, S.A. informs about the attribution of shares within the scope of the variable remuneration policy for Persons with Managing Responsibilities	+1.0%	+1.4%	+0.9%	+0.4%	+0.2%	+3.2%

(Continues)

(Continuation)

Nr.	Date	Material Events	Chg. +1D	Chg. vs. PSI20 (1D)	Chg. vs. STOXX® Europe 600 Banks (1D)	Chg. +5D	Chg. vs PSI20 (5D)	Chg. vs STOXX® Europe 600 Banks (5D)
31	6/Jun	Banco Comercial Português, S.A. informs about Interim report on the transactions conducted under the Share Buy-Back Programme	+1.0%	+1.4%	+0.9%	+0.4%	+0.2%	+3.2%
32	14/Jun	Banco Comercial Português, S.A. informs about Interim report on the transactions conducted under the Share Buy-Back Programm	-3.7%	-2.4%	-1.8%	-6.9%	-5.1%	-3.3%
33	16/Jun	Banco Comercial Português, S.A. informs about issue of senior preferred debt securities eligible for MREL	-3.7%	-2.4%	-1.8%	-6.9%	-5.1%	-3.3%
34	20/Jun	Banco Comercial Português, S.A. informs about Interim report on the transactions conducted under the Share Buy-Back Programme	-1.8%	-1.3%	-0.7%	-0.4%	-1.5%	-2.7%
35	27/Jun	Banco Comercial Português, S.A. informs about Interim report on the transactions conducted under the Share Buy-Back Programme	+0.2%	+1.1%	+0.5%	+1.2%	-2.2%	+1.9%

The following chart depicts BCP's share price performance in the first half of 2025:



Dividend policy

Distributions to shareholders must ensure the prospective fulfilment of the following objectives:

a) On a sustainable basis, the regulatory requirements applicable to the consolidated prudential perimeter, also including an adequate reserve in relation to the requirements resulting from the supervisory review and evaluation process (SREP). For the 2025-2028 cycle, this means that the CET1 capital ratio (on a fully loaded basis) must not fall below the highest level between 13.5% or the level resulting from the application of the management reserve methodology.

b) An amount of capital that fully reflects the latest results of the Internal Capital Adequacy Assessment Process (ICAAP) approved for the consolidation perimeter, thus ensuring that the Group maintains sufficient economic capital to deal with the adverse scenarios covered by that exercise, thereby periodically incorporating the relevant risks and foreseeable contingencies into the analysis.

c) The amount of capital needed to support the fulfilment of the Group's strategic objectives, including expected commercial growth and the levels of investment and innovation required.

Without prejudice to the above, the distributions that may be proposed must also be in line with or, where appropriate, converge towards the best practices in the banking sector, providing a competitive level of remuneration for shareholders.

Applying these principles and purpose to the Bank's current situation and considering the size of the existing reserve in addition to current and prospective regulatory requirements, the intention is to:

a) Adopt an ordinary dividend distribution target of 50%, calculated on the consolidated annual profits attributable to BCP shareholders;

b) Complement this dividend distribution with a share buyback programme, to be implemented in annual tranches based on the performance achieved in the period 2025-2028 in relation to the projections in the strategic plan, with each tranche subject to approval by the supervisor, and through which up to an additional 25% of the amount of the attributable annual consolidated profits would be distributed to shareholders, subject to the fulfilment of the Strategic Plan's relevant business objectives and capital projections in Portugal and in the international area, ensuring, in addition to the aforementioned consolidated objectives, adequate proforma capital ratios at an individual level, after deducting the book value of the financial holdings held, directly or indirectly, in credit institutions operating in jurisdictions outside the Eurozone and which exceed 20% of the capital of these entities.

Shareholder structure

According to information from Interbolsa, on June 30, 2025, the number of Shareholders of Banco Comercial Português reached 120,306.

At the end of June 2025, there were two Shareholders with qualified participation with a position greater than 5% of the Bank's share capital.

Shareholder structure	Number of Shareholders	% of share capital
INDIVIDUAL SHAREHOLDERS		
Group Employees	1,735	0.32%
Other	114,165	18.05%
COMPANIES		
Institutional	596	31.92%
Qualified Shareholders	2	39.52%
Other companies	3,808	10.19%
TOTAL	**120,306**	**100%**

It is worth highlighting the increase in the weight of institutional investors compared to the previous year, by around 13 p.p.

Shareholders with more than 5 million shares represented 77.88% of the capital.

Number of shares per Shareholder	Number of Shareholders	% of share capital
> 5,000,000	210	77.88%
500,000 a 4,999,999	1,138	9.59%
50,000 a 499,999	9,747	8.64%
5,000 a 49,999	29,952	3.43%
< 5,000	79,259	0.46%
TOTAL	**120,306**	**100%**

During the first half of 2025, the Bank's shareholder structure remained virtually unchanged, in terms of geographic distribution. As of June 30, 2025, Shareholders in Portugal held 22.6% of the Bank's total number of shares, compared to 22.3% at the end of December 2024.

	Nr. of Shares (%)
Portugal	22.6%
China	20.0%
Africa	19.8%
UK / EUA	21.2%
Other	16.4%
Total	**100%**

Qualified Holdings

The following Shareholders held more than 5% of the share capital of Banco Comercial Português, S.A. as of June 30, 2025:

30 June 2025

Shareholder	Nr. of shares	% of share capital	% of voting rights
Chiado (Luxembourg) S.à.r.l. (Fosun Group)	3,027,936,381	20.03%	20.03%
TOTAL FOR FOSUN GROUP	**3,027,936,381**	**20.03 %**	**20.03 %**
Sonangol - Sociedade Nacional de Combustíveis de Angola, EP	2,946,353,914	19.49%	19.49%
TOTAL FOR SONANGOL GROUP	**2,946,353,914**	**19.49%**	**19.49%**
Total of qualifying shareholdings	**5,974,290,295**	**39.52%**	**39.52%**

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Regulatory, economic and financial system environment

Regulatory environment

In 2025, efforts have focused on striking a balance between simplifying a complex legislative and regulatory framework and meeting the demands of the prevailing economic and financial environment. Despite ongoing geopolitical pressures, the banking system continues to maintain robust levels of capital and liquidity, as well as profitability levels that reflect the strength of balance sheets and their ability to adapt to supply. The priorities set by the European Central Bank focus on the resilience of credit institutions to immediate macro-financial threats and severe geopolitical shocks, and on the need to address challenges arising from digital transformation and new technologies, as well as the continued improvement of corporate governance and risk management.

With the entry into force of the DORA Regulation (Regulation (EU) 2022/2554) and Directive (EU) 2022/2556, both concerning the digital operational resilience of the financial sector and applicable since 17 January 2025, a new framework for the digital resilience of financial institutions has been established. At the same time, the European Union formally adopted the final Basel III reforms, effective from 1 January 2025, although some decisions in certain areas are still under review. These reforms were incorporated through the revision of the Capital Requirements Regulation (CRR3) and the Capital Requirements Directive (CRD6), strengthening liquidity and financial stability criteria. Key changes include enhanced requirements for credit, market, and operational risks, the integration of ESG risks into prudential supervision, and the introduction of the output floor, which sets a minimum capital threshold based on internal models. To align implementation dates and ensure a global level playing field, EU authorities have proposed postponing the start date of the new trading book rules by one year.

Continuing the process of completing the Banking Union, the Council and the European Parliament reached a political agreement on reforming the crisis management framework, defining resolution rules and tools applicable to non-systemic institutions. However, significant developments are still needed regarding the European-level deposit guarantee scheme.

In 2025, the EBA launched a stress test to assess the resilience of the European banking sector, with results expected in early August. These will provide essential data for the 2025 Supervisory Review and Evaluation Process (SREP). The ECB is also planning to repeat resilience tests in 2026 to assess how banks respond to and recover from cyberattacks or failures in critical infrastructure.

Within the scope of the European Anti-Money Laundering Directive and Regulation, which will apply from July 2027 with implications on the monitoring procedures of transactions and beneficiaries, the new European authority has come into office, which from 1 January 2028 will directly supervise around 40 large European financial institutions.

As part of the Omnibus simplification package, Directive (EU) 2025/794 (the 'stop-the-clock' directive) was published, postponing by two years the entry into force of the Corporate Sustainability Reporting Directive (CSRD) requirements for large companies not yet reporting, as well as for listed SMEs. It also delays by one year the transposition deadline and first phase of application (covering the largest companies) of the Corporate Sustainability Due Diligence Directive (CSDDD).

Banco de Portugal revised the framework for the annual identification of "other systemically important institutions" (O-SIIs) and the corresponding capital buffer, effective from 1 January 2026. This revision increases the maximum O-SII buffer from 2% to 3% and ensures alignment with the ECB's methodology for determining the minimum buffer percentage (floor methodology).

In Portugal, the countercyclical capital buffer remained at 0% of total risk-weighted exposures, increasing to 0.75% from 1 January 2026. The capital buffer applicable to domestic banks using advanced methods (IRB) for exposures secured by residential property has been set at 4% since October 2024.

The Notice No. 2/2025 amended Notice No. 3/2020 of the Bank of Portugal, which regulates the organisational culture, governance and internal control functions and defines the minimum standards on which the organisational culture of institutions should be based. Among others, it establishes changes in the reporting of the Self-Assessment Report,

enables the outsourcing of operational tasks and makes the organisational model of internal control functions more flexible, allows subdividing the risk management function and, under certain conditions, the combination of risk management and compliance functions, clarifies the concept of deficiencies and of transactions with related parties and simplifies reporting at the level of financial groups.

Law 1/2025, of 6 January, extends until the end of 2025 the prohibition on charging fees for early repayment of credit agreements for the purchase or construction of primary residences that are, at the time of repayment, under a variable interest rate period.

The Portuguese Government has submitted to Parliament a draft law that provides for a gradual reduction in the general corporate income tax rate over the next few years to 19% in 2026, 18% in 2027 and 17% from 2028.

In Poland, a countercyclical capital buffer of 1% was established, applicable from September 2025 and increasing to 2% from September 2026. The Polish government plans to approve legislation by the end of 2025 to expedite court proceedings and encourage out-of-court settlements involving loans denominated or indexed in Swiss francs. The Steering Committee of the National Working Group for interest rate benchmark reform in Poland selected the WIRF index to replace WIBOR. A draft law to update the tax regime for certain financial institutions is under discussion in the Polish Parliament. The Polish Financial Supervision Authority (KNF), in cooperation with the Ministry of Finance, has presented proposals to enhance the competitiveness of the Polish economy, including regulatory simplification and reduced burdens in the financial services sector.

At the macroprudential level, the Banco de Moçambique (BdM) maintained conservation buffers for systemically and near-systemically important domestic banks at 2.0% and 1.0%, respectively, along with other macroprudential requirements for credit granting, namely LTV and DTI ratios capped at 100%. The BdM is developing a top-down stress testing framework to assess the resilience of banking institutions to severe economic shocks. Work is ongoing to revise the organic law and implement Basel III standards, expected to be completed by 2026. A new reserve requirement ratio was approved (29% in local currency; 29.5% in foreign currency). Mozambique is expected to sign a new support programme with the IMF in 2025 to bolster macroeconomic and financial stability and enhance cross-border payment assistance.

Economic environment

The International Monetary Fund (IMF) has revised down its projections for global economic growth, which is expected to remain subdued in 2025. In this update, the IMF projects global economic activity growth of 2.8% in 2025, lower than the historical average of 3.7%, and the previous projection of 3.3%, reflecting the persistence of political and trade uncertainties. The revision of the projections was carried out in the context of the redefinition of customs duties (commonly known as "tariffs") by the United States of America (USA) and their effects on global trade and economic activity.

The change and subsequent revisions of US foreign policy and reactions from third countries affected the climate of confidence and generated disturbance in the financial markets, in a context of uncertainty still intensified by persistent, punctual or latent military conflicts. The prospect of negotiating trade agreements, the easing of some military tension and the resilience of economic activity contributed to a progressive reduction in market volatility at the end of the semester. In this period, the euro appreciated by 13.8% in effective terms against the US dollar.

In June 2025 the European Central Bank (ECB) set the deposit rate at 2.0% after eight consecutive cuts since June 2024, reflecting stabilised inflation and moderate economic growth. Following the decision, and despite the ECB underlining its cautious stance, making future monetary policy decisions conditional on evolving risks to forward price stability, market quotations are biased in favour of a slight further reduction in benchmark interest rates. The prospect of implementing public policies to support long-term economic activity in the euro area, especially infrastructure and defence spending, has been one of the factors associated with the increase in the slope of the yield curve.

The positive evolution of Portugal's sovereign credit risk spread should be noted. At the end of June 2025, the spread on Portuguese 10-year debt stood at 45 basis points, below the values recorded by Spain (65 bps), France (69 bps) and Italy (91 bps). This evolution reflects the positive perception of the markets regarding the sustainability of Portuguese public finances. In the first half of 2025, the rating agencies S&P and DBRS raised the credit rating of the Portuguese debt.

In Portugal, in the 1st quarter of 2025, GDP decreased by 0.5% in volume compared to the previous quarter, rising by 1.6% year-on-year. A reduction in domestic demand and exports of goods and services contributed to this result. Activity indicators in the second quarter suggest some recovery. The year-on-year inflation rate in Portugal, according to National Statistics Office, was 2.4% in June 2025, the highest value in four months, partly due to the increase in unprocessed food prices.

The Polish economy is expected to accelerate in 2025, with inflation remaining at relatively high levels, albeit on an anticipated deceleration path, which gave the National Bank of Poland room to reduce the main benchmark interest rate again in early July to 5.0%. The Central Bank projects GDP growth of 3.7%, which compares with growth of 2.7% in 2024. The unemployment rate stands at 3.3%, one of the lowest in the EU. The Polish currency appreciated by 0.8% against the euro in the 1st half of 2025.

For Mozambique, the IMF projects economic growth of 2.5% in 2025, compared to 1.9% in 2024, in a context of normalization of activity after the instability experienced in the post-election period of 2024. The Central Bank of Mozambique reduced the main reference rate to 11.0%, justifying the decision with prospects of inflation stability in the medium term.

Financial system

In the first half of 2025 there was an increase in geopolitical risks, with as yet uncertain consequences in political, economic, social, and financial terms, in particular due to the persistence of conflicts in Ukraine and the Middle East, the unpredictability of US foreign and trade policy, the closer ties between Russia-China-North Korea, the increase in global protectionism and the resurgence of concerns over the levels of sovereign debt in some countries.

The global economy maintained moderate growth, despite the slowdown observed in several regions. After a strong performance in 2024, the US registered a GDP contraction in the first quarter of 2025, whereas the Euro Area surprised with higher-than-expected growth, driven by improvements in economies such as Germany, Ireland, and Spain. Nevertheless, the IMF revised downwards its global growth forecasts for 2025, warning for divergent trajectories between economies and growing risks associated with geopolitical uncertainty, inflation, and protectionism. The ECB emphasised that escalating trade tensions and the risks of an economic slowdown are weighing on the outlook for financial stability, making it more challenging to steer economic and monetary policy.

The Central Banks have started a new monetary policy cycle with interest rate cuts from mid-2024. Decisions differ in pace and magnitude, depending on the economic and inflation context. The ECB has cut the reference interest rate by 200 basis points since June 2024, showing confidence that inflation will remain at levels close to 2% in the medium term, but without committing in advance to a defined path for interest rates.

The ECB's supervisory priorities for 2025-27 focus on enhancing banks' resilience to immediate macro-financial threats and severe geopolitical shocks, the importance of timely remediation of known material shortcomings and the need to tackle challenges stemming from digital transformation and new technologies. As part of the SREP 2025 process, the ECB assessed and adjusted the minimum capital requirements for credit institutions, including the O-SII buffers (for systemically important institutions). Countercyclical buffers (CCyB) are gradually being increased in several countries. It should be noted that the Bank of Portugal introduced a new sectoral systemic risk buffer of 4% on the exposure amount in the retail portfolio of individuals guaranteed by residential real estate located in Portugal (in force since October 1, 2024), but only applicable to banks with IRB models (v.g. BCP).

The Portuguese banking system continues to show good profitability, with comfortable capital levels, above the Euro Area average, and robust liquidity, with asset quality indicators improving and more aligned with European metrics. However, it faces increasing challenges in balancing risk and return, as well as in the efficient allocation of capital. It should be noted that current profitability levels do not ensure returns above the cost of capital over the medium term, given the high uncertainty of the current political, economic, financial, and regulatory context. A less restrictive monetary policy puts additional pressure on net interest income, requiring proactive and careful management of operating costs, asset risk and capital. It should also be borne in mind that consolidation movements are under way within the Iberian banking sector.

The evolution of the Portuguese banking system in 2025 continues to be impacted by multiple factors. The implementation of the Recovery and Resilience Plan remains crucial to the positive evolution of the banking sector. In the corporate sector, credit demand from SMEs increased at the beginning of the semester, driven by investment, while demand from large corporates declined. Households' real disposable income continued to grow, supported by wage rises and resilient employment, contributing to changes in consumption patterns and savings behaviour.

The Portuguese banking system continues to operate under very demanding supervision and regulation, as well as very costly specific regulatory contributions, namely the contributions to the National Resolution Fund and the special levy on the Banking Sector (including the Solidarity surcharge for the banking sector, which has been ruled unconstitutional by the Constitutional Court), at a clear disadvantage compared to European peers. In addition, the lack of a single regulatory framework applicable to all entities operating in a specific business segment, which would ensure a level playing field, continues to put supplementary pressure on the banking system to constantly innovate and improve efficiency levels, to mitigate the loss of business and revenues to unregulated competitors (v.g. 'shadow banks'/ 'fintechs').

The digital transformation of financial services with an increasing focus on AI/GenAI continued in 2025, aiming for efficiency gains, a more personalised service offer, and enhanced data security. At the same time, banks have been incorporating ESG (environmental, social and governance) requirements in the daily management and financing decisions, positioning as active agents in the transition towards a more sustainable economy. Operational resilience has remained a strategic priority, with the sector strengthening investment and its capacity to respond to cyber threats. The year was marked by the entry into force of the new European regulation on digital operational resilience (the DORA Act). These strategic investments have enabled the

Portuguese banking system to remain competitive, innovative, and well prepared to face the challenges of an ever evolving economic and technologic environment.

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, Private, 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 December 2024, 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 30 June 2025, operations in Portugal accounted for 65% of total assets, 69% of total loans to Customers (gross) and 68% of total customer funds. At the end of June 2025, the Bank, in Portugal, had more than 2.8 million active Customers and, at the end of May, market shares of 16.3% of loans to Customers and 18.5% of customer deposits.

International presence as a platform for growth

At the end of June 2025, Millennium bcp had an international presence throughout the world through its banking operations, representative offices and/or commercial protocols, serving more than 7.1 million active Customers.

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

In May 2025, Bank Millennium had a market share of 5.4% in loans to Customers and of 5.6% 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 16.2% in loans and advances to Customers and of 21.7% in deposits, in the end of May 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, as well as being a reference in terms of profitability.

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, consolidated by the equity method.

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

- +11% in transactions (+12% P2P transfers; +12% national transfers; +47% accounts opening);
- +13% in sales (+39% investment funds; +42% personal loans; +15% savings).

The number of digital interactions increased from 338 million to 375 million.

Digital transactions maintained 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 reinforced their weight in the number of operations, 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, BCP surpassed 7.1 million active Customers, with emphasis on mobile Customers which grew 9% (+431 thousand Customers), surpassing the threshold of 5.1 million Customers, representing a penetration rate of 73% of active Customers (compared to 70% compared to the same period last year).

In Portugal, BCP has more than 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 9% (+158 thousand Customers) compared to June 2024. the Bank reached more than 1.8 million mobile Customers, representing 65% of the active Customer base in Portugal, which compares with 61% compared to the same period last year.

BCP was distinguished with the Consumer Choice and Five Star Awards in the "Large Banks" category, which allows the Bank to continue establishing itself as the leading financial institution in the national market.

With a commitment to offering the best products, services, and solutions, in the first six months of the year it should be highlighted the "Connect to the Bank with the Evolution Chip" Institutional Campaign. Starring Charles Darwin —the leading authority on the theory of evolution—and actor José Condessa—who joins the Millennium family as its new ambassador— the campaign showcases the advantages of adapting and evolving to the digital world with the Millennium App, thus enabling the Bank to consolidate its position as a continuously innovative institution.

Business Model Sustainability

The Bank, aiming to strengthen its sustainability and responsible finance offering and performance, continued to lead a transformative dynamic of adapting to ESG (Environmental, Social, and Governance) requirements that allowed it to meet the needs of its Customers, the expectations of supervisors, and, in general, the ambitions of its stakeholders in these areas of activity.

Within the framework of its governance and decision-making model, the Bank has a Board of Directors Committee responsible for Corporate Governance, Ethics, and Sustainability, and a Sustainability Committee reporting to the Executive Committee and led by the CEO. It also has a Sustainability Master Plan (SMP), a management tool that coherently and coherently encompasses the multidisciplinary actions to be developed within the scope of ESG across all of the BCP Group's operations.

The Bank intervention is thus divided into three fundamental axes: (i) Environmental, aiming at the implementation of measures that foster a fair and inclusive transition to decarbonized economic development models, including the incorporation of the climate dimension into the Bank's risk models and the commercial offering of solutions, products and services; (ii) Social, which ensures and promotes, together with the Millennium bcp Foundation, engagement with the external community and the internal community in establishing lasting relationships of proximity and cooperation and in the creation of shared value; and (iii) Corporate Governance, promoting the integration of Sustainability principles into 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 to the Bank, and to organizations in general, remaining a privileged means of determining the social and environmental impact of its activities. The Bank remained aware of its competitive, reputational, and business advantage, incorporating environmental, social, and governance factors, opportunities, and risks into its decision-making processes and reflecting them in the offering of solutions, products, and services.

This Sustainability is one of the vectors of the "Valorizar 28" Strategic Plan, a document that summarizes Millennium bcp's vision, objectives, and value proposition for the 2025-2028 four-year period.

Millennium network

Branches

PORTUGAL
395 Branches
142* 0 276

POLAND
601 Branches
333 84 194

MOZAMBIQUE
195 Branches
29 62 187

MACAO (CHINA)
1 Branches (on-shore)

Representative offices

UNITED KINGDOM
1 Representative office

SWITZERLAND
2 Representative offices

Partnership

FRANCE

ANGOLA

● Branches with differentiated schedule ● Branches opened on Saturday ● Branches with access conditions to people with reduced mobility

* Consider branches of different networks that share the same physical space.

	Customers (Thousands)	Internet	Call Centre	Mobile Banking	ATM [1]	POS [2]
Portugal	2,816	411,315	365,895	1,586,215	1,845	100,329
Poland	2,953	1,957,184	229,633	2,801,016	236	6,228
Mozambique	1,350	14,649	1,769	968,424	423	9,005
Macao (China)	2	-	-	-	-	-

Note: Considered Customers/active users those who used Internet, Call Centre or Mobile Banking at least once in the last 90 days.
Do not include AtivoBank Customers.

[1] Automated Teller Machines. [2] Points of Sale.

(Data as at 30th June 2024)

Financial information

Results and Balance Sheet

The consolidated Financial Statements were prepared in accordance with the International Financial Reporting Standards (IFRS) approved by the European Union (EU), under Regulation (EC) No. 1606/2002 of 19 July (in the version in force), and in accordance with the reporting model determined by the Banco de Portugal (Banco de Portugal Notice 5/2015, in the version in force).

To provide a better reading of the evolution of the Group's financial situation and to ensure comparability with the information from previous periods, a set of concepts are described in this analysis that reflect the management criteria adopted by the Group in the preparation of the financial information. The relation between these management criteria and the accounting information presented in the consolidated financial statements (referred to as "Balance sheet" or "P&L") is outlined in the glossary and throughout the document, where applicable.

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 accounting amounts related to previous periods (EUR 6 million in June 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 34 million with reference to the end of June 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 the 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 accounting amounts related to previous periods. The impact of these reclassifications in the first half of 2024 was EUR -2 million in other net operating income, offset by net commissions (EUR +2 million) and other administrative costs (EUR -1 million).

Additionally, in the second quarter of 2025, some other commissions were reclassified, in order to improve the quality of the information reported. The historical amounts of such items are presented considering these reclassifications with the purpose of ensuring their comparability, with the following impacts as at June 2024: cards and transfers EUR +1 million, offset by management and maintenance of accounts EUR -1 million and by an immaterial amount of other banking commissions. The overall amount of net commissions disclosed in previous periods remains unchanged compared to that published in previous periods.

In the second quarter of 2025, the Bank reclassified a portfolio of debt instruments associated to credit operations, previously included in the Securities Portfolio (Debt securities held not associated with credit operations), now recognising them as Loans to Customers (Debt securities held associated with credit operations). The historical amounts considered for the purposes of this analysis are presented according to this reclassification, aiming to ensure their comparability, thus differing from the accounting amounts related to previous periods (EUR 1,105 million before impairment in June 2024). In June 2024, balance sheet impairment associated with these operations amounted to EUR 4 million. Consequently, the impact net of impairment on Loans to Customers portfolio and on Securities Portfolio was EUR 1,102 million in June 2024. This accounting reclassification also led to the reclassification of the respective results, namely from other impairment and provisions to loan impairment (EUR 1 million in June 2024). The results arising from these operations, associated with both net interest income and net trading income, were also reclassified, although the total amount of each item did not change compared to the amounts disclosed in previous periods.

In the first half of 2025, with the exception of the situations previously mentioned, no other changes were introduced in the way information regarding previous financial years was presented.

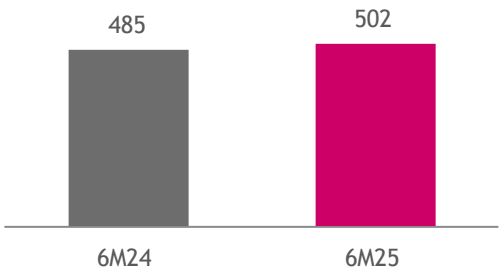
PROFITABILITY ANALYSIS

NET INCOME

In the first six months of 2025, the consolidated net income of Millennium bcp amounted to EUR 502 million, corresponding to a 3.5% growth compared to the EUR 485 million achieved in the same period of the previous year and to a return on equity (ROE) of the Group of 14.3%.

NET INCOME

million EUR



The growth of the net income of the Group compared to the first half 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 six months of 2024, influenced by the impacts arising from the sovereign debt rating downgrade.

Net income of the Group compared to the first half of 2024 benefited from the increase in core income, in net trading income and in results on modification, as well as from the reduction in impairments and provisions. On the other hand, the performance of operating costs and 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.

Core income grew 3.5% (EUR +62 million), to EUR 1,858 million at the end of the first half of the current year, mainly due to the performance of net interest income of the Group, that increased 3.3% (EUR +47 million), reaching EUR 1,444 million at the end of June 2025. Different dynamics unfolded across geographies, since the impact of the increase in net interest income of the international activity was partially offset by the reduction in net interest income of the activity in Portugal.

Net commissions, in turn, increased by 4.0% (EUR +16 million) compared to the first half of the previous year totalling EUR 414 million in the first six months of 2025. This evolution was mainly due to the increase in the activity in Portugal, namely the bancassurance activity, reflecting the update of the distribution fees paid by the insurance companies.

The significant increase in net trading income, from a negative amount of EUR 5 million in the first half of 2024 to EUR 56 million in the same period of the current year, also largely contributed to the favourable performance of the results of the Group over the same period of the previous year, mainly 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, due to the use, in this period, of provisions booked to face these costs. In the activity in Portugal, net trading income also evolved favourably.

Net income of the Group was also influenced favourably by the evolution of results on modification in the Polish subsidiary, from a negative amount of EUR 61 million in the first half of 2024 to an also negative amount of EUR 5 million in the first six months of 2025 (EUR +56 million).

This evolution mainly reflects the recognition in the first half of the previous year by Bank Millennium of the estimated impact of the costs arising from the moratorium program (credit holidays), in the amount of EUR 47 million, non-existent in the first half of 2025. It should be noted that the amount recognised in the first half of 2024 resulted from an estimate made by Bank Millennium regarding the impact on the Group's results, following the enactment of a law that extended credit moratoriums for mortgage borrowers with loans denominated in Zlotys for an additional four months in 2024. In the third and fourth quarters of 2024, taking into account the participation of borrowers with mortgages eligible for credit holidays, Bank Millennium reduced the estimated cost to a final amount of EUR 26 million in 2024. Results on modification associated with contractual modifications negotiated with customers with foreign exchange mortgage loans, in the Polish subsidiary, also evolved favourably.

The favourable performance of net income of the Group was also the result of the reduction in

impairment and provisions. Other impairments and provisions decreased 3.8% (EUR -11 million) compared to the amount recognised in the first half of 2024, amounting to EUR 281 million, benefiting from the improvement in the activity in Portugal, the impact of which was partially offset by the increase in this item in the international activity.

In fact, despite the decrease of EUR 19 million, compared to the first half of 2024, in the additional provisions booked to face the legal risk implicit in foreign exchange mortgage portfolio in the Polish subsidiary (EUR -20 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), the evolution of this item was largely influenced by the recognition of impairments in the subsidiary in Mozambique, to face the impacts of the sovereign debt rating downgrade.

Loan impairments charges (net of recoveries), in turn, decreased 8.5% (EUR -8 million), totalling, in consolidated terms, EUR 90 million at the end of June 2025. The evolution of loan impairment charges net of recoveries benefited from the improvement in the international activity, since in the activity in Portugal, loan impairment charges net of recoveries in the first half of 2025 were higher than those recorded in the same period of the previous year, a comparison influenced by the impairment reversals in the second quarter of the previous year.

Despite the disciplined management of costs by the Group, the evolution of its net income compared to the same period of the previous year was influenced by the increase of 10.5% (EUR +65 million) in operating costs, to EUR 684 million at the end of June 2025.

Both staff costs and other administrative costs as well as amortisation and depreciation were higher than in the same period of the previous year, with staff costs showing the most significant increase in both the activity in Portugal and in the international activity. It should be noted that, in the activity in Portugal, the evolution of this item reflects, among others, the fact that in 2024 the revision of salary tables only took place in the second half of the year.

Net income of the Group, compared to the first half of 2024 was also influenced by the evolution of other net operating income, from a negative amount of EUR 73 million in the first half of 2024 to an also negative amount of EUR 98 million in the first half of 2025 (EUR -25 million), mainly reflecting the performance of the Polish subsidiary.

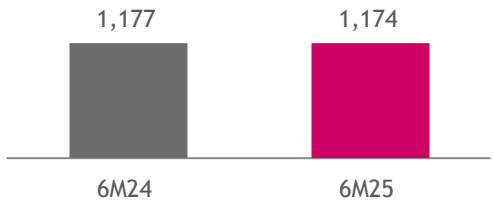
The increase of EUR 52 million recorded in the mandatory contributions borne by the Polish subsidiary (to EUR 74 million in the first half of 2025) was decisive for this evolution, although its impact was partially offset by the reduction of costs associated with foreign exchange mortgage portfolio (EUR -23 million, regarding this item).

Overall, the impact before taxes and non-controlling interests associated with foreign exchange mortgage portfolio evolved from a cost of EUR 376 million to a cost of EUR 277 million, continuing to influence the results of the Group.

In the first half of 2025, core operating profit of the Group amounted to EUR 1,174 million, in line (-0.2%) with the amount achieved in the first half of the previous year, since the increase in core income was offset by the increase in operating costs.

CORE OPERATING PROFIT

million EUR



The previous analysis does not exclude the impact of specific items considered in each period. In both the first half of 2025 and the first half of 2024, the impact of specific items before taxes and non-controlling interest was negative in the amount of EUR 3 million and EUR 2 million, respectively. In both periods specific items were recognised in staff costs in the activity in Portugal, including costs with employment terminations, namely early retirements and indemnifications. In the first half of 2025, specific items also include a reversal of costs with mortgage financing to former employees and in the first half of 2024, 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 also remained at the same level as in the first half of the previous year (-0.1%) amounting to EUR 1,177 million, in the first half of the current year.

INCOME STATEMENT

million EUR

	6M25	6M24 restated	Chg. 25/24
NET INTEREST INCOME	**1,444**	**1,398**	**3.3 %**
OTHER NET INCOME	**404**	**352**	**14.8 %**
Dividends from equity instruments	1	1	7.0 %
Net commissions	414	398	4.0 %
Net trading income	56	(5)	>200%
Other net operating income	(98)	(73)	(34.0 %)
Equity accounted earnings	31	32	(1.8 %)
NET OPERATING REVENUES	**1,848**	**1,750**	**5.6 %**
OPERATING COSTS	**684**	**619**	**10.5 %**
Staff costs	383	340	12.8 %
Other administrative costs	223	208	7.5 %
Amortisation and depreciation	77	71	7.9 %
PROFIT BEFORE IMPAIRMENT AND PROVISIONS	**1,164**	**1,131**	**3.0 %**
Results on modification	(5)	(61)	91.6 %
Loan impairments (net of recoveries)	90	98	(8.5 %)
Other impairment and provisions	281	292	(3.8 %)
INCOME BEFORE INCOME TAX	**789**	**680**	**16.0 %**
INCOME TAX	218	**138**	**58.5 %**
Current	45	71	(36.4 %)
Deferred	173	67	160.2 %
Net income after income tax from continuing operations	**571**	**542**	**5.2 %**
Net income from discontinued operations	0	0	— %
NET INCOME AFTER INCOME TAX	**571**	**542**	**5.2 %**
Non-controlling interests	68	57	20.1 %
NET INCOME ATTRIBUTABLE TO SHAREHOLDERS OF THE BANK	**502**	**485**	**3.5 %**

In the activity in Portugal, net income in the first half of 2025 amounted to EUR 424 million, growing 3.2% from the EUR 411 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 significant reduction in other impairments and provisions to EUR 6 million at the end of June 2025, corresponding to a reduction of EUR 24 million (-81.2%) from the amount posted in the first half of 2024.

Net trading income also had a positive impact on the net income from the activity in Portugal, showing a significant improvement (EUR +12 million) compared to the same period of the previous year, reaching EUR 7 million at the end of the first half of 2025.

Net income from the activity in Portugal also benefited from the evolution of core income, which increased from EUR 961 million in the first six months of 2024 to EUR 966 million in the first half of the current year. This evolution reflects, on one hand, the increase of 6.7%

(EUR +19 million) in net commissions, to a total of EUR 307 million and on the other hand, the performance of net interest income, which declined by 2.2% (EUR -15 million) over the same period, totalling EUR 659 million at the end of the first half of the current year. The increase in net commissions was mainly driven by commissions related to the bancassurance business, reflecting the update of the distribution fees paid by the insurance companies.

The performance of net income of the activity in Portugal was also influenced by the favourable evolution of other net operating income, from a negative amount of EUR 25 million in the first half of 2024 to an also negative amount of EUR 22 million in the first half of 2025 (EUR +4 million). The reduction in the costs associated with mandatory contributions borne by the Bank in the amount of EUR 7 million was decisive for this performance. In the first half of 2025, the overall amount of mandatory contributions in the activity in Portugal, including the supervisory fee charged by the ECB amounted to EUR 34 million.

It is worth noting that, following Constitutional Court Ruling No. 478/2025 issued on 3 June 2025 which declared with general binding force the Additional Solidarity Framework for the Banking Sector unconstitutional, the Bank did not carry out the self-assessment and payment of this tax in the first half of 2025. In addition, during this period, an amount of EUR 6 million related to the tax paid in 2021 was recognised as income, which compares to a cost of EUR 5 million in the first half of the previous year. The favourable evolution of other net operating income in the activity in Portugal was also supported by the increase in gains from the sale of assets, compared to the amount recorded in the first half of the previous year.

Conversely, net income of the activity in Portugal was influenced by the increase of 8.5% (EUR +27 million) recorded in operating costs, which totalled EUR 342 million in the first half 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 half of 2024, although with a less significant impact on this evolution.

Despite the improvement in the risk profile of the loan portfolio in this period, in the activity in Portugal, loan impairment charges (net of recoveries) that totalled EUR 69 million in the first half of 2025, show an increase of 23.7% (EUR +13 million) from the amount recognised in the first half of 2024, which had benefited from impairment reversals that occurred in the second quarter of that year.

The impact of the evolution of core income together with operating costs in the activity in Portugal resulted in a reduction of 3.4% in core operating profit, from EUR 645 million in the first six months of 2024, to EUR 624 million in the first six months of 2025.

Excluding the specific items mentioned above (negative impacts of EUR 3 million in the first half of 2025 and EUR 2 million in the first half of 2024, both recognised in staff costs), core operating profit in the activity in Portugal decreased by 3.3% from EUR 648 million to EUR 626 million.

In the international activity, net income of the first six months of 2025 amounted to EUR 78 million, standing 5.4% above the EUR 74 million recorded in the first half of the previous year, with the impact of the improved results obtained by Bank Millennium in Poland being largely offset by the reduction in the results obtained by Millennium bim in Mozambique.

In fact, net income of Bank Millennium reached EUR 121 million in the first six months of 2025, showing a significant growth of 46.2% from the EUR 83 million recorded in the first half of the previous year.

The performance of the Polish subsidiary was favourably influenced by the reduction in the overall amount of costs associated with the portfolio of foreign exchange mortgage loans, by the increase in core income, by the absence of costs associated with credit holidays, in contrast to the first half of 2024, and by a reduction in impairments and provisions.

Conversely, there was an increase in operating costs and in the mandatory contributions to which the Polish subsidiary is subject.

Overall, costs associated with foreign exchange mortgage portfolio[2] evolved favourably, from EUR 376 million, to EUR 277 million in the first half of 2025 (both before taxes and non-controlling interests), continuing to influence the results of the subsidiary.

The evolution of net income of the Polish subsidiary was also strongly influenced by the increase in core income, namely by the growth in net interest income (EUR +53 million, +8.5%), arising largely from higher income generated by the securities portfolio.

On the other hand, the recognition of costs associated with the moratorium program (credit holidays) in the first half of 2024, amounting to EUR 47 million, and non-existent in the first half of the current year, also positively contributes to the results of the subsidiary during the period under review.

[2] Including provisions for legal risk, costs with out-of-court settlements and legal advice.

Conversely, the results of Bank Millennium were adversely influenced by the increase in operating costs, mainly due to the evolution of staff costs, constrained by the characteristics of the labour market in Poland, with very low unemployment rates and significant increases in the minimum wage.

The mandatory contributions borne by the Polish subsidiary also had a negative impact on its performance, increasing by EUR 52 million compared to the amount recorded in the first half of 2024, reaching a total of EUR 74 million in the first half of 2025.

This increase was mainly due to the cost of the special tax on the Polish banking sector, the payment of which had been suspended following the activation of the Bank Millennium Recovery Plan at the beginning of the second half of 2022. With the completion, in June 2024, of the aforementioned Recovery Plan, Bank Millennium was again subject to the payment of this tax, which in that same month totalled EUR 8 million. In the first half of 2025, the special tax on the Polish banking sector amounted to EUR 47 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 9 million in the first half of 2025, thus contributing to the increase of the overall amount of the mandatory contributions compared to the first half of 2024.

Finally, it is worth highlighting that the increase recorded in operating costs was more than offset by the increase in core income, namely in net interest income, leading the core operating profit of the Polish subsidiary to grow 3.8%, from EUR 475 million in the first six months of 2024, to EUR 494 million in the first half of 2025.

Regarding Millennium bim in Mozambique, net income amounted to EUR 24 million at the end of the first six months of 2025, significantly below (-49.3%) the amount recorded in the first six months of 2024.

This performance was strongly influenced, as already mentioned, by the impacts arising from the current circumstances 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 the increase in operating costs and in loan impairments. The increase in operating costs resulted both from rising staff costs, reflecting the effect of salary update together with the increase in the total number of employees, and from higher other administrative costs and amortisation and depreciation.

Core income, in turn, contributed positively to the evolution of the results of the Mozambican subsidiary compared to the first half of 2024, 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 increase in core income, higher than the increase in operating costs, allowed the core operating profit of the Mozambican subsidiary to be 2.6% above the amount recorded in the first six months of 2024, totalling EUR 57 million at the end of the first half of 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 absolute terms, totalling EUR 2 million in the first six months of the current year.

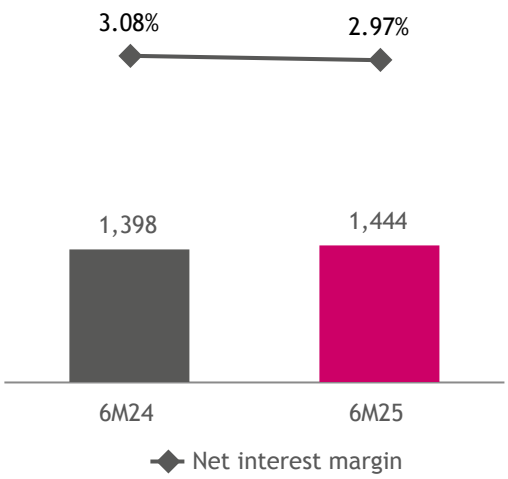
In the international operations, core operating profit recorded a year-on-year increase of 3.7%, rising from EUR 531 million in the first half of 2024, to EUR 551 million in the first six months of 2025, as the increase in core income more than offset the increase in operating costs.

NET INTEREST INCOME

In the first six months of 2025, net interest income of the Group reached EUR 1,444 million, growing 3.3% from the EUR 1,398 million posted in the same period of the previous year, with the reduction recorded in the activity in Portugal being largely offset by the increase in the international activity.

NET INTEREST INCOME

million EUR



In fact, net interest income, in the activity in Portugal, totalled EUR 659 million in the first half of 2025, standing 2.2% below the EUR 673 million recorded in the first half of 2024.

The performance of net interest income in the activity in Portugal reflects above all, the lower income generated by the customer loan portfolio, partially offset by the lower cost of funding and by the higher income generated by the securities portfolio.

The reduction in income generated by the customer loan portfolio compared to the first half of the previous year reflects above all the interest rates decrease, with the slight increase in the average portfolio balance being insufficient to offset this effect. 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, reflecting the evolution of interest rates in the last year, costs associated with the remuneration of the deposit portfolio decreased from the first half of 2024. The average balance of interest-bearing deposits increased in this period, although its impact was not significant in this evolution.

Also influenced by the decrease in interest rates, the costs incurred with issued debt and subordinated debt were lower compared to the amount recorded in the first half 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. Additionally, in March 2025, the Bank early redeemed the entirety of a subordinated debt issuance amounting to EUR 450 million and partially repurchased another issue of the same nature, contributing to a reduction in costs related to the issued subordinated debt. Conversely, in that same month, a new issuance of Tier 2 subordinated debt securities under its Euro Note Programme, amounting to EUR 500 million was carried out.

The increase in income generated by the securities portfolio also contributed favourably to the evolution of net interest income, due to the increased contribution of income generated by the sovereign debt portfolio, arising from the positive impact of the increased size and turnover of the portfolio.

In the international activity, net interest income amounted to EUR 785 million in the first half of 2025, showing a growth of 8.4% from the EUR 724 million accounted in the first half 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 3.08% in the first half of 2024 to 2.97% in the first half of 2025.

In the activity in Portugal, net interest margin, mainly influenced by the decrease in interest rates underlying loans to customers evolved from 2.29% in the first half of 2024, to 2.12% in the first half of the current year.

Net interest margin in the international activity, in turn, evolved from 4.53% in the first half of 2024, to 4.47% in the first half of 2025, reflecting the reduction in this indicator recorded at the subsidiary in Poland. It is noteworthy that, in May 2025, the central bank of Poland reduced the reference interest rates. In Mozambique, despite the continuation of the interest rate reduction cycle started in 2024 by the central bank, the reduction in January 2025 of the local requirement for non-remunerated cash reserves allowed the net interest margin at the Mozambican subsidiary to evolve favourably over the past year.

OTHER NET INCOME

Other net income, that aggregates dividends from equity instruments, net commissions, net trading income, other net operating income and equity accounted earnings, totalled EUR 404 million in the first half of 2025, corresponding to an increase of 14.8% compared to the EUR 352 million recorded in the first half of the previous year.

The performance of the activity in Portugal contributed significantly to this evolution, with other net income increasing by 11.9% (EUR +34 million) compared to the EUR 287 million recorded in the first six months of 2024, totalling EUR 321 million in the first six months of 2025. This evolution largely reflects the increase in net commissions (EUR +19 million), driven by the growth in commissions from the bancassurance activity, resulting not only from the increase in activity, but mainly from the update of distribution fees paid by the insurance companies. Net trading income also contributed significantly (EUR +12 million) to the favourable evolution of other net income, as well as other net operating income (EUR +4 million).

In the international activity, other net income amounted to EUR 83 million in the first six months of 2025, considerably above the EUR 65 million posted in the first half of the previous year, due to the contribution of the Polish subsidiary.

The performance of other net income in the Polish subsidiary was influenced by the favourable evolution of the impacts associated with the mortgage loan portfolio in foreign currency, the impact of which was largely absorbed by the increase in costs incurred with the mandatory contributions to which the subsidiary is subject.

OTHER NET INCOME

million EUR

	6M25	6M24 restated	Chg. 25/24
Dividends from equity instruments	1	1	7.0 %
Net commissions	414	398	4.0 %
Net trading income	56	(5)	>200%
Other net operating income	(98)	(73)	(34.0 %)
Equity accounted earnings	31	32	(1.8 %)
	404	**352**	**14.8 %**
of which:			
Activity in Portugal	321	287	11.9 %
International activity	83	65	27.2 %

DIVIDENDS FROM EQUITY INSTRUMENTS

Dividends from equity instruments, which incorporates dividends and income from equity shares received from investments classified as financial assets at fair value through other comprehensive income and as financial assets held for trading, arising exclusively from the activity of the Polish subsidiary in both years, amounted to EUR 1 million in the first six months of 2025, 7.0% above the amount recorded in the same period of the previous year.

NET COMMISSIONS

Net commissions include commissions related to the banking business and commissions more directly related to financial markets.

In the first half of 2025, net commissions totalled EUR 414 million, showing a growth of 4.0% compared to the EUR 398 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 update of the distribution fees paid by the insurance companies. On the other hand, in the international activity, net commissions decreased compared to the amount posted a year earlier, although the decrease was less pronounced.

In consolidated terms, the favourable performance of net commissions was mainly due to the growth of banking commissions, also benefiting from the increase in market related commissions.

In fact, banking commissions of the Group stood 3.2% (EUR +11 million) above the amount posted in the first half of the previous year, reaching EUR 347 million at the end of the first half of the current year, while market related commissions totalled EUR 67 million, increasing 8.7% (EUR +5 million) from the amount recorded a year earlier.

The increase in banking commissions was largely influenced by the impact of the distribution fees update associated with bancassurance activity in the activity in Portugal, whose impact was offset by the reduction in this commissions in the international activity. Similarly, although to a lesser extent, the increase in management and maintenance of account commissions was also due to the performance of the domestic activity, with the amount of these commissions in the international activity being lower than that recorded a year earlier. On the other hand, fees associated with cards and transfers remained in line with the amount recorded in the first half of 2024, with the favourable performance of the international activity being offset by the decline in the domestic activity.

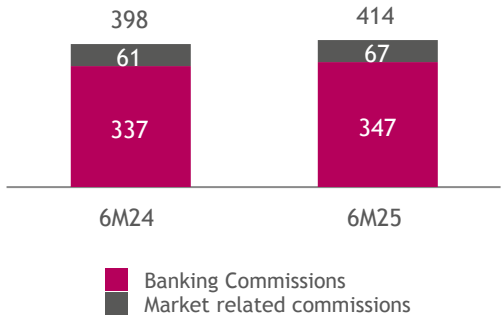
Other banking commissions decreased compared to the first half of the previous year, mainly due to the performance of the domestic activity.

Commissions associated with credit and guarantees, in turn, recorded a less significant change in the last year, also standing at a lower level than a year earlier, in this case, with the increase recorded in the activity in Portugal being more than offset by the decrease in the international activity.

With regard to commissions related to financial markets, there was a favourable evolution, both in the activity in Portugal and mainly in the international activity.

NET COMMISSIONS

million EUR



In the activity in Portugal, net commissions amounted to EUR 307 million in the first half of 2025, corresponding to a growth of 6.7% from the EUR 288 million recorded in the first half of 2024.

Banking commissions totalled EUR 257 million in the first half of 2025, being the main driver for this evolution by showing an increase of 7.7% (EUR +18 million) while commissions related to markets showed a less significant increase (+2.2%; EUR +1 million), totalling EUR 50 million at the end of June 2025.

The performance of net commissions related to the banking business in the activity in Portugal was determined by the growth of commissions associated with the bancassurance activity (+41.6%, EUR +18 million), driven by the growth in the activity and mainly the update of the distribution fees paid by the insurance companies. At the end of the first half of 2025, these commissions totalled EUR 62 million in the activity in Portugal.

Commissions associated with management and maintenance of accounts and with credit and guarantees also performed favourably compared to the first half of the previous year, growing by 6.1% (EUR +4 million) to EUR 75 million and 8.1% (EUR +3 million) to EUR 44 million, respectively, at the end of the first half of 2025.

On the other hand, the performance of commissions related to the banking business, in the activity in Portugal, was influenced by the reduction in commissions related to cards and transfers.

Commissions related to financial markets, in the activity in Portugal, in turn, benefited from the momentum of asset management and distribution commissions, which grew by 5.9% (EUR +2 million), totalling EUR 28 million at the end of June 2025, with commissions associated with securities operations. standing 2.3% (EUR -1 million) below the amount recorded in the first half of 2024, amounting to EUR 22 million, in the same period of the current year.

In the international activity, net commissions amounted to EUR 107 million at the end of the first half of the current year, decreasing by 3.1% (EUR -3 million) from the amount recorded in the same period of the previous year, mainly due to the performance of the Polish subsidiary.

A significant factor contributing to this development was the 7.8% decrease (EUR -8 million) in banking commissions, totalling EUR 90 million by the end of the first half of 2025 in the international activity.

This evolution resulted from different dynamics regarding the different items in this heading, with particular emphasis on the reduction of 57.9% (EUR -8 million), to EUR 6 million, recorded in bancassurance commissions in the Polish subsidiary.

The performance of commissions related to credit and guarantees, in turn, was also determined by the evolution recorded in the Polish subsidiary, with these commissions standing 16.1% (EUR -4 million) below the amount achieved in the first half of 2024 in the international activity, totalling EUR 20 million at the end of the first half of 2025.

Commissions related to management and maintenance of accounts decreased by 14.7% (EUR -1 million) to EUR 7 million at the end of June 2025, while other banking commissions decreased by 7.2%, remaining at EUR 2 million on the same date.

On the other hand, there was an increase of EUR 6 million, to EUR 55 million at the end of the first half of 2025, in commissions related to cards and transfers in the international activity, reflecting the performance of the Polish subsidiary.

Regarding commissions related to financial markets, still in the international activity, there was a significant increase (+34.3%, EUR +4 million), reaching EUR 17 million at the end of the first half of 2025. This performance was driven by the increase in commissions associated with asset management and distribution, since the growth in commissions associated with securities operations, while significant, had a less significant impact within the scope of this analysis. Commissions associated with asset management and distribution and commissions related to securities operations totalled EUR 15 million and EUR 2 million, respectively, at the end of the first half of the current year.

NET COMMISSIONS

million EUR

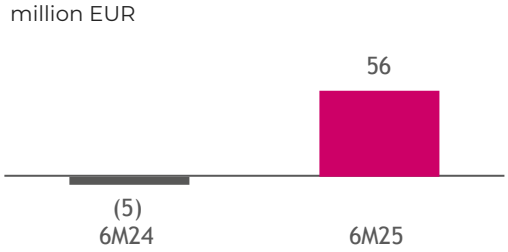
	6M25	6M24 (restated)	Chg. 25/24
BANKING COMMISSIONS	**347**	**337**	**3.2 %**
Cards and transfers	133	132	0.4 %
Credit and guarantees	64	65	(1.0 %)
Bancassurance	68	58	16.8 %
Management and maintenance of accounts	82	79	3.9 %
Other commissions	1	3	(63.2 %)
MARKET RELATED COMMISSIONS	**67**	**61**	**8.7 %**
Securities operations	23	24	(0.7 %)
Asset management and distribution	43	38	14.6 %
	414	**398**	**4.0 %**
Of which:			
Activity in Portugal	307	288	6.7 %
International activity	107	110	(3.1 %)

NET TRADING INCOME

Net trading income includes 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.

In the first six months of 2025, net trading income amounted to EUR 56 million, well above the negative amount of EUR 5 million posted in the first half of the previous year, 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.

NET TRADING INCOME



In the activity in Portugal, net trading income evolved from a negative amount of EUR 5 million in the first half of 2024 to a positive amount of EUR 7 million in the first half of 2025.

In the international activity, the evolution of net trading income, from a cost of EUR 1 million to an income of EUR 49 million at the end of the first half of the current year, was determined by the reduction in costs incurred by the Polish subsidiary in converting mortgage loans granted in Swiss francs, following the agreements with customers, from EUR 46 million in the first half of 2024 to EUR 5 million in the first half of 2025, due to the use, in this period, of provisions booked to face these costs.

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

NET TRADING INCOME

million EUR

	6M25	6M24	Chg. 25/24
Gains/(losses) on financial operations at fair value through profit or loss	74	(22)	>200%
Foreign exchange gains/(losses)	(10)	18	(157.1 %)
Gains/(losses) on hedge accounting	0	1	(106.7 %)
Gains/(losses) arising from derecognition of financial assets and liabilities not measured at fair value through profit or loss	(8)	(1)	<-200%
	56	**(5)**	**>200%**
of which:			
Activity in Portugal	7	(5)	>200%
International activity	49	(1)	>200%

OTHER NET OPERATING INCOME

Other net operating income includes other operating income, net of other operating costs, which 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 addition, other net operating income also includes gains/(losses) on disposal of subsidiaries and other assets.

In the first half of 2025, other net operating income totalled a negative amount of EUR 98 million, that compares to the also negative amount of EUR 73 million recorded in the first half of the previous year. This evolution was mainly driven by the contribution of the Polish subsidiary, whose performance was strongly influenced by the increase in costs with mandatory contributions to which the subsidiary is subject, which was partially offset by the reduction in costs associated with foreign exchange mortgage loan portfolio recognised under this heading.

In the activity in Portugal, other net operating income improved, evolving from a negative amount of EUR 25 million in the first half of 2024 to an also negative amount of EUR 22 million at the end of the first half of 2025. In this evolution, the reduction in the costs with mandatory contributions and the gains recognised with the sale of assets stand out, partially offset by other items.

The overall amount of mandatory contributions in the activity in Portugal, including the supervisory fee charged by the ECB, evolved from EUR 41 million in the first half of 2024 to EUR 34 million in the same period of 2025, corresponding to a 16.7% reduction in this period.

This evolution is largely due, on one hand, to the fact that in the first half of 2025 the Additional Solidarity charge for the Banking Sector was not paid, and on the other, an amount of EUR 6 million related to the tax paid in 2021 was recognised as income, which compares to a cost of EUR 5 million in the first half of the previous year.

In fact, following the Constitutional Court Ruling No. 478/2025 issued on 3 June 2025, which declared the Solidarity Additional Framework for the Banking Sector unconstitutional with general binding force, the self-assessment and payment of the tax, which according to the rules previously in force would have been due by 30 June 2025, was not made. The income recognised in the first half of 2025 results from a favourable court decision in the legal challenge concerning the Additional Solidarity on the Banking Sector paid by BCP in 2021, which has since become final and definitive. The amounts related to the Additional Solidarity on the Banking Sector for other previous years, which are still being contested in court, amount to a total EUR 24 million.

The overall amount of the remaining mandatory contributions in the activity in Portugal showed an increase from the amount posted in the first half of 2025, mainly justified by the contribution to the National Resolution Fund (FRN). The contribution to the FRN increased by more than 50% over the last year, from EUR 6 million to EUR 10 million in the first half of 2025, mainly due to the increase in the contribution rate from 0.032% to 0.049%. Cost incurred with the contribution on the banking sector, in turn, went from EUR 28 million to EUR 29 million while the supervisory fee charged by the ECB, although higher than the amount recorded in the first half of 2024, did not change materially, amounting to EUR 1 million in the first six months of 2025. The contribution to the deposit guarantee fund, although also higher than the amount recorded a year earlier, was less significant in this analysis.

Finally, it should be noted that the Single Resolution Board determined that, since the Single Resolution Fund (SRF) had reached its target level, no ex-ante contributions would be charged in 2025, similarly to 2024.

The favourable evolution of gains recognised from the disposal of assets resulted from the increase in gains associated with financial holdings, the impact of which was partially offset by lower results from the disposal of non-current assets held for sale.

In the international activity, other net operating income evolved from a cost of EUR 48 million in the first half of 2024 to a cost of EUR 76 million in the first half of 2025.

This performance of other net operating income was determined by the increase in costs associated with mandatory contributions, partially offset by the reduction in costs associated with foreign exchange mortgage loan portfolio, both in the Polish subsidiary.

In fact, costs associated with mandatory contributions borne by the Polish subsidiary more than tripled, evolving from EUR 22 million in the first half of 2024 to EUR 74 million in the same period of the current year. This increase was mainly due to the cost of the special tax on the Polish banking sector, the payment of which had been suspended following the activation of the Bank Millennium Recovery Plan at the beginning of the second half of 2022. With the completion, in June 2024, of the aforementioned

Recovery Plan, Bank Millennium was again subject to the payment of this tax, which in that same month totalled EUR 8 million. In the first half of 2025, the special tax on the Polish banking sector amounted to EUR 47 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 9 million in the first half of 2025, thus contributing to the increase of the overall amount of the mandatory contributions compared to the first half of 2024. The contribution to the resolution fund by the Polish subsidiary was also higher compared to the amount recognised in the first six months of 2024, although with a less significant impact on the evolution of this item (EUR 18 million in the first six months of 2025 vs EUR 14 million in the same period of 2024).

On the other hand, the impacts associated with foreign exchange mortgage loan portfolio, as far as this item is concerned, evolved significantly from costs of EUR 27 million in the first half of 2024 to costs of EUR 5 million in the first six 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., remained at a similar level compared to that recorded in the first half of 2024, totalling EUR 23 million in the first six months of 2025.

EQUITY ACCOUNTED EARNINGS

Equity accounted earnings from associates include the results appropriated by the Group related to the entities in which, despite exercising some influence, it does not have control over their financial and operating policies.

In the first six months of 2025, equity accounted earnings of the Group totalled EUR 31 million, standing 1.8% below the amount posted in the first half of the previous year.

In the first half of 2025, equity accounted earnings totalled EUR 28 million in the activity in Portugal (-1.7% compared to the same period of the previous year) and EUR 3 million in the international activity (-2.8% compared to the same period of the previous year), not having materially changed in any of the cases within the scope of this analysis.

OPERATING COSTS

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

In the first half of 2025, operating costs totalled EUR 684 million, standing 10.5% above the EUR 619 million recorded in the first half of the previous year. Despite the disciplined management of costs followed by the Group, operating costs were higher than those recorded a year earlier, in the activity in Portugal and in the Polish and Mozambican subsidiaries alike.

The amounts presented do not exclude the impact of specific items considered in each period in staff costs in the activity in Portugal. In both the first half of 2025 and the first half of 2024, the impact was negative in the amount of EUR 3 million and EUR 2 million, respectively.

Excluding the specific items mentioned above, operating costs of the Group amounted to EUR 681 million, standing 10.4% above the EUR 617 million accounted in the first half of 2024. This performance was determined by the increase in staff costs (+12.7%, EUR +43 million), reflecting both the performance of the activity in Portugal and the international activity. It should be noted that, in the activity in Portugal, the evolution of this item reflects, among others, the fact that in 2024 the revision of salary tables only took place in the second half of the year. Other administrative costs and amortisation and depreciation also increased compared to the first half of 2024, albeit to a lesser extent, both in the activity in Portugal and in the international activity, having increased in consolidated terms by 7.5% (EUR +16 million) and 7.9% (EUR +6 million), respectively.

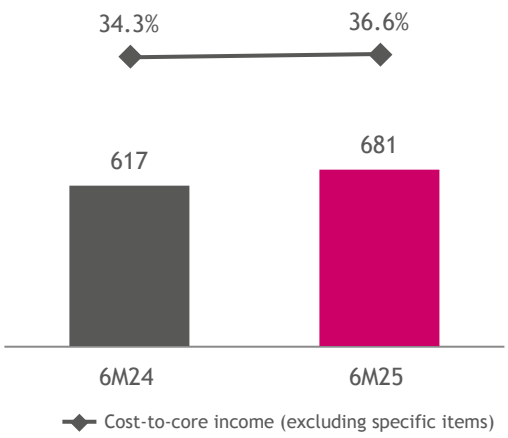
Excluding the specific items mentioned above, cost-to-income ratio evolved from 35.2% to 36.8% and cost-to-core income from 34.3% to 36.6% in the period under review.

Cost-to-income and cost-to-core income stated ratios evolved, respectively, from 35.4% to 37.0% and from 34.5% to 36.8%.

OPERATING COSTS

(excluding specific items)

million EUR



In the activity in Portugal, operating costs totalled EUR 342 million in the first half of 2025, standing 8.5% above the EUR 316 million posted in the first half of 2024. Excluding the specific items mentioned above, operating costs increased 8.4%, from EUR 313 million to EUR 340 million.

The evolution of operating costs in the activity in Portugal, not considering the effect of specific items, reflects the increases of 10.1% (EUR +18 million) recorded in staff costs, of 4.9% (EUR +5 million) in other administrative costs and of 9.6% (EUR +4 million) in amortisation and depreciation.

Excluding the impact of specific items, cost-to-income ratio in the activity in Portugal evolved from 32.6% to 34.7%, while cost-to-core income ratio went from 32.6% to 35.2% in the last year.

Cost-to-income and cost-to-core income stated ratios stood at 34.9% and 35.4% in the first half of 2025, levels that compare respectively with 32.9% and 32.8% in the first half of the previous year.

In the international activity, operating costs totalled EUR 341 million at the end of the first half of 2025, standing 12.5% above the EUR 303 million accounted in the first half 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 six months of 2024.

In the Polish subsidiary, the increase in operating costs resulted, above all, from the evolution of staff costs and, although to a lesser extent, also from other administrative costs and amortisation and depreciation. It is also important to mention the impact that the strong pressure on basic wages and the current scenario of the Polish labour market, with very low unemployment rates had in operating costs, namely in the increase in staff costs.

Likewise, in the operation in Mozambique, the increase in operating costs also reflects the increase recorded in other administrative costs, in staff costs and in amortisation and depreciation.

The evolution of operating costs in the international activity was due to the increases of 15.7% (EUR +25 million) in staff costs, of 9.9% (EUR +11 million) in other administrative costs and of 6.0% (EUR +2 million) in amortisation and depreciation.

The cost-to-income ratio of the international activity evolved from 38.4% in the first half of 2024 to 39.3% in the same period of the current year, while cost-to-core income ratio in turn, went from 36.3% to 38.2% in the last year.

OPERATING COSTS

million EUR

	6M25	6M24 (restated)	Chg. 25/24
Staff costs	383	340	12.8 %
Other administrative costs	223	208	7.5 %
Amortisation and depreciation	77	71	7.9 %
	684	**619**	**10.5 %**
Of which:			
Activity in Portugal	342	316	8.5 %
International activity	341	303	12.5 %

STAFF COSTS

In the first six months of 2025, staff costs totalled EUR 383 million, standing 12.8% above the EUR 340 million accounted in the first half of the previous year. Both in the activity in Portugal and in the international activity, staff costs were higher than a year before. Not considering the impact of the specific items[3], staff costs of the Group increased 12.7% from the EUR 337 million accounted for in the first half of the previous year, amounting to EUR 381 million, at the end of the first half of the current year.

In the activity in Portugal, stated staff costs amounted to EUR 197 million at the first half of 2025, standing 10.3% above the EUR 178 million recorded in the first half of the previous year. Not considering the impact of the specific items, the increase was 10.1%, from EUR 176 million to EUR 194 million in the period under review.

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 remained stable (50 employees fewer than on 30 June 2024), standing at 6,224 employees at the end of June 2025.

In the international activity, staff costs amounted to EUR 187 million in the first half of 2025, standing 15.7% above the EUR 161 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 same period in 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. The increase in the total number of employees of this subsidiary, from 6,834 employees (6,710 FTE - full-time equivalent) in the first half of 2024, to 6,909 employees (6,786 FTE - full-time equivalent) on 30 June 2025, also contributed to the increase in staff costs in the period under review.

The operation in Mozambique, in turn, increased its headcount, from 2,597 employees on 30 June 2024 to 2,663 employees at the end of the first half of 2025, an increase that, together with the salary update, contributed to the growth in staff costs in the last year.

As of 30 June 2025, the headcount of the international activity consisted of 9,572 employees, which compares to 9,431 employees at the end of the first half of 2024.

STAFF COSTS

million EUR

	6M25	6M24	Chg. 25/24
Salaries and remunerations	306	273	11.9 %
Social security charges and other staff costs	75	64	16.4 %
STAFF COSTS (excluding specific items)	**381**	**337**	**12.7 %**
Of which:			
Activity in Portugal	194	176	10.1 %
International activity	187	161	15.7 %
Specific items	3	2	26.0 %
	383	**340**	**12.8 %**

[3] Excludes the impact of specific items: negative impact of EUR 3 million in the first half of 2025 and an also negative impact of EUR 2 million in the first half of 2024. In both periods, specific items were recognised in staff costs in the activity in Portugal including costs with employment terminations, namely early retirements and indemnifications. In the first half of 2025, specific items also include a reversal of costs with mortgage financing to former employees and in the first half of 2024, an income recognised after an agreement related to liabilities with former directors of the Bank.

OTHER ADMINISTRATIVE COSTS

Notwithstanding the disciplined management of costs followed by the Group, other administrative costs were 7.5% above the EUR 208 million recorded in the first half of the previous year, totalling EUR 223 million at the end of the first half of the current year. 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 105 million, corresponding to an increase of 4.9% from the EUR 100 million recorded a year ago.

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, and in costs associated to outsourcing and independent labour.

Costs with water, electricity and fuel were also higher than a year before as well as costs associated with advertising 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 represent the main reduction compared to the first half of 2024, with other supplies and services also showing a significant reduction.

In the international activity, other administrative costs amounted to EUR 118 million in the first half of 2025, representing a 9.9% increase from the EUR 107 million posted in the same period of the previous year, mainly reflecting the increase recorded in the Polish subsidiary, but also in the Mozambican subsidiary.

The Group maintains a process of optimisation of its branch network in order to efficiently serve the markets in which it is present. On 30 June 2025, the activity in Portugal had a network of 396 branches, two less than at the end of June 2024, while in the Polish subsidiary, the number of branches decreased from 609 branches at the end of June 2024 to 601 branches on 30 June 2025. The subsidiary in Mozambique, in turn, ended the first half of 2025 with 195 branches, unchanged from the first half of the previous year.

OTHER ADMINISTRATIVE COSTS

million EUR

	6M25	6M24 restated	Chg. 25/24
Water, electricity and fuel	8	7	7.7 %
Consumables	4	4	(9.2 %)
Rents and Leases	13	15	(8.9 %)
Communications	15	14	8.7 %
Travel, hotel and representation costs	5	5	12.3 %
Advertising	19	16	14.8 %
Maintenance and related services	10	10	4.7 %
Credit cards and mortgage	2	2	(16.6 %)
Advisory services	25	21	18.3 %
Information technology services	15	13	8.3 %
Outsourcing and independent labour	64	56	14.7 %
Other specialised services	19	18	4.2 %
Training costs	1	0	8.4 %
Insurance	3	3	(11.8 %)
Legal expenses	2	4	(50.6 %)
Transportation	6	6	1.9 %
Other supplies and services	15	14	3.2 %
	223	**208**	**7.5 %**
Of which:			
Activity in Portugal	105	100	4.9 %
International activity	118	107	9.9 %

AMORTISATIONS AND DEPRECIATION

Amortisation and depreciation amounted to EUR 77 million in the first half of 2025, standing 7.9% above the amount recorded in the first half of 2024.

In the activity in Portugal, the increase in amortisation and depreciation was of 9.6%, from EUR 37 million in the first half of 2024, to EUR 40 million in the first half of 2025, reflecting this item only a portion of the effort regarding the technological update, arising from Bank's commitment to the digital transformation process.

In the international activity, amortisation and depreciation amounted to EUR 37 million in the first half of 2025, standing 6.0% above the EUR 34 million recorded in the first half of 2024, reflecting the performance of both the Polish subsidiary and the Mozambican subsidiary.

RESULTS ON MODIFICATION

In the first six months of 2025, results on modification totalled a negative amount of EUR 5 million, which compares with an also negative amount of EUR 61 million recorded in the same period of the previous year.

This evolution mainly reflects the recognition, in the first half of the previous year of the estimated impact of the costs arising from the moratorium program (credit holidays), non-existent in the first half of 2025. In fact, following the signing by the President of the Republic of Poland and the announcement in the Journal of Laws of the Republic of Poland of an act of 12 April 2024 on changes to the act on support for mortgage borrowers who are in challenging financial situation and the act on crowdfunding for business ventures and assistance to borrowers, introducing, among others, an extension of credit holidays for Zloty mortgage borrowers by four more months in 2024, Bank Millennium estimated the

preliminary impact of the implementation of this act on the results of the Group, recognising, in the first half of 2024 a cost with credit holidays in the amount of EUR 47 million. Subsequently, in the third and fourth quarters of 2024, taking into account the participation of borrowers with mortgage eligible for credit holidays, Bank Millennium reduced the estimated cost to a final amount of EUR 26 million in 2024.

Costs associated with contractual modifications negotiated with customers with foreign exchange mortgage loans, in the Polish subsidiary, also contributed to the favourable evolution of the results of modifications, by decreasing significantly from EUR 10 million in the first six months of 2024 to EUR 2 million in the same period of the current year.

LOAN IMPAIRMENTS

Impairment of loans to customers includes impairment of financial assets at amortised cost for loans granted to customers and for debt securities associated with credit operations, net of reversals and recoveries of credit and interest.

The reconciliation of the impairment of financial assets at amortised cost presented in the consolidated income statement ("P&L") with the impairment of loans to customers (net of recoveries) considered for the purposes of this analysis is presented as follows:

Loan impairments (P&L)

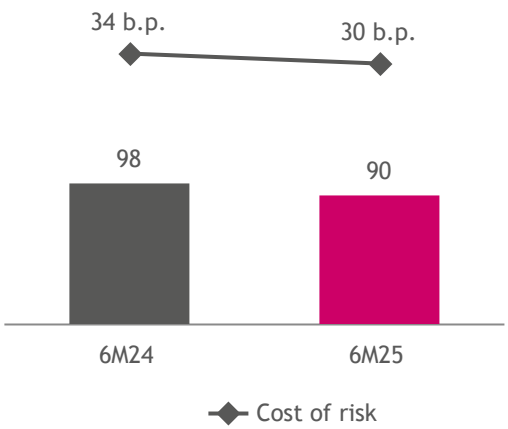
million EUR

	6M25	6M24 restated
Impairment of financial assets at amortised cost (P&L) (1)	109	97
Impairment of Loans and advances to credit institutions (at amortised cost) (2)	0	0
Impairment of financial assets at amortised cost not associated with credit operations (3)	19	(1)
Loan impairments considering management criteria (4)=(1)-(2)-(3)	**90**	**98**

In the first six months of 2025, impairment for loan losses (net of recoveries) totalled EUR 90 million, showing a reduction of 8.5% compared to the EUR 98 million accounted for in the first half of the previous year. This evolution reflects the lower level of provisioning in the international activity, the impact of which was largely offset by the increase in the activity in Portugal, compared to the same period of the previous year which had benefited from the reversal of impairments that occurred in the second quarter of 2024.

LOAN IMPAIRMENTS (NET)

million EUR



In fact, in the activity in Portugal, despite the improvement in the risk profile of the loan portfolio, loan impairment charges (net of recoveries) increased 23.7% from the EUR 56 million recognised in the first half of 2024, totalling EUR 69 million in the first half of 2025. This comparison is influenced by the reversal of impairments that occurred in the second quarter of the previous year.

In the international activity, impairment charges (net of recoveries) stood significantly below (-50.6%) the EUR 42 million recognised in the first half of 2024, standing at EUR 21 million at the end of first half of 2025. This reduction mainly reflects the performance of the Polish subsidiary, influenced by the impact of a loan portfolio sale in the first half of the current year. In the Mozambican subsidiary, impairment charges (net of recoveries) were higher than in the first half of 2024.

The evolution of impairment charges (net of recoveries), in consolidated terms, allowed the cost of risk of the Group, net of recoveries, to improve in relation to the 34 basis points observed in the first half of 2024, standing at 30 basis points in the first half of 2025. Excluding the previously mentioned impact of certain impairments reversal in the activity in Portugal in the second quarter of the previous year, the cost of risk (net of recoveries) of the Group in the first half of 2024 was 50 basis points.

In the activity in Portugal, cost of risk (net of recoveries) went from 28 basis points in the first half of 2024 to 33 basis points in the same period of the current year. Excluding the aforementioned reversal of impairments in the first half of the previous year, the cost of risk in the activity in Portugal in that period was 52 basis points.

In the international activity, cost of risk net of recoveries also improved significantly in the last year, from 46 basis points to 22 basis points in the first half of 2025.

LOAN IMPAIRMENTS (NET OF RECOVERIES)

million EUR

	6M25	6M24 restated	Chg. 25/24
Loan impairment charges (net of reversals)	97	154	(37.0 %)
Credit recoveries	7	56	(86.7 %)
	90	**98**	**(8.5 %)**
Of which:			
Activity in Portugal	69	56	23.7 %
International activity	21	42	(50.6 %)
COST OF RISK OF THE GROUP			
Impairment charges (net of recoveries) as a % of total loans (gross)	30 b.p.	34 b.p.	

OTHER IMPAIRMENT AND PROVISIONS

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

In the first six months of 2025, other impairment and provisions totalled EUR 281 million, evolving favourably from the EUR 292 million recorded in the first half of the previous year. This evolution was due to different dynamics regarding the geographies of the Group, as the impact of the reduction in the activity in Portugal, and also in the Polish subsidiary, was largely offset by the increase in other impairments and provisions in the subsidiary in Mozambique, due to the impacts of the sovereign debt rating downgrade.

In the activity in Portugal, other impairments and provisions showed a significant reduction (-81.2%), evolving from EUR 30 million in the first half of 2024 to EUR 6 million in the same period of the current year, mainly reflecting the reduction in provisions for others risks.

In the international activity, other impairment and provisions amounted to EUR 275 million at the end of the first half of 2025, standing 4.9% above the EUR 262 million recorded a year earlier. This performance mainly reflects the recognition of impairments in the subsidiary in Mozambique to face the impacts of the sovereign debt rating downgrade in that country, partially offset by the lower additional provision charges booked to face the legal risk of foreign exchange mortgage loans, in the Polish subsidiary.

In the first half of 2025, the provision booked by the Polish subsidiary to face the legal risk associated with foreign exchange mortgage loans was EUR 19 million lower than the amount recognised in the first half of the previous year, amounting to EUR 241 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., did not change materially in the period under review totalling EUR 23 million at the end of June 2025.

INCOME TAX

Income tax (current and deferred) amounted to EUR 218 million in the first half of 2025, which compares to EUR 138 million posted in the same period of 2024.

These expenses include, in the first six months of 2025, current tax of EUR 45 million (EUR 71 million in the first six months of 2024) and deferred tax of EUR 173 million (EUR 67 million in the same period of 2024).

Current tax expenses in 2024 and 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 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 2024 and 2025 mainly result from the income of the period of the activity in Portugal, by the reduction of deferred tax assets covered by the Special Framework applicable to Deferred Tax Assets ("REAID") given the evolution of the taxable income of those periods.

The evolution of deferred tax assets in 2024 was also influenced, regarding the Polish subsidiary, by the decision of the Supreme Administrative Court (NSA) from 6 December of 2023. In fact, NSA issued a judgment on the rules for recognising the effects in CIT of cancellations of mortgage loans indexed to foreign currencies and foreign currency loans (in particular in Swiss francs) adjudicated by common courts. According to the NSA, the Bank should recognise the tax consequences not by recognising the resulting losses as tax-deductible costs, but by adjusting the revenues from the above-mentioned loans (FX gains, interest, commissions and fees) previously taxed with CIT, taking into account the rules of limitation of tax liabilities. As a result of the analysis of the NSA's judgment, the Bank recognised in the first semester of 2024 a deferred tax asset in the amount of PLN 223 million (EUR 52 million) based on estimates of future adjustments of interest income, FX gains, commissions and fees earned on

mortgage loans indexed to Swiss francs and foreign currency loans in this currency which are the subject of court disputes for their cancellation.

NON-CONTROLLING INTERESTS

Non-controlling interests are the part attributable to third parties of the net income of the subsidiary companies consolidated under the full method in which the Group Banco Comercial Português does not hold, directly or indirectly, the entirety of their share capital.

Non-controlling interests record mainly the income for the year attributable to third parties related to the shareholdings in Bank Millennium in Poland (49.9%) and in Millennium bim in Mozambique (33.3%).

In the first six months of 2025, non-controlling interests totalled EUR 68 million, compared to EUR 57 million in the first half of the previous year. This change compared to the first half of 2024 resulted from contrasting performances regarding the contributions of the two main subsidiaries that influence the evolution of this item. In fact, the income for the year attributable to third parties via the consolidation of the Polish subsidiary increased from EUR 41 million in the first half of 2024 to EUR 60 million in the same period of the current year, following the better results recorded by Bank Millennium. Conversely, the lower results recorded by the subsidiary in Mozambique resulted in the evolution of profit attributable to third parties through the consolidation of this subsidiary from EUR 16 million in the first six months of 2024 to EUR 8 million in the first six months of 2025.

REVIEW OF THE BALANCE SHEET

In the context of the preparation of financial information, some indicators were defined based on concepts that translate the management criteria adopted by the Group. The correspondence between the management approaches and the accounting information is described in the glossary and throughout the document, when applicable, especially the concepts related with loans to customers, balance sheet customer funds and the securities portfolio.

million EUR

	30 Jun. 25	31 Dec. 24	30 Jun. 24 restated	Chg. 25/24
ASSETS				
Cash and deposits at central banks and loans and advances to credit institutions (1)	3,315	5,840	3,976	(16.6 %)
Financial assets at amortised cost				
Loans and advances to credit institutions	1,155	798	848	36.2 %
Loans and advances to customers	55,023	53,907	53,670	2.5 %
Debt securities	25,001	21,345	19,225	30.0 %
Financial assets at fair value through profit or loss				
Financial assets held for trading	1,611	1,763	2,258	(28.6 %)
Financial assets not held for trading mandatorily at fair value through profit or loss	344	355	383	(10.1 %)
Financial assets designated at fair value through profit or loss	37	34	34	9.0 %
Financial assets at fair value through other comprehensive income	13,749	12,899	13,788	(0.3 %)
Investments in associates	422	429	445	(5.1 %)
Non-current assets held for sale	75	45	53	41.7 %
Other tangible assets, goodwill and intangible assets	868	895	828	4.9 %
Current and deferred tax assets	1,993	2,275	2,484	(19.8 %)
Other (2)	1,870	1,558	1,707	9.6 %
TOTAL ASSETS	**105,466**	**102,144**	**99,698**	**5.8 %**
LIABILITIES				
Financial liabilities at amortised cost				
Deposits from credit institutions and other funds	772	778	1,161	(33.5 %)
Deposits from customers and other funds	83,968	82,085	80,540	4.3 %
Non-subordinated debt securities issued	4,266	3,529	2,788	53.0 %
Subordinated debt	1,398	1,427	1,386	0.9 %
Financial liabilities at fair value through profit or loss				
Financial liabilities held for trading	252	180	193	30.5 %
Financial liabilities designated at fair value through profit or loss	3,353	3,249	3,334	0.6 %
Other (3)	3,053	2,704	2,669	14.4 %
TOTAL LIABILITIES	**97,062**	**93,951**	**92,071**	**5.4 %**
EQUITY				
Share capital	3,000	3,000	3,000	0.0 %
Share premium	16	16	16	0.0 %
Other equity instruments	400	400	400	0.0 %
Treasury shares	(128)	0	0	— %
Reserves and retained earnings (4)	3,448	2,772	2,687	28.3 %
Net income for the period attributable to Bank's Shareholders	502	906	485	3.5 %
Non-controlling interests	1,164	1,098	1,039	12.1 %
TOTAL EQUITY	**8,404**	**8,193**	**7,627**	**10.2 %**
TOTAL LIABILITIES AND EQUITY	**105,466**	**102,144**	**99,698**	**5.8 %**

(1) Includes Cash and deposits at Central Banks and Loans and advances to credit institutions repayable on demand.
(2) Includes Hedging derivatives, Investment property and Other assets.
(3) Includes Hedging derivatives, Provisions, Current and deferred tax liabilities and Other liabilities.
(4) Includes Legal and statutory reserves and Reserves and retained earnings.

The reconciliation between the management criteria defined and the accounting values published in the consolidated financial statements (Balance sheet) are presented below.

Loans to customers (gross) includes loans to customers at amortised cost before impairment, the debt securities at amortised cost associated with credit operations before impairment and loans to customers at fair value through profit or loss before fair value adjustments. The amount of balance sheet impairment considered for the purpose of calculating loans to customers (net) and the coverage ratio of the loan portfolio includes the balance sheet impairment associated with loans to customers at amortised cost, the balance sheet impairment related with debt securities at amortised cost associated with credit operations and the fair value adjustments associated with loans to customers at fair value through profit or loss.

Loans to customers

million EUR

	30 Jun. 25	30 Jun. 24 restated
Loans and advances to customers at amortised cost (Balance Sheet)	55,023	53,670
Debt securities at amortised cost associated to credit operations *	3,833	3,055
Balance sheet amount of loans to customers at fair value through profit or loss	79	1
Loans to customers (net) considering management criteria	**58,936**	**56,726**
Balance sheet impairment related to loans to customers at amortised cost	1,322	1,589
Balance sheet impairment associated with debt securities at amortised cost related to credit operations *	53	10
Fair value adjustments related to loans to customers at fair value through profit or loss	2	3
Loans to customers (gross) considering management criteria	**60,313**	**58,329**

* In the second quarter of 2025, the Bank reclassified a portfolio of debt instruments associated to credit operations, previously included in the Securities Portfolio (Debt securities at amortised cost held not associated with credit operations), now recognising them as Loans to Customers (Debt securities at amortised cost associated to credit operations). The historical amounts considered for the purposes of this analysis are presented according to this reclassification, aiming to ensure their comparability, thus differing from the disclosed accounting amounts (EUR 1,105 million before impairment in June 2024). In June 2024, balance sheet impairment associated with these operations amounted to EUR 4 million, leading the impact net of impairment on Loans to Customers portfolio and on Securities Portfolio, to EUR 1,102 million in June 2024.

Balance sheet customer funds include, apart from deposits and other resources from customers, debt securities placed with customers either classified at amortised cost or designated at fair value through profit or loss. Deposits and other resources from customers aggregates deposits from customers and other funds at amortised cost and customer deposits at fair value through profit and loss.

Balance sheet customer funds

million EUR

	30 Jun. 25	30 Jun. 24
Financial liabilities designated at fair value through profit or loss (Balance sheet) (1)	3,353	3,334
Debt securities at fair value through profit or loss and certificates (2)	1,372	1,318
Customer deposits at fair value through profit or loss considering management criteria (3)=(1)-(2)	**1,982**	**2,015**
Deposits from customers and other funds at amortised cost (Balance sheet) (4)	83,968	80,540
Deposits and other resources from customers considering management criteria (5)=(3)+(4)	**85,950**	**82,555**
Non-subordinated debt securities issued at amortised cost (Balance sheet) (6)	4,266	2,788
Debt securities at fair value through profit or loss and certificates (7)	1,372	1,318
Non-subordinated debt securities placed with institutional customers (8)	4,266	2,788
Debt securities placed with customers considering management criteria (9)=(6)+(7)-(8)	**1,372**	**1,318**
Balance sheet customer funds considering management criteria (10)=(5)+(9)	**87,321**	**83,873**

The securities portfolio includes debt securities at amortised cost not associated with credit operations (net of impairment), financial assets at fair value through profit or loss (excluding amounts related to credit operations and trading derivatives) and financial assets at fair value through other comprehensive income.

Securities portfolio

million EUR

	30 Jun. 25	30 Jun. 24 restated
Debt securities at amortised cost (Balance sheet) (1)	25,001	19,225
Debt securities at amortised cost associated to credit operations net of impairment (2)*	3,833	3,055
Financial assets not held for trading mandatorily at fair value through profit or loss (Balance sheet) (3)**	344	383
Balance sheet amount of loans to customers at fair value through profit or loss (4)	79	1
Financial assets held for trading at fair value through profit or loss (Balance sheet) (5)	1,611	2,258
of which: trading derivatives (6)	403	389
Financial assets designated at fair value through profit or loss (Balance sheet) (7)	37	34
Financial assets at fair value through other comprehensive income (Balance sheet) (8)	13,749	13,788
Securities portfolio considering management criteria (9)=(1)-(2)+(3)-(4)+(5)-(6)+(7)+(8)	**36,428**	**32,243**

* In the second quarter of 2025, the Bank reclassified a portfolio of debt instruments associated to credit operations, previously included in the Securities Portfolio (Debt securities held not associated with credit operations), now recognising them as Loans to Customers (Debt securities held associated with credit operations). The historical amounts considered for the purposes of this analysis are presented according to this reclassification, aiming to ensure their comparability, thus differing from the disclosed accounting amounts (EUR 1,102 million net of impairment in June 2024).

** In the fourth quarter of 2024, the Bank reclassified some stakes that had previously been recognised under "Financial assets at fair value through profit or loss" now recognising them as "Investments in associates". The historical amounts considered for the purpose of this analysis are presented according to this reclassification, with the aim of ensuring their comparability, therefore differing from the disclosed accounting amounts (EUR 6 million in June 2024).

TOTAL ASSETS

Total assets of the consolidated balance sheet amounted to EUR 105,466 million as of 30 June 2025, showing a growth of 5.8% compared to the EUR 99,698 million recorded at the end of the first half of 2024, with this evolution being driven by the increases in assets observed in the activity in Portugal and in the international activity (EUR +2,888 million and EUR +2,880 million, respectively).

In the activity in Portugal, total assets stood at EUR 68,138 million at the end of the first half of 2025, representing an increase of 4.4% compared to the EUR 65,251 million recorded on 30 June 2024. Regarding the evolution of the balance sheet items, there was an increase in loans to customers portfolio (net of impairment) and an increase in the securities portfolio (mainly in sovereign debt portfolio), explained mainly by the application of the surplus liquidity resulting from the increase in balance sheet customer funds. Conversely, there were reductions in deferred taxes assets and deposits at central banks.

In the international activity, total assets amounted to EUR 37,327 million as of 30 June 2025, showing a 8.4% growth compared to the EUR 34,447 million recorded at the end of the first half of the previous year. This evolution largely reflects the increase in the total assets of the Polish subsidiary, driven primarily by the increase recorded in the securities portfolio (mainly in local public debt), mostly due to investment of the surplus liquidity resulting from the increase in balance sheet customers funds and also, to a lesser extent, by the growth in loans to customers (net of impairment). In turn, total assets of the subsidiary in Mozambique decreased due to the effect of the exchange rate depreciation of the Metical during this period, reflected in the decreases recorded in the deposits at central banks (following the reduction of the minimum reserve requirements applied by the central bank of Mozambique in January 2025) and in the securities portfolio, partially offset by the increase observed in loans and advances to credit institutions.

TOTAL LIABILITIES

Total consolidated liabilities stood at EUR 97,062 million at the end of the first half of 2025, above the EUR 92,071 million recorded at the end of the first half of 2024. This evolution is explained, to a greater extent, by the increase in deposits and other resources from customers in the activity in Portugal and also in the international activity. Additionally, the increase in non-subordinated debt securities issued also contributed to the evolution of liabilities, mainly due to several new senior debt issues in the period under analysis, which in some cases replaced issues early redeemed.

TOTAL EQUITY

Total consolidated equity evolved from EUR 7,627 million recorded at the end of the first half of the previous year to EUR 8,404 million at the end of the first half of 2025, with the positive impacts of the integration of net income for the year and the favourable evolution of the fair value reserve, influenced by the positive impact of cash flow hedging, partially offset by the payment of dividends, purchase of own shares and negative evolution of actuarial deviations associated with the pension fund throughout the aforementioned period.

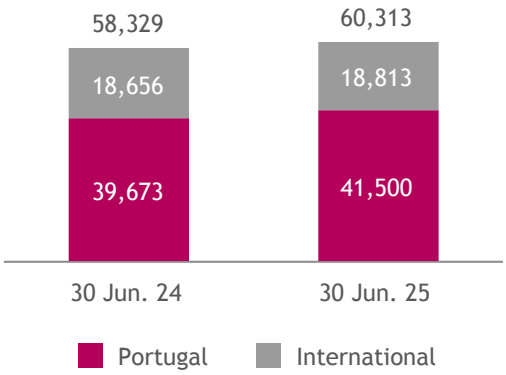
Additional information and details on the evolution of equity are described in the Interim Condensed Consolidated Statements of Changes in Equity for the periods of six months ended 30 June 2025 and 30 June 2024 in Consolidated accounts for the first half of 2025.

LOANS TO CUSTOMERS

Consolidated loans to customers portfolio (gross), as previously defined, amounted to EUR 60,313 million as of 30 June 2025, showing an increase of 3.4% compared to the EUR 58,329 million figure recorded at the end of the first half of the previous year. This evolution reflects a more significant increase in the activity in Portugal and a slight growth recorded in the international activity. By segments, there was a more significant growth in mortgage loans. Loans to companies and personal loans also showed positive performances, however with a more moderate impact on the portfolio growth.

LOANS TO CUSTOMERS (*)

million EUR



(*) Before impairment and fair value adjustments

In the activity in Portugal, loans to customers (gross) amounted to EUR 41,500 million on 30 June 2025, 4.6% above the EUR 39,673 million recorded at the end of the first half of 2024, driven by the momentum of loans to individuals. This growth incorporates, on the one hand, a significant increase in performing credit (EUR +2,117 million compared to the same date in the previous year) and, on the other, a reduction in non-performing exposures (NPE) (EUR -289 million compared to the same date in the previous year).

Mortgage loans in the activity in Portugal stood at EUR 20,523 million on 30 June 2025, recording an increase of 7.9% compared to the same date in the previous year, due to a growing demand, driven by falling interest rates and government incentives aimed at young buyers.

Personal loans in the activity in Portugal also recorded an increase of 7.0% (EUR +171 million) compared to the figure recorded at the end of the first half of 2024, standing at EUR 2,597 million on 30 June 2025, in a context of an improving sentiment from consumers over the period under analysis.

In turn, loans to companies in the activity in Portugal recorded a slight increase of 0.9% compared to the end of the first half of 2024, reaching EUR 18,381 million at the end of the first half of 2025. This slightly positive trend occurs in a context of declining interest rates, although also marked by global uncertainty, against the impact of the repayment of Covid lines and the reduction of NPE within this segment.

In the international activity, loans to customers (gross) amounted to EUR 18,813 million as of 30 June 2025, 0.8% above the EUR 18,656 million recorded at the end of the first half of 2024. By geographies, there was a slight growth in the Polish subsidiary (driven by the slight appreciation of the Zloty, despite the minor reduction in loans in local currency), partially offset by the decrease recorded in the Mozambican subsidiary.

Mortgage loans in the international activity totalled EUR 8,821 million on 30 June 2025, below the figure recorded at the end of the first half of the previous year (EUR 9,273 million as of 30 June 2024). By geographies, there was a reduction in the Polish subsidiary (in this case, the reduction in mortgage loans in local currency was mitigated by the impact of the appreciation of the Zloty). The subsidiary in Mozambique also saw a reduction, albeit to a lesser extent.

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 235 million (30 June 2025: EUR 204 million; 30 June 2024: EUR 439 million), representing 1.1% of the total amount of loans to customers recorded on the balance sheet of Bank Millennium (2.4% on the same date in the previous year) and less than 1% of the consolidated loans to customers portfolio.

[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.

Personal loans in the international activity stood at EUR 4,988 million at the end of the first half of the current year, recording an increase of EUR 263 million compared to the figure recorded at the end of the first half of the previous year, driven mainly by the growth recorded in the Polish subsidiary, benefiting also from the positive contribution of the Mozambican subsidiary.

In turn, loans to companies in the international activity rose by 7.4% compared to the EUR 4,659 million recorded on 30 June 2024, standing at EUR 5,004 million at the end of the first half of 2025. This growth was driven by the positive evolution observed in the Polish subsidiary, although partially mitigated by the reduction recorded in the Mozambican subsidiary.

LOANS TO CUSTOMERS (GROSS)

million EUR

	30 Jun. 25	30 Jun. 24 (restated)	Chg. 25/24
INDIVIDUALS	**36,928**	**35,447**	**4.2 %**
Mortgage loans	29,344	28,297	3.7 %
Personal loans	7,584	7,150	6.1 %
COMPANIES	**23,384**	**22,882**	**2.2 %**
Services	9,279	8,437	10.0 %
Commerce	3,915	3,873	1.1 %
Construction	1,381	1,497	(7.7 %)
Others	8,809	9,074	(2.9 %)
	60,313	**58,329**	**3.4 %**
Of which:			
Activity in Portugal	41,500	39,673	4.6 %
International activity	18,813	18,656	0.8 %

The Group has in place a credit portfolio management and monitoring processes, namely with regard to the assessment of the risk profile of the exposure in different portfolios/segments, in the different geographies. These procedures have the purpose of identifying and closely monitoring the customers potentially more affected by the prevailing macroeconomic context, anticipating possible difficulties in meeting debt obligations and defining credit and performance strategies adjusted to the specificities of each customer/group of customers, with a view to both maintaining support to customers considered viable and mitigating credit risk in cases where there are risks of loss in the exposure value.

The NPE stock, in consolidated terms, decreased to EUR 1,630 million on 30 June 2025, showing a reduction of EUR 336 million compared to the end of the first half of 2024. In the activity in Portugal, the NPE stock totalled EUR 820 million at the end of the first half of 2025, with a reduction of EUR 289 million compared to the same date in the previous year.

The NPL ratio for more than 90 days, on a consolidated basis, stood at 1.3% at the end of the first half of the current year, in line with the ratio observed on the same date in the previous year. In turn, the NPE ratio in percentage of the total credit portfolio, on a consolidated basis, decreased from 3.4% on 30 June 2024 to 2.7% on 30 June 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 the first half of 2024 to 2.0% at the end of the first half of 2025.

In consolidated terms, the ratio between total impairment and the stock of NPL by more than 90 days evolved from 207.0% at the end of the first half of 2024 to 174.2% on 30 June 2025. The ratio between total impairment and the stock of NPE showed a strengthening in consolidated terms (84.5% at the end of the first half of 2025 vis-à-vis 81.5% recorded on 30 June 2024) and a more significant increase in the activity in Portugal (93.8% on 30 June 2025 vis-à-vis 87.4% on 30 June 2024). On 30 June 2025, the ratio between specific NPE impairment and NPE stock stood at 53.4% in consolidated terms (54.2% on 30 June 2024) and 52.3% in the activity in Portugal (55.3% on 30 June 2024).

CREDIT QUALITY INDICATORS

	Group			Activity in Portugal		
	30 Jun. 25	30 Jun. 24 (restated)	Chg. 25/24	30 Jun. 25	30 Jun. 24 (restated)	Chg. 25/24
STOCK (M€)						
Loans to customers (gross)	60,313	58,329	3.4 %	41,500	39,673	4.6 %
Restructured loans	1,318	1,726	(23.6 %)	791	1,168	(32.3 %)
NPL > 90 days	791	774	2.1 %	390	363	7.4 %
NPE (Loans to customers)	1,630	1,965	(17.1 %)	820	1,109	(26.1 %)
Total loan impairments (Balance sheet)	1,377	1,603	(14.1 %)	769	970	(20.7 %)
Impairments allocated to NPE (Balance sheet)	871	1,065	(18.2 %)	429	613	(30.0 %)
RATIOS AS A PERCENTAGE OF LOANS TO CUSTOMERS						
Restructured loans / Loans to customers (gross)	2.2%	3.0%		1.9%	2.9%	
NPL > 90 days / Loans to customers (gross)	1.3%	1.3%		0.9%	0.9%	
NPE / Loans to customers (gross)	2.7%	3.4%		2.0%	2.8%	
NPE ratio - EBA (includes debt securities and off-balance exposures)	1.7%	2.1%		1.5%	1.9%	
COVERAGE BY IMPAIRMENTS						
Total impairment / NPL > 90 days	174.2%	207.0%		197.4%	267.3%	
Total impairment / NPE	84.5%	81.5%		93.8%	87.4%	
Impairments allocated to NPE / NPE	53.4%	54.2%		52.3%	55.3%	

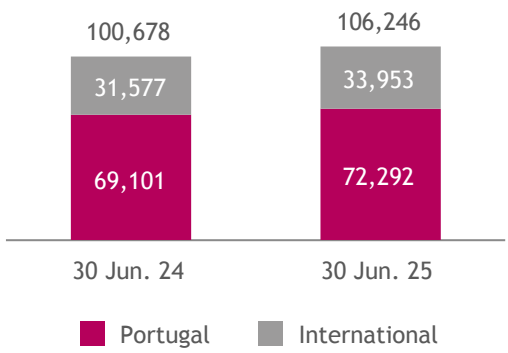
Note: NPE include loans to customers only, as defined in the glossary.

CUSTOMER FUNDS

On 30 June 2025, the consolidated total customer funds amounted to EUR 106,246 million, representing an increase of 5.5% (EUR +5,567 million) compared to the EUR 100,678 million obtained on the same date in the previous year, benefiting from the more significant growth in the activity in Portugal (EUR +3,191 million than on the same date in the previous year) and also from the increase in the international activity (EUR +2,376 million than on the same date in the previous year). The evolution of total customer funds reflects the good performance of most items, with emphasis on the increase in deposits and other resources from customers (EUR +3,395 million compared to 30 June 2024) in balance sheet customers funds and in assets placed with customers and assets under management (EUR +1,292 million and EUR +674 million compared to the end of the first half of last year, respectively) in off-balance sheet customer funds.

TOTAL CUSTOMER FUNDS

million EUR



Consolidated balance sheet customer funds, as defined previously, amounted to EUR 87,321 million on 30 June 2025, showing an increase of EUR 3,448 million (+4.1%) compared to the EUR 83,873 million achieved at the end of the first half of the previous year. This favourable evolution is due to the momentum recorded in the activity in Portugal (EUR +1,887 million compared to the same date in the previous year) and in the international activity (EUR +1,561 million compared to the same date in the previous year).

As of 30 June 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 18,924 million, representing an increase of EUR 2,119 million compared to the figure posted on the same date in the prior year. Off-balance sheet customer funds recorded increases both in the activity in Portugal and in the international activity (EUR +1,304 million and EUR +815 million compared to the same date in the previous year, respectively).

In the activity in Portugal, total customer funds reached EUR 72,292 million on 30 June 2025, compared with the EUR 69,101 million recorded at the end of the first half of the previous year (+4.6%), with this evolution being mainly justified by the increase in deposits and other resources from customers in balance sheet customer funds and by the increase in assets placed with customers in off-balance sheet customer funds.

Balance sheet customer funds in the activity in Portugal reached EUR 56,441 million on 30 June 2025, compared with EUR 54,555 million recorded on the same date in the previous year, with this evolution being justified by the increase in deposits and other resources from customers (EUR +1,833 million compared to the end of first half of the previous year).

Off-balance sheet customer funds in the activity in Portugal recorded an increase of EUR 1,304 million compared to the end of the first half of the previous year, standing at EUR 15,851 million on 30 June 2025, driven mainly by the more significant growth in assets placed with customers and by less relevant increase in insurance products (savings and investment). In turn, assets under management remained almost unchanged.

In the international activity, total customer funds increased by EUR 2,376 million (+7.5%) compared to the EUR 31,577 million recorded on 30 June 2024, standing at EUR 33,953 million at the end of the first half of 2025. This increase was mainly driven by the good performance of the balance sheet customer funds due to the rise of deposits and other resources from customers and also by the favourable evolution of the off-balance sheet customer funds, influenced by the more significant growth observed in assets under management. By geographies, the aforementioned increase was driven by the growth recorded in the Polish subsidiary, slightly mitigated by the decrease recorded in the Mozambican subsidiary.

Balance sheet customer funds in the international activity, entirely comprised of deposits and other resources from customers stood at EUR 30,880 million on 30 June 2025, recording an increase of EUR 1,561 million compared to the figure of EUR 29,319 million posted at the end of the first half of 2024, benefiting from the rising volumes of resources in the Polish operation (influenced mainly by the increase in resources in local currency and also by the appreciation of the Zloty), although slightly impacted by the decrease in the subsidiary in Mozambique (due to the depreciation of the Metical, only partially offset by the increase in local currency customer funds).

Off-balance sheet customer funds in the international activity increased by EUR 815 million compared to the end of the first half of the previous year, standing at EUR 3,073 million on 30 June 2025, driven mainly by the increase recorded in assets under management and also by a smaller increase in assets placed with customers. Conversely, insurance products (savings and investment) recorded a decrease.

In consolidated terms, as of 30 June 2025, balance sheet customer funds represented 82.2% of total customer funds (83.3% on the same date of the previous year), with deposits and other resources from customers representing 80.9% of total customer funds (82.0% on the same date of the previous year).

The loans to deposit ratio, which results from the quotient between loans to customers (net) and deposits and other resources from customers, stood at 68.6% on 30 June 2025. The aforementioned indicator considering balance sheet customer funds stood at 67.5%. Both indicators remained practically unchanged compared to the percentages recorded on the same date of the previous year.

TOTAL CUSTOMER FUNDS

million EUR

	30 Jun. 25	30 Jun. 24 (restated)	Chg. 25/24
BALANCE SHEET CUSTOMER FUNDS	**87,321**	**83,873**	**4.1%**
Deposits and other resources from customers	85,950	82,555	4.1%
Debt securities	1,372	1,318	4.1%
OFF-BALANCE SHEET CUSTOMER FUNDS	**18,924**	**16,805**	**12.6%**
Assets under management	6,483	5,809	11.6%
Assets placed with customers	7,719	6,427	20.1%
Insurance products (savings and investment)	4,722	4,569	3.3%
	106,246	**100,678**	**5.5%**
Of which:			
Activity in Portugal	72,292	69,101	4.6%
International activity	33,953	31,577	7.5%

SECURITIES PORTFOLIO

The securities portfolio, as defined previously, amounted to EUR 36,428 million as of 30 June 2025, representing an increase of 13.0% compared to the EUR 32,243 million recorded on the same date in the previous year, representing 34.5% of total assets at the end of the first half of 2025 (32.3% at the end of the first half of 2024). This increase results largely from the liquidity arising from the growth of balance sheet customer funds.

The portfolio allocated to the activity in Portugal increased from EUR 19,913 million at the end of the first half of 2024 to EUR 21,365 million on 30 June 2025, with this increase being explained by the investment in the sovereign debt portfolio of the European Union, Spain and Italy, partially offset by the reduction of the Portuguese, German and French sovereign debt.

The securities portfolio allocated to the international activity also showed an increase, evolving from EUR 12,329 million at the end of the first half of the previous year to EUR 15,063 million on 30 June 2025, driven mainly by the activity in the Polish subsidiary, following the additional investment in local public debt and also in public debt from other euro zone countries.

SECURITIES PORTFOLIO

million EUR

	30 Jun. 25	30 Jun. 24 restated	Chg. 25/24
Financial assets measured at amortised cost (1)	21,168	16,170	30.9 %
Financial assets measured at fair value through profit or loss (2)	1,511	2,285	(33.9 %)
Financial assets measured at fair value through other comprehensive income	13,749	13,788	(0.3 %)
	36,428	**32,243**	**13.0 %**
Of which:			
Activity in Portugal	21,365	19,913	7.3 %
International activity	15,063	12,329	22.2 %

(1) Corresponds to debt instruments not associated to credit operations.
(2) Excluding the amounts related to loans to customers and trading derivatives.

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 52 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 were 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 in 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.

Whenever applicable, historical figures may reflect specific restatements carried out to

ensure the comparability of information across periods.

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 30 June 2025.

RETAIL

Mass Market

During the first half of 2025, the Mass Market segment maintained its focus on attracting new Customers and strengthening relationships as "First Bank".

In this context, campaigns for direct debit payments (payroll or retirement) were promoted, aiming loyalty and engagement with the Bank.

To enhance cross-networking with Corporate Customers, initiatives were developed to publicize the exclusive offer for Employees of Companies with a Protocol with the Bank, through the "Mais Colaborador" Plan, reinforcing the value proposition targeted at this Customer group.

For smaller Customers, a new account regularization process was launched on the Millennium App, with a related offer.

In the Youth segment, the strategic focus on the University subsegment continued, with the development of the "Unni" value proposition. This proposal was promoted through digital marketing campaigns and initiatives at universities.

The Millennium Family Advantage continued to be a differentiating factor for the Bank, allowing ascendants, descendants, and siblings to share exclusive conditions on everyday solutions, credit, protection, and income domiciliation.

in the first half of 2025, the digital activation strategy was also reinforced, with initiatives to encourage account opening through the App with Digital Mobile Key .

Prestige

In the first half of 2025, the Prestige segment continued to experience sustained Customer growth.

Average engagement increased, reflected in increased adoption of integrated solutions, income domiciliation, card use, and the segment's increased importance in mortgage lending.

For the Senior segment, the "VIV+" value proposition was expanded, integrating everyday banking solutions, healthcare and home care, as well as insurance, savings, and investment products, strengthening the integrated offering for this target audience.

The investment and savings product offering continued to be strengthened, with focus on the launch of new term deposit, structured deposit, and financial insurance solutions.

Improving the Prestige Customer experience remained a priority, with emphasis on the Personalized Management Service (local or remote), the in-app service password functionality prioritized for this segment, and new features that facilitate interaction with the Manager.

Portuguese Diaspora & Foreigners

During the first half of 2025, the Portuguese Diaspora & Foreigners segment maintained its focus on outreach, both through its physical network of branches and representative offices and through greater encouragement of digital use.

To strengthen the Bank's strategic positioning among foreign Customers seeking to establish stable and lasting relationships in Portugal, the conditions required for opening an account were revised. In March 2025, the External Network of Representative Offices was restructured, with the closure of its representative offices in Brazil, specifically in São Paulo and Rio de Janeiro.

Businesses

The strong commercial dynamics that characterize the business segment continued in the first half of 2025 and are a clear distinguishing factor in Millennium bcp's market positioning. In the first half of 2025, the business segment maintained a growth trend in its Customer base.

The first half of the year was marked by the impact of the placement of guarantee lines from Banco Português do Fomento. Leadership in this process served as a lever for credit granting dynamics across all business segments.

The Customer resource portfolio grew by over 5%. The ability to adapt to market conditions and the focus on attracting corporate cash flow are key factors in the positive performance of this balance sheet component.

Products

Loans to individuals

During the first half of 2025, the Bank continued to focus on the digitalization of its credit processes, aiming to provide a simpler, more convenient, and autonomous experience for Customers.

In Real Estate Lending, improvements were made to the digital process, particularly in the deed scheduling feature, allowing Customers greater autonomy in managing the date of their loan formalization.

In Personal Lending, the digital process was expanded, boosting the growth of loans through the digital channel.

The product's digital presence was further enhanced with the introduction of promotional codes, allowing Customers to choose between benefits.

Investment solutions

Growing customer funds has been a strategic priority for the Bank. To this end, it maintained a highly dynamic approach to adjusting its offering of investment products, both on-balance sheet and off-balance sheet products, striving to provide the best possible offering for different Customer segments.

With a view to maximizing the profitability of the Bank's Customers' savings, it continued to offer a wide range of investment alternatives to tailor investment strategies to different risk profiles.

Insurance

In the first half of 2025, the partnership between the Bank and the Ageas Group continued to assert its leadership in the marketing of risk insurance in the banking channel.

in the fist half of 2025, rhe sales strategy continued through the "Pacote de Seguros," an innovative concept that offers increasing benefits to Customers, and the "Advisory" tool, which provides personalized recommendations based on Customer profiles and protection needs. Several acquisition campaigns were launched in digital channels, as well as improvements to the features of the Millennium App.

Integrated Solutions

In the first half of 2025, adjustments were introduced to Integrated Solutions made available to Customers, with the aim of reinforcing the attractiveness of the offer and improving the experience.

Current Accounts

To increase Customer knowledge, the Bank continued to promote ongoing data updates. Given the recurrence of these types of initiatives, several initiatives were implemented to simplify the information update process, both through the Millennium App and by implementing automatic reading of citizen card data at branches.

Microcredit

For several years, the Bank has been providing financing for microcredit projects, primarily leveraged by guarantees from the European Investment Fund. Millennium bcp promotes this capability within communities, in collaboration with the Instituto de Emprego e Formação Profissional.

Microcredit is an important pillar of the Social Sustainability component, which Millennium bcp intends to continue supporting, highlighting a range of attractive credit solutions to support client projects, including amounts, terms, and associated costs.

ActivoBank

During the first half of 2025, ActivoBank reinforced its strategic focus on attracting and retaining young digital Customers. Based on a clear value proposition—simple, comprehensive, and focused on value for money—digital products, services, and campaigns were developed tailored to the needs of the target segment. Communications prioritized digital channels and native formats, aligned with these Customers' consumption habits.

During this period, ActivoBank acquired approximately 45,000 new Customers, reaching a base of 616,000, with an 85% digitalization rate.

As part of its strategy for sustained Customer growth, acquisition campaigns were launched focusing on the bank's most relevant services and the job market entry phase, to promote the acquisition of new employees.

On the balance sheet side, ActivoBank implemented a commercial strategy tailored to the changing interest rate environment. In the off-balance sheet side, ActivoBank significantly strengthened its value proposition with the introduction of 28 new thematic funds, aligned with the investment preferences of younger Customers who are aware of major global trends.

In the first half of 2025, ActivoBank took significant steps to strengthen its digital and innovation strategy, solidifying its position as a 100% mobile-first bank with a truly end-to-end (E2E) digital offering. New features and product solutions were launched that simplify the user experience, improve Customer autonomy, and promote efficiency at key moments in the financial journey.

Among the key developments, the launch of the new Personal Loan simulator in the app stands out, with a more intuitive and visual experience designed to facilitate decision-making.

The payments area was also extensively revamped, incorporating a new, more functional design focused on Customer needs.

Concurrently, a new feature was integrated, in collaboration with the Bank of Portugal, allowing Customers to view the name of the final beneficiary in payments by entity and reference, as well as in direct debits. This feature enhances the transparency of transactions and actively contributes to fraud prevention.

As part of its Sustainability strategy, ActivoBank continued several initiatives that have had a positive impact on its Customers' financial literacy.

Additionally, the About Investments program, an initiative aimed at deepening clients' investment knowledge, continued.

As part of its social pillar, ActivoBank promoted six charitable initiatives throughout the first half of the year as part of its monthly "Give Credits" section. Through this initiative, the Bank partnered with various projects and causes that have a positive impact on the community.

Net income in H1 2025 was €22 million, representing a 34% increase year-on-year.

million EUR

RETAIL BANKING in Portugal	Jun 30, 2025	Jun 30, 2024	Chg. 25/24
PROFIT AND LOSS ACCOUNT			
Net interest income	537	577	-7.0%
Other net income	253	232	9.2%
	790	809	-2.4%
Operating costs	162	162	0.1%
Impairment and provision	46	29	56.8%
Income before tax	582	618	-5.9%
Income taxes	177	193	-8.9%
Income after tax	405	425	-4.5%
SUMMARY OF INDICATORS			
Allocated capital	992	986	0.6%
Return on allocated capital	82.4%	86.6%	
Risk weighted assets	7,767	7,447	4.3%
Cost to income ratio	20.5%	20.0%	
Loans to Customers (net of impairment charges)	28,064	26,028	7.8%
Balance sheet Customer funds	42,285	38,928	8.6%

Notes:

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

Financial performance

As at 30 June 2025, income after tax from Retail Banking segment of Millennium bcp in Portugal totalled EUR 405 million, showing a 4.5% decrease compared to EUR 425 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 537 million as at 30 June 2025, reflecting a decrease of 7.0% compared to the EUR 577 million recorded in the same period of 2024. This decrease was mainly driven by the lower contribution of customer deposits, penalized by lower market interest rates, partly offset by the impact of the loan portfolio growth.
- Other net income reached EUR 253 million as at 30 June 2025, increasing 9.2% compared with the same period of 2024. The performance reflects essentially the higher level of commissions, largely driven by bancassurance.
- Operating costs remained in line with the amounts recognized as at 30 June 2024.
- Impairment charges amounted to EUR 46 million at the end of June 2025, representing an increase from the amount of EUR 29 million recorded in the same period of the previous year, mainly reflecting an increase in the coverage of exposures from customers under recovery.
- In June 2025, loans to customers (net) totalled EUR 28,064 million, increasing 7.8% from June 2024 (EUR 26,028 million), mainly from the increase in mortgage loans, while balance sheet customer funds increased by 8.6% in the same period, amounting to EUR 42,285 million in June 2025 (EUR 38,928 million in June of the previous year), mainly explained by the increase in customer deposits.

COMPANIES AND CORPORATE

In the first half of 2025, the Bank maintained its focus on providing diversified corporate credit solutions. It continued distributing financial instruments from Banco Português de Fomento, the European Investment Bank, and the European Investment Fund, providing innovative, competitive, and sustainable credit solutions for all types of companies, with a particular focus on financing for SMEs and across all sectors.

Also noteworthy was its cooperation with national entities such as Sociedades de Garantia Mútua, Turismo de Portugal, and IFAP, among others. Millennium bcp signed and made available all types of protocols available to the market, with particular emphasis on the European InvestEU Program, promoting solutions for competitiveness and innovation, sustainability, and the country's economic and social development.

Within the scope of sustainable corporate credit solutions, the Bank reinforced its support for its Customers in their climate transition journeys, simultaneously providing financing for the social sector through products aligned with the European taxonomy. At the same time, it promoted adoption of ESG data collection solutions, such as the SIBS ESG platform.

With a steady pace of approvals and new application opportunities under the Portugal 2030 Community Framework in the first half of 2025, the Bank maintained its focus on supporting business investment, fostering the sharing of information, knowledge, and financial solutions tailored to the specific needs of entrepreneurs investing with community support.

In the Recovery and Resilience Plan, the Bank continues to make a strong contribution to its execution, supporting the entities responsible for implementing their investments until the end of 2026.

In 2025, the Bank maintained its dynamic outreach initiatives aimed at disseminating practical information and sharing knowledge with Customers and Stakeholders about the country's main business investment opportunities and challenges.

To support the primary sector, the Bank maintains a specialized team capable of monitoring and responding to the specific financial needs of entrepreneurs. It offers dedicated financial solutions and targeted communication, and maintains a regular presence at major national agricultural and livestock fairs, where it provides its space to provide visibility to its Customers.

In Leasing, the Bank maintained its leadership, with €323 million in new production in the first half of 2025 and a 24% market share[5]. The Leasing offering is now an integral part of the European Investment Bank and European Investment Fund guarantee lines provided by Millennium bcp, strengthening the Bank's ability to meet corporate investment needs.

In 2025, the Bank maintained its leadership in Confirming, with over €1.5 billion in revenues in the first quarter of 2025, supporting its Clients' cash management.

According to the most recent statistics from ALF (Portuguese Leasing, Factoring, and Renting Association), the Bank held a 28.9% market share in Confirming as of March 2025.

In Trade Finance, Millennium bcp has established itself as a leading partner for exporting and importing companies:

The Bank was recognized for the second consecutive year as the Best Trade Finance Bank in Portugal, in the 2025 Euromoney Trade Finance Survey, which selects the institutions that offer the best trade finance services to their Customers.

The Bank achieved a market share of 24.3%, based on SWIFT Watch Analytics June 2025.

[5] Source: ALF (March 2025)

Investment banking

The Bank participated in a wide range of projects both in Portugal and in the international markets.

- In the Corporate Finance, the Bank provided financial advice to its Clients and to the Bank itself on dossiers involving the study, development and execution of M&A operations and company valuations.
- Regarding the Project Finance, the origination effort continued, focused on the renewable energy area, highlighting the participation in the structuring, negotiation and assembly of financing operations for the renewable energy project portfolios of Saeta Yield and TotalEnergies Renewables Portugal Novos Desenvolvimentos, whose contracts were signed in June, as well as the management of a vast financing portfolio.
- In the Structured Finance, the Bank assumed a key role in the structuring, negotiation and assembly of several national and international financing operations, notably, among others, participation in an international syndicated financing for acquisition finance and an operation to finance investments within the scope of our Client's Green Finance Framework.
- On Capital Markets activity, we highlight our participation in three public bond subscription transactions carried out in the first half of the year, one of which was as joint global coordinator. We participated in several other bond issuances and in the creation of more than 30 commercial paper programs. This semester's activity includes managing the commercial paper program portfolio, comprising more than 300 transactions and a total value of €3.5 billion.

April 2025

€ 50,000,000

Sports & Entertainment

Public Bond Offer 2025-2028

Joint Manager

April 2025

€ 55,000,000

Sports & Entertainment

Public Bond Offer 2025-2029

Joint Manager

May 2025

€ 95,000,000

Other

Sustainability-Linked Bonds 2025-2030

Joint Global Coordinator

February 2025

€ 200,000,000

Power

Commercial Paper Programme

Lead Manager

February 2025

€ 20,000,000

Industry

Commercial Paper Programme

Lead Manager

February 2025

€ 15,000,000

Healtcare

Commercial Paper Programme

Lead Manager

March 2025

€ 30,000,000

Communications

Commercial Paper Programme

Lead Manager

May 2025

€ 100,000,000

Power

Commercial Paper Programme

Lead Manager

February 2025

€ 180,000,000

Power

Medium-long term syndicated loan

Mandated Lead Arranger

June 2025

€ 340,000,000

Renewable Power

Medium-long term syndicated loan

Mandated Lead Arranger

June 2025

€ 97,800,000

Renewable Power

Medium-long term syndicated loan

Mandated Lead Arranger

Real estate business

Main areas of action during the first half of 2025:

Management of properties available for sale – The Bank maintained its strategy of selling properties, successfully reducing these assets, despite their increasing age and the challenges of the market, both nationally and internationally, which require it to remain focused and constantly monitor market trends. This performance is due to the know-how of its teams, the reputation of the brand and the ability to respond quickly to trends and opportunities. Investment solutions that go beyond simple sales are still being sought. Communication is segmented by market, with an active presence at events and digital platforms. This strategy has enabled it to meet the defined objectives and generate value for the Bank, contributing to a more solid balance sheet.

Management of Properties Not Available for Sale – The Bank remains strongly committed to the competent physical, legal and administrative regularization of properties acquired through credit recovery, and those that are no longer used for exploration, with the aim of putting them up for sale as quickly as possible, as well as putting up for sale property portfolios that have been on the Bank's books for a longer period, with occupation situations and in co-ownership with third parties, which has allowed the objectives outlined for their placement for sale to be exceeded.

BCP continued to manage the stakes controlled by the Bank in entities that manage real estate risk, Funds and Companies in a strategy of divestment with value preservation.

Interfundos

As of June 30, 2025, Interfundos managed sixteen Real Estate Alternative Investment Schemes (Funds and Collective Investment Companies), representing €806 million in net assets under management, compared to EUR 858 million in the same period in 2024, representing a 6.1% decrease in the volume of assets under management compared to the same period in 2024.

Interfundos continued its strategy of strengthening the financial sustainability of Real Estate Investment Schemes, as evidenced by the completion of a capital increase in a Real Estate Investment Fund (Sand Capital).

Following the resolution of its respective Participants, Interfundos extended the term of Renda Predial - Closed Real Estate Investment Fund and Imocott - Closed Real Estate Investment Fund.

In the first half of 2025, global sales amounted to EUR 5.7 million, corresponding to a total of 23 properties.

Interfundos' net income in the first half of 2025 amounted to EUR 240,000, a 42% decrease compared to the same period last year (EUR 414,000). This performance is largely attributable to the unfavourable performance of net commissions, resulting from the EUR 52 million reduction in assets under management.

Financial Institutions Group (FIG) - integrated into Treasury, Markets & Institutional Department

The first half of the year was marked by increased uncertainty and a profound transformation of the macroeconomic and geopolitical framework with the progressive normalisation of monetary policy and stabilisation of inflation. This circumstance inevitably has repercussions on international trade patterns and distribution chains and, as such, on the international business of Client companies. The management of correspondent relationships aims primarily to support this activity, which is essential to the national economy, particularly in the areas of payments, trade finance and supply chain finance.

In this context and in relation to the different business lines, the following stand out:

In international payments and transfers, the Bank continues to monitor the profound changes in this business line, which remains resilient, with strong dynamism and the growing affirmation of instant payments as a new paradigm, to which the ongoing improvements in technological infrastructure have contributed greatly. Equally important has been the regulatory framework, the strengthening of operational resilience and the interconnectivity of payment systems and schemes. The ongoing implementation of the new SWIFT ISO20022 standard points in this direction, reinforcing the quality and security of the service provided to Customers.

The careful management of the correspondent banking network allows the Bank to continue to guarantee competitive and timely responses to the needs of companies, anywhere in the world, particularly in the context of mitigating risks associated with international trade, through both traditional Trade Finance products and exchange rate options and competitive exchange rate risk coverage.

In institutional custody, the work of the previous year was continued, continuing to focus on a customized and effective offer to meet the needs of Customers. The quality of the services provided has been widely recognized by the market, positioning the Bank as a national reference bank in this activity.

In the multilateral segment and within the scope of the close collaboration maintained with the EIB/EIF group and with Banco Português de

Fomento (BPF), the Bank recorded a strong rate of use of the lines previously contracted. Particular emphasis is placed on the seven guarantee lines of the InvestEU Programme, four of which have already reached their respective ceilings: Sustainability, Innovation & Digitalisation, Cultural and Creative Sectors and Education and Training.

million EUR

COMPANIES AND CORPORATE in Portugal	Jun 30, 2025	Jun 30, 2024	Chg. 25/24
PROFIT AND LOSS ACCOUNT			
Net interest income	130	138	-6.1%
Other net income	77	83	-7.7%
	207	221	-6.7%
Operating costs	34	31	10.6%
Impairment and provision	16	75	-78.9%
Income before tax	157	115	35.7%
Income taxes	48	36	31.4%
Income after tax	109	79	37.7%
SUMMARY OF INDICATORS			
Allocated capital	1,356	1,420	-4.6%
Return on allocated capital	16.2%	11.2%	
Risk weighted assets	10,593	11,342	-6.6%
Cost to income ratio	16.5%	13.9%	
Loans to Customers (net of impairment charges)	11,223	11,776	-4.7%
Balance sheet Customer funds	9,587	9,896	-3.1%

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 109 million in June 2025, comparing favourably to an amount of EUR 79 million presented in June 2024. This evolution results mostly from a lower level of impairment. As at 30 June 2025 the performance of this segment is explained by the following factors:

- Net interest income stood at EUR 130 million as at 30 June 2025, 6.1% below the amount attained as at 30 June 2024 (EUR 138 million). This performance was mainly driven by a reduction in the contribution from deposits, stemming from a lower volume and the consequent decrease of income arising from the internal placements of the excess liquidity.
- Other net income reached EUR 77 million as at 30 June 2025, being 7.7% lower compared to the amount achieved in the same period of 2024, reflecting mostly the evolution of commissions.
- Operating costs totalled EUR 34 million by the end of June 2025, 10.6% above the overall amount of costs recorded in the same period of the previous year.
- Impairments charges stood at EUR 16 million as at 30 June 2025, comparing favourably to EUR 75 million as at 30 June 2024, reflecting a prudent risk management and the corresponding improvement in the credit portfolio's risk profile.
- In June 2025, loans to customers (net) totalled EUR 11,223 million, decreasing 4.7% from June 2024 (EUR 11,776 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 9,587 million, 3.1% below the amount recorded in June 2024, particularly from the reduction of the customer's deposits base.

PRIVATE BANKING

In the first half of 2025, the Private segment saw a significant increase in its Customer base compared to the same period of the previous year.

As part of its innovation and personalized offering, the offering of Structured Deposits Indexed to market trends was strengthened, providing Customers with investment alternatives tailored to their profile and economic context.

During the first six months of the year, the strategy of increasing proximity and relationships was simultaneously pursued. It is important to remember that the success of commercial relationships depends on the perfect symbiosis between digital and human channels. The Private segment continued to invest in promoting digital channels and increasing their use, as well as in continuously improving service quality by enhancing the online experience of Customers in their relationships with the Bank.

To strengthen the Bank's position as the main partner for Customers in managing their financial investments and daily lives, the focus was reinforced on cross-selling payment methods, risk and savings insurance, and digital services. As part of this "First Bank" strategy, the Bank highlights the launch of the Risk Insurance Advisory Service.

million EUR

PRIVATE BANKING in Portugal	Jun 30, 2025	Jun 30, 2024	Chg. 25/24
PROFIT AND LOSS ACCOUNT			
Net interest income	20	24	-14.8%
Other net income	21	17	18.7%
	41	41	-0.8%
Operating costs	8	8	6.0%
Impairment and provision	0	0	
Income before tax	33	33	-1.4%
Income taxes	10	10	-4.6%
Income after tax	23	23	
SUMMARY OF INDICATORS			
Allocated capital	25	26	-4.2%
Return on allocated capital	>100%	>100%	
Risk weighted assets	199	207	-3.6%
Cost to income ratio	19.7%	18.5%	
Loans to Customers (net of impairment charges)	377	345	9.3%
Balance sheet Customer funds	3,069	3,218	-4.6%

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 23 million as at 30 June 2025, in line with the net profit reached as at 30 June 2024. Considering the performance of the main items of the income statement, the relevant situations are highlighted as follows:

- Net operating revenues stood at EUR 41 million as at 30 June 2025, 0.8% below the amount recorded in June 2024, driven by the decrease in net interest income, which more than offset the increase recorded in other net income. Net interest income totalled EUR 20 million as at 30 June 2025, comparing unfavourably to EUR 24 million reached in June 2024, reflecting the impact of customer deposits, resulting in lower income arising from the internal placement of the excess liquidity. Other net income amounted to EUR 21 million as at 30 June 2025, reflecting an increase of 18.7% 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 customer funds diversification.
- Operating costs amounted to EUR 8 million, 6.0% above the amounts recognized as at June 2024.
- The impairment and provision charges had a minimal impact on the income statement in both periods.
- Loans to customers (net) amounted to EUR 377 million in June 2025, increasing 9.3% when compared to the figures accounted in June of the previous year, while balance sheet customer funds reached to EUR 3,069 million in June 2025, 4.6% below the level achieved in June 2024, mainly due to greater allocation of investments to off-balance sheet products.

FOREIGN BUSINESS AND OTHERS

Poland

- Net income reached €121.1 million in the first half of 2025, compared to €82.8 million in the same period last year (+43.1%), excluding the exchange rate effect.
- The net income remained impacted by charges associated with the Swiss franc-denominated mortgage loan portfolio (€276.4 million, of which €218.2 million were provisions) and the payment of the special tax on the Polish banking sector.
- Net income adjusted for extraordinary effects increased 6.9% (€24.5 million) compared to the same period last year, on a comparable basis.
- Net interest income increased 4.9%, despite the reduction in interest rates, while provisions decreased by 5.0% compared to the same period last year, on a comparable basis. Operating costs increased 15.1% compared to the same period last year, on a comparable basis.
- Mandatory contributions increased 227.6%, largely reflecting the impact of the special tax on the banking sector, which increased to €47.4 million.
- The NPL ratio over 90 days stood at 2.1% of total credit in June 2025, compared to 2.2% in June 2024.
- Provision coverage of NPLs over 90 days stood at 153% in June 2025, compared to 156% in June 2024.
- The cost of risk stood at 20 basis points, related to the sale of a credit portfolio.
- Customer funds increased 6.7% to €31.8 billion year-on-year basis, and customer loans decreased 0.7% to €18.1 billion year-on-year basis. Swiss franc-denominated mortgage loans decreased by 31% compared to June 2024, to €1.2 billion (gross loans before provisions for legal risks).
- Accumulated provisions for legal risks as a percentage of the Swiss franc-denominated loan portfolio stood at 141% in June 2025.
- The CET1 (=T1) ratio stood at 13.8% and the total capital ratio at 15.6%, above the minimum requirements of 7.3% (8.8% for T1) and 10.8% respectively.On a pro forma basis, considering the results of the first half of 2025, the CET1 and total capital ratios would be 15.0% and 16.8%, respectively.

Mozambique

- Net income of €23.7 million in the first half of 2025, a reduction of €23.1 million compared to the same period last year, mainly reflecting impairments caused by the downgrade of the public debt rating recorded in the first quarter of 2025.
- Net interest income increased 9.1% and commissions remained stable, excluding the exchange rate effect.
- Operating costs increased 10.2%, excluding the exchange rate effect, in the first half of 2025.
- The stated cost-to-income ratio was 51.4% in the first half of 2025, compared to 49.9% in the first half of 2024.
- The loan portfolio decreased by 3.9% to €640 million, while customer funds decreased by 6.1% to €2.2 billion. The NPL ratio for loans over 90 days stood at 3.6% in June 2025, with coverage of 125% on the same date.
- Cost of risk of 180 bp in the first half of 2025 (58 bp in the same period of 2024), justified by the reinforcement of public debt impairments.
- Capital ratio of 37.2% as of 30 June 2025.

Macao[6]

- Net profit reached 4.6 million euros in the first half of 2025, showing a growth of 5.9% compared to the same period of the previous year, mainly due to the decrease in impairments for credit risk and the increase in income from commissions and foreign exchange profit, which more than compensated for the drop in net interest income, impacted from the lower average loan portfolio.
- In the first half of 2025, the branch worked primarily to increase the credit portfolio and build a platform to support the business of Portuguese companies in Macau and mainland China, namely through trade finance operations and the development of new relationships with trading companies, particularly those operating in the Portuguese-speaking countries.
- In addition, the Bank sought to identify Chinese Customers, individuals, or companies, interested in investing in Portugal and to promote contacts between Millennium bcp's investment banking area and Chinese companies to identify investment opportunities in the Portuguese-speaking countries.

[6] For the purpose of the computation of the net income generated by business segments, Macao activity is included in the "Other" segment, since it is carried out through a branch.

million EUR

Poland	Jun 30, 2025	Jun 30, 2024	Chg. 25/24
PROFIT AND LOSS ACCOUNT			
Net interest income	676	623	8.5 %
Other net income	53	35	51.8 %
	729	658	10.8 %
Operating costs	270	238	13.5 %
Result on modification	-5	-61	-91.6 %
Impairment and provision	269	302	-11.0 %
Income before tax	185	57	>200%
Income taxes	64	-26	<-200%
Income after income tax	121	83	46.2 %
BALANCE SHEET			
Loans to Customers (net of impairment charges)	17,594	17,376	1.3%
Balance sheet Customer funds	28,697	27,057	6.1%

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	Jun 30, 2025	Jun 30, 2024	Chg. 25/24
PROFIT AND LOSS ACCOUNT			
Net interest income	109	101	8.0%
Other net income	28	29	-1.6%
	137	130	5.9%
Operating costs	71	65	9.1%
Impairment and provision	27	3	>200%
Income before tax	39	62	-37.0%
Income taxes	15	15	1.0%
Income after income tax	24	47	-49.3%
BALANCE SHEET			
Loans to Customers (net of impairment charges)	611	648	-5.7%
Balance sheet Customer funds	2,183	2,262	-3.5%

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	Jun 30, 2025	Jun 30, 2024	Chg. 25/24
PROFIT AND LOSS ACCOUNT			
Net interest income	785	724	8.4 %
Other net income (*)	83	65	27.2 %
	868	789	10.0 %
Operating costs	341	303	12.5 %
Result on modification	-5	-61	-91.6 %
Impairment and provision	296	304	-2.8 %
Income before tax	226	121	87.1 %
Income taxes	79	-10	<-200%
Income after income tax	147	131	11.8 %
SUMMARY OF INDICATORS			
Allocated capital (**)	2,468	2,195	12.4 %
Return on allocated capital	12.0%	12.0%	
Risk weighted assets	16,160	14,941	8.2%
Cost to income ratio	39.3%	38.4%	
Loans to Customers (net of impairment charges)	18,205	18,023	1.0%
Balance sheet Customer funds	30,880	29,319	5.3%

(*) 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 147 million as at 30 June 2025, comparing favourably with an amount of EUR 131 million achieved by the end of June 2024. This favourable evolution of 11.8% was primarily driven by the positive performance of core income, particularly in net interest income, and by the absence of costs associated to the moratorium program (credit holidays), which had impacted 2024 results, factors partly offset by higher operating costs and higher costs incurred with mandatory contributions to which the Polish subsidiary is subject.

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

- Net interest income stood at EUR 785 million as at 30 June 2025, which compares to EUR 724 million recorded on 30 June 2024. Excluding the impact arising from foreign exchange effects, it would have increased by 6.6%, 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 83 million as at 30 June 2025, increasing 27.2% when compared to the EUR 65 million recorded in the same period of the previous year, determined by the performance of the Polish subsidiary, due to the positive effect related to the foreign exchange mortgage loan portfolio, reflecting a reduction in costs incurred in converting mortgage loans granted in Swiss francs, following the agreements with customers holding these loans, and lower legal expenses related to this mortgage portfolio. However, this impact was partly offset by higher costs associated with mandatory contributions, explained by the conclusion of the Polish subsidiary's Recovery Plan in June 2024, during which no banking tax was paid.
- Operating costs amounted to EUR 341 million as at 30 June 2025, 12.5% up from the end of June 2024. Excluding foreign exchange effects, operating costs would have increased 10.9%, mainly reflecting the impact of the Polish subsidiary, due to the strong pressure on basic wages, influenced by the current scenario of the Polish labour market, with very low unemployment rates. In the Mozambican subsidiary, although the increase was less pronounced, there was a headcount growth

and an overall increase across the main cost categories.

- Results on modification totalled a negative amount of EUR 5 million by the end of June of 2025, which compares with an also negative amount of EUR 61 million recorded in the same period of the previous year. This performance reflects the recognition of costs arising from the moratorium program (credit holidays) booked in 2024. 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 June 2025 presented a 2.8% decrease compared to the figures reported by the end of June 2024. This decrease was primarily driven by the Polish subsidiary, notably due to a lower level of impairment charges following a non-performing portfolio sale during the current year, and lower provision charges booked to address the foreign exchange mortgage legal risk, despite the impairment charges booked by the Mozambican subsidiary following the downgrade of the sovereign debt rating of that country.
- Loans to customers (net) stood at EUR 18,205 million in June 2025, 1.0% up from the amount attained in June 2024 (EUR 18,023 million). Excluding foreign exchange effects, the loan portfolio remained broadly in line with the figure recorded in the same period of the previous year. The International Business balance sheet customer funds increased 5.3% from EUR 29,319 million reported in June 2024 to EUR 30,880 million in June 2025. Excluding the foreign exchange effects, balance sheet customer funds increased 4.6%, mainly driven by the performance of the subsidiary in Poland.

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%[7]), 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%[8] 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

[7] 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.
[8] 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%[9] of the cumulative net income of €4.0-4.5bn in 2025-28.

Deliver more value
Main targets for strategic cycle 2025-2028

	Metrics	H1'25	2028
Healthy organic growth	**Business volumes** Portugal	**167€bn** 114€bn	**> 190€bn** > 120€bn
	Number of customers Portugal	**7.1 mn** 2.8mn	**> 8mn** > 3mn
	Mobile customers Portugal	**73%** 65%	**>80%** > 75%
Execution discipline	**Cost-to-income** Portugal	**37%** 35%	**< 40%** < 37%
	Cost of risk Portugal	**30 bp** 33 bp	**< 50 bps** < 45 bps
ESG commitment	**S&P Global CSA** (percentile)	**Top quartile**	**Top quartile**
Robust capital	**CET1 ratio**	**16.2%**[1]	**> 13.5%**
Superior returns	**ROE**	**14.3%**	**> 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

[9] 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.

Risk and Outlook

Internal Control System

The internal control system governance model encompasses the organizational structure, the lines of reporting and levels of authority, the set of lines of responsibilities and processes, that result from the applicable laws and regulations, as well as the Bank's by-laws and internal regulations, to ensure a prudent and effective management of the Bank and adequate checks and balances.

The governance model promotes a conduct and risk culture across all the areas of the Bank, which is materialized in an overarching set of principles, strategies, policies, systems and functions.

The Board of Directors promotes a strong governance and internal control culture, embedded in all levels of the organization, and based on high standards of ethical behaviour, with rules established in the Code of Conduct, available in the Bank's site.

The Board of Directors provides the Bank's governance, guidance and oversight and sets the broad strategies and major policies of the organization, approves the overall organizational structure, and has the ultimate responsibility for ensuring that adequate governance and internal controls system are established and maintained, being supported in this function by the Audit Committee.

The Audit Committee, independent review body, plays a central role in the development of a governance culture and an internal control system with a direct relation with the Board of Directors, the Bank's internal control units and the external auditors.

The current management of the Bank is delegated in the Executive Committee. This Committee established different specialized commissions, with the participation of two or more Executive Directors, and first line Managers who directly report to them.

The organizational structure of the Group is based on the principle of the segregation of functions between the business units and internal control functions, aiming that any situations of potential conflict of interests are identified in advance, minimized and subject to careful and independent monitoring.

The internal control system includes a set of principles, strategies, policies, systems, processes, rules, and procedures established in the Group aimed at ensuring:

- Efficient and profitable performance of the activity, in the medium and long-term, ensuring the effective use of the assets and resources, the business continuity and survival of the Group, namely through an adequate management and control of the activity risks, through a prudent and correct assessment of assets and liabilities, as well as through the implementation of mechanisms for prevention and protection against errors and fraud.
- The existence of financial and managerial information, which is complete, pertinent, reliable, and timely, to support decision-making and control processes, both at an internal and external level.
- Observance of the applicable legal and regulatory provisions issued by the Supervision Authorities, including those relative to the prevention of money laundering and financing of terrorism, as well as professional and ethical codes of conduct, standards and practices, internal and statutory rules, guidelines of the Basel Banking Supervisory Committee and European Banking Authority (EBA), so as to preserve the image and reputation of the institution before its Customers, Shareholders, Employees and Supervisors.
- An effective Risk Management Function (RMF) with well-defined processes to identify, manage, monitor, and report the risks that the Group is exposed.
- A Compliance Function ensuring the alignment with legal, regulatory, and statutory requirements, and with internal rules, including rules of conduct and relationship with Clients, Investors, Supervisors' Entities, and others, which rules are established in a Code of Conduct.
- An Internal Audit Function ensuring the effectiveness and consistency of the internal control processes and mechanisms.
- The alignment of subsidiaries operating model with the organizational and managerial principles defined by the Bank, as the consolidating Entity.
- The adoption of sound sustainability principles, namely regarding Environmental, Social and Governance (ESG) factors, and its coherence with the Group's activity.
- The good image and reputation of the Bank towards its stakeholders.

To achieve these objectives, the internal control system is based on the compliance function, the risk management function and internal audit function. The Heads of these three divisions are appointed by

the Bank's Board of Directors, by proposal of the Committee for Nominations and Remunerations, after an opinion from the Audit Committee and of the Risk Assessment Committee, and subject to the Supervisor approval.

The internal control system is based on:

- A control environment supported by high integrity and honesty standards, promoting a strict compliance with the laws and regulations, by the effective enforcement of a 'checks and balances' system, including adequate segregation of duties, with the objective of preventing conflicts of interest, and by process based operational management models and control activities, that allow for clear identification of the implemented controls and the assessment of their efficiency.
- A solid risk management system, aimed at the identification, evaluation, follow-up, and control of all risks which might influence the Group's activities.
- An efficient information and communication system, designed to guarantee the collection, processing and transmission of relevant, encompassing, and consistent data, within a timeframe and manner that allows for an effective and timely management and control of the institution's activity and risks.
- An effective monitoring and correction process, implemented with a view to ensuring the adequacy and effectiveness of the actual internal control system over time, to immediately identify any flaws (defined as the group of existing, potential, or real defects, or opportunities for the introduction of improvements that will strengthen the internal control system), and ensuring the triggering of corrective actions.
- Strict compliance with all the legal and regulatory provisions by the Group's Employees in general, and by the people who hold senior or managerial positions, including members of the management bodies.
- A governance model that defines that the business areas are responsible for risk taking, ensuring the effective monitoring, control and management of the risks assumed, and supporting the independent review of the risk levels incurred as compliant with the Risk Appetite Framework.

The internal control system is consistently applied across all Group entities, supported on group codes issued by BCP defining global policies, principles, and rules, considering, and complying with local, legal or regulatory requirements of the countries where operations are based.

Three lines of defence model

The Bank's internal control system is based on the "Three Lines of Defence Model", aiming to ensure:

- A clear accountability of the business areas for the respective assumption of risks.
- The effective monitoring, control and management of the risks assumed.
- An independent evaluation, to be reported to the Board of Directors and to the Executive Committee, of the levels of risk assumed, their compliance with the Risk Appetite Framework and the effectiveness of the established internal control systems.

The business lines, as the first line of defence, take risks and are responsible for their operational management directly and on a permanent basis. For that purpose, business lines have appropriate processes and controls in place that aim to ensure that risks are identified, analysed, measured, monitored, managed, reported and kept within the limits of the institution's risk appetite and that the business activities comply with the external and internal requirements.

The risk management function and the compliance function form the second line of defence.

The risk management function facilitates the implementation of a sound risk management framework throughout the institution and has responsibility for further identifying, monitoring, analyzing, measuring, managing, and reporting on risks and forming a holistic view on all risks on an individual and consolidated basis. It challenges and assists in the implementation of risk management measures by the business lines to ensure that the process and controls in place at the first line of defence are properly designed and are effective.

The compliance function monitors the Bank's compliance with legal, regulatory, and internal policies requirements, including the reputational protection of the Bank, comprising, among others, the prevention of financial crime activities. It provides advice on compliance matters to the management body and establishes policies and processes to manage compliance risks and to ensure an overall compliance culture within the Bank.

Both the risk management function and the compliance function intervene to ensure the improvement and strengthening of internal control and risk management systems interacting with the first line of defence whenever necessary.

The internal audit function, as the third line of defence, conducts risk-based audits and reviews the internal governance arrangements, processes, and mechanisms to ascertain that they are sound and effective, implemented and consistently applied, to assess the suitability and efficiency of the organizational culture, of the risk management process, of the internal control system and of the governance models in place. The internal audit function performs its tasks fully independently of the other lines of defence.

Internal Control subsystems

The internal control system includes the following subsystems: the risk management system, the information and reporting system and the internal control monitoring system.

Risk management system

The risk management system corresponds to the set of integrated and permanent processes which enable the identification, assessment, monitoring and control of all risks, to which the Group's institutions are exposed, in order to keep them at levels that are predefined by the management and Supervisory Bodies, and takes into consideration the BCP risk taxonomy which includes the risks identified by the Regulatory and Supervisory Authorities, as well as all other risks which, in view of the specific situation of the Group's institutions, could become materially relevant. The Risk Office is responsible for keeping the BCP risks taxonomy updated as well as for promoting and conducting the regular risk identification process in the Group.

The risk management system takes into consideration the credit risk, market risk, interest rate risk, foreign exchange rate risk, liquidity risk, compliance risk, operational risk, information technology risk, strategy risk and reputation risk, as well as all other risks that, in view of the institution's specific situation, may prove material for its feasibility and sustainability. Environmental and social aspects are included in the assessment of these risks, once they are considered risk drivers that are transversal to all risk types.

The risk management system ensures the segregation between the risk management function and the risk-generating business activities, respectively the second and first lines of defence. The internal audit, as third line of defence, ensures independent analysis concerning the risk activity of the first and second lines. The credit analysis and granting process ensure the segregation and independence between the credit analysis and rating structures and the business origination units.

The risk management system ensures timely reaction to changing circumstances and conditions that engenders new risks and change the risk profile of the Bank.

Management information and reporting system

The management information and reporting system ensures the existence of information, which is substantive, up-to-date, understandable, consistent, timely and reliable, to enable an overall and encompassing view of the financial situation, the development of the business, the achievement of the defined strategy and objectives, the risk profile of the Group and the behaviour and prospective evolution of relevant markets and risks.

The output of the system is an information flow enabling the management with a global and comprehensive view on the Group's financial standing, non-financial information and risk data on the compliance with the obligations assumed before third parties, legal and regulatory, and the regular monitoring of the activity, the implementation of the defined strategy and objectives so as to support decision-making processes, and also on the Group's overall risk profile, in aggregate terms and detailed by risk; and the performance, evolution and risk profile of the market(s) in which the Group operates.

For this purpose, each entity of the Group develops, implements, and maintains formal processes for obtaining and processing information that is appropriate to the respective size, nature and complexity of the activity carried out, developing communication processes and reporting lines that ensure an adequate and swift transmission of relevant information to the due intervenient, both internal and external. An adequate organizational structure promotes the necessary data flow between the relevant parties in a process and ensures the necessary confidentiality in information flows.

The financial information process is supported by the accounting and management support systems which record, classify, associate and archive, in a timely, systematic, reliable, complete, and consistent manner, all the operations carried out by the Bank and its subsidiaries, in accordance with the rulings and policies issued by the Board of Directors and the Executive Committee.

Clear duties and responsibilities are set for each organizational unit in the information and communication processes and in the decision-making process.

Planning process

The Group planning process defines a long run sustainable strategy, compatible with the corporate vision and previously established goals, with its market positioning, approved risk profile and with the implemented internal control system.

The planning process is based on properly grounded assumptions, subject to sensitivity analysis and on reliable and understandable information. As a result, clear, precise, and sustainable objectives are defined for the global activity and for each business area, including the products, activities, systems and processes of the Group and the human and material resources, namely the adequate levels of capital and liquidity, necessary to fulfil the defined strategy are identified.

The planning process complies with the Risk Policy of the Group, as per the Risk Appetite Framework, ensuring an adequate balance between the level of risk assumed to achieve the targeted profitability levels.

The Group's planning process includes the preparation of the annual and three-year budget, the verification of the sufficiency of capital and liquidity (ICAAP e ILAAP), the execution of stress tests within the internal or supervision scope, the preparation of the Funding and Capital Plan and of the Recovery Plan, the activities deriving from the resolution planning and remaining initiatives that, at each moment, are required to be implemented to comply with the requirements issued by the Supervision Authorities.

The Chief Financial Officer and Chief Risk Officer of the BCP, are responsible for the different elements of the Group's planning process, together with the Chief Financial Officers of the main subsidiaries.

The Group's strategy is communicated, by the adequate means and detail, to all the Employees of the Bank.

Monitoring process

The monitoring and correcting system includes all the control and assessment actions to ensure the permanent effectiveness and adequacy of the internal control system, namely, through the identification of deficiencies in the system - in terms of its design, implementation and/or use.

This process is continuously executed and complemented by independent, periodical and or extraordinary evaluations made by the Internal Audit.

The frequency of the control and assessment actions depend on the nature and magnitude of the risks inherent to the activity carried out and the effectiveness of the associated specific controls.

All internal control identified deficiencies and non-compliance events are duly recorded in a deficiencies data base at Group level, documented, and reported to the appropriate management levels to enable the adoption of correction measures in line with the respective remediation plan. Processes for the follow-up and validation of the measures implemented are established with clear deadlines according to the inherent risk level.

Internal control system governance

The internal control system is supported by a governance model that defines the responsibilities for the assumption of risks by the Business Areas, and ensures an effective follow-up, control and management of the risks assumed, and an independent evaluation of the risk levels assumed as per the Risk Appetite Framework.

The key pillars of the governance model implemented in the Bank are:

- Clear, transparent, and understandable rules are set and communicated to all employees to enable supporting the development of the activity while ensuring an adequate broad and effective internal control system.
- Coherent, clear, and objective definition of the competences and responsibilities of each structure unit and/or function, reporting lines and authority levels, information flows, are communicated across the organization, including an appropriate segregation of potentially conflicting functions or duties, also ensuring that any potential conflict of interests is identified in advance, minimized and subject to an independent and careful monitoring.
- Sufficient and appropriate material and human resources are provided at all levels of the organization for the execution of the responsibilities, activities, and tasks inherent to the internal control system.

- Physical and functional segregation of the business activities and the respective operational and control services, avoiding possible conflict of interests through ensure robust control activities, including regular reviews, physical controls, authorization, verification, and reconciliation.

The Risk Office's activity is essentially focused on ensuring the effective application of the Group's risk management system, namely, by developing, proposing, implementing, and controlling the use of a set of assessment methodologies and metrics, that allow for a correct assessment of the risks arising from the Group's activities, which are documented by internal rules and regulations. It is also responsible for promoting and coordinating the policies and rules applicable to risk management and control at all entities of the Group, with the responsibility of ensuring the global monitoring of risk and the alignment of concepts, practices, and objectives on a consolidated basis. Under this framework, the Risk Office has access to all the sources of information of the Group entities that are necessary for the exercise of the identification, measurement, limitation, monitoring, mitigation and reporting of the various types of risk at consolidated level.

The activity of the Compliance Office is transversal to all Institutions of the Group, in terms of applicable compliance policies, with observance of the legal specificities of each jurisdiction. The Compliance Office has access to the preventive information systems on money laundering and terrorism financing adopted by the different entities of the Group, being equally informed and giving an opinion on all changes to the IT alert systems and the processes for identifying Customers and communication of irregular cases verified in the Group's entities, within the scope of the control of anti money laundering and terrorism financing activities, in order to promote an alignment of systems, methodologies and criteria with those used by BCP.

The Accounting an Consolidation Division and the Research, Planning and ALM Division receive and centralize the financial information of all subsidiaries.

The corporate areas of the Bank, namely the Research, Planning and ALM Division, Accounting and Consolidation Division, the Treasury, Markets and International Division, the Compliance Office, the Risk Office, and the Audit Division ensure the existence of the procedures necessary to obtain all relevant information for the consolidation, accounting and financial information and remaining elements supporting the management, as well as the supervision and control of the risks at Group's level. These procedures include:

- The definition of the contents, the terms, and the format of the information to be reported by the companies included in the consolidation perimeter of the parent-company, in accordance with the accounting policies and guidelines defined by the management body, as well as the dates when the reporting is required.
- The identification and control of the intra-Group operations.
- Assurance that the relevant accounting and financial information is consistent between the different subsidiaries, so that it is possible to measure and monitor the evolution and profitability shown by each business, verify the compliance with the objectives that have been established, as well as evaluate and control the risks incurred by each entity, both in absolute and relative terms.
- Timely communication of extraordinary events which are relevant in terms of risk for the subsidiary or for the Group.
- A financial information and reporting system that is supported by adequate contingency arrangements.
- Validating and monitoring the implementation of the corrective measures to resolve internal control deficiencies that have a material potential impact.

The Audit Division is responsible for an on-site control function of the internal system, exercising this function transversally on a permanent and independent basis, assessing, always and pursuant to the established plan, the adequacy and effectiveness of the different components of the internal control system, issuing recommendations based on the outcome of those assessments. The Audit Division is informed of the conclusions of the inspection and internal audit actions carried out in each entity of the Group, especially from those that assess the effectiveness and integrity of the entity's internal control system.

Common principles across the Group

To foster Group coherence, and keeping up with local laws and regulations, internal control system's organizational models similar to that of the Bank are established in the Group's subsidiaries abroad and in Portugal, by anticipating the existence of an Audit Committee and a Risk Assessment Committee, or equivalent bodies. The local Supervisory Bodies have, in what the internal control system of each entity is concerned, the mission to verify its quality, integrity and effectiveness, as well as to evaluate its coherence and adherence with the internal control system of BCP and the Group.

The Bank's governance model and internal control system is extended to all subsidiaries, in a way which is compatible with their nature, complexity and business model, ensuring the maximum possible level of coherence and alignment:

- The CRO of BCP is responsible for coordinating the risk management system at Group's level through the Risk Officers and the Compliance Officers of each subsidiary.
- The CFO of BCP is responsible for coordinating the financial and accounting information system as well as for the planning process at Group's level.
- There is always at least an Executive Board member of BCP representing the parent company in each subsidiary's Board of Directors, being responsible for monitoring the overall performance of the entity.
- Notwithstanding, to ensure the maximum consistency of the criteria, methods, processes, and models used in all subsidiaries, the CRO of BCP is appointed as a non-executive director of the subsidiary's management body, with supervision functions, being also designated for the subsidiaries' Audit Committee and Risk Assessment Committee when these governance bodies exist.

The Bank, as the Group's parent company, ensure that all subsidiaries implement internal control systems that are coherent with each other, proportionate to the risks undertaken and with the local regulations and legislation in force. In this context, it should be noted that CAUD and CAVR meet with the COFF, ROFF and DAU of the subsidiaries abroad, at least once a year, in order to monitor their activity.

Whistleblowing

The Group has in place and maintains a Whistleblowing Policy and procedures, which are available for staff or any person regardless of their relationship with any entity of the Group to report potential or actual breaches of regulatory or internal requirements, through specific, independent, and autonomous channels.

The Whistleblowing Policy covers eventual or potential irregularities, the acts and omissions, both with malicious intent or negligence, related with management, accounting organization, internal supervision or serious evidence of breaches of duties that, in a serious manner, are susceptible namely of infringe the law, articles of association, the regulations and other rules in effect, endanger, directly or indirectly, the assets of the Customers, of the Bank and of the Shareholders or cause reputational damage to Bank.

The Whistleblowing procedures ensure, among others the protection of the identity and personal data of both the person who reports the breach and the natural person who is allegedly responsible for the breach, through which the Entity shall adopt the highest form of anonymity legally available and that the person reporting the breach is appropriately protected from any negative impact (e.g., retaliation, discrimination or other types of unfair treatment). Any information about irregularities provided through the whistleblowing procedures is analysed by the Audit Committee, supported by the Compliance Office and the Audit Division, ensuring that the potential or actual breaches raised are assessed and escalated, including as appropriate to the relevant competent authorities.

Main Risks and Uncertainties

Risk	Sources of Risk	Level of Risk	Trend	Interactions/Mitigations
Regulatory and legal *	• Demanding and frequently reviewed legislative and regulatory framework, including in areas such as ESG and digital operational resilience (DORA), the Basel III reforms, and bank recovery and resolution with a potential impact on operational processes and compliance with regulatory requirements • High regulatory requirements of an AML/CTF nature and greater complexity of measures arising from international sanctions • Legislator's focus on consumer protection and aspects related to conduct risk along with a political/ social environment that enhances litigation in this matter • Possible impacts of Central Bank Digital Currency (CBDC) on the commercial banking model, e.g. challenges of financial disintermediation and technological adjustment in the fight against cybercrime and AML/ CFT • New regulation associated with the use of Artificial Intelligence • Growing focus of various stakeholders (Regulator, Clients and NGOs) on issues related to ESG may increase litigation risk in the coming years • Possibility of changes to the tax regime in force in Portugal and Poland • Approval of new European legislation within the scope of the Prevention of Money Laundering and Terrorist Financing ("AML/CFT") and creation of AMLA as a central European supervisor, with reinforcement of regulatory and reporting requirements.	Medium	↔	▪ Culture of compliance and anticipation of regulatory and legal requirements ▪ Rigorous and efficient management of capital and liquidity and its implications on the business model ▪ Capital buffer vs regulatory minimum relevant and supported in organic capital generation. ▪ Robust liquidity buffers ▪ Assessing the materiality of environmental factors in the Bank's risks and defining mitigation measures ▪ Promotion of commercial strategies and solutions that promote the transition to low-carbon production models and monitoring of decarbonization targets for more carbon-intensive activity sectors. ▪ Monitoring of Responsible Financing Principles. ▪ Developing more sophisticated AML/CFT models and adopting practices in compliance with regulatory requirements ▪ Reinforcement of human and technological resources in the areas of internal control ▪ Strengthening and updating AML/ CFT policies and procedures and planning operational, technological and documentary adaptation measures applicable to the Bank as an obliged entity

*Excluding litigation associated with the CHF loan portfolio in Poland

Risk	Sources of Risk	Level of Risk	Trend	Interactions/Mitigations
Sovereign	▪ International environment with high levels of uncertainty in different geographies, with implications for multiple factors relevant to sovereign risk, involving fiscal and trade pressures, political instability and a possible downward revision of the rating of relevant EU economies ▪ The ECB's monetary policy normalisation process, in particular with regard to interest rates and quantitative easing, still at an early stage ▪ Size of exposure to Portuguese sovereign debt and those of Eurozone countries, Poland and Mozambique ▪ Volatility of credit spreads ▪ Risks of political instability in Portugal and social and political tension in Mozambique	High	↔	▪ Existence of contingency measures at European and national level, e.g. the ECB's Transmission Protection Instrument (ICT) and the EU's Excessive Deficit Procedure ▪ Diversification of the sovereign debt portfolio ▪ Adoption of hedging measures of portfolio interest rate risk ▪ Relatively small size of the portfolio classified to fair value through other comprehensive income (FVOCI) ▪ Improvement of Portugal's rating and continuity of the reduction process of the share of public debt in GDP ▪ Maturity of public debt portfolios below the benchmark
Operational (includes cyber risks)	▪ Context with a greater propensity for cybersecurity threats and new fraud formats ▪ Growing number of digital Customers and increase in mobile transactions, requiring the maintenance of a high level of availability, security, timeliness and efficiency of the ICT systems (Information and Communication Technologies) ▪ Widespread use of artificial intelligence (AI) introduces greater complexity in the validation and control of processes ▪ Implications of accelerating automation, integration and digitalization of processes on the operational resilience of the banking sector ▪ Increase in reporting information needs, in a more demanding regulatory environment, implying a greater rigour in data quality management and control	Medium	↔	▪ Increasing capabilities to protect and mitigate cybersecurity risks with awareness-raising and continuous training ▪ Permanent monitoring of the alignment of the technological development plan with the business strategy ▪ Strengthening the risk culture and strengthening adequate internal control environment awareness, with a focus on the training of Employees and raising awareness / information to Customers ▪ Implementation of a comprehensive technology renewal program ▪ Development of government continuous improvement and Data Quality processes according to the principles of the BCBS239 ▪ Strengthening the structure and mechanisms for the protection of personal data ▪ Strengthening and continuous improvement in the implementation of the DORA Regulation

Risk	Sources of Risk	Level of Risk	Trend	Interactions/Mitigations
Credit	▪ Uncertainty associated with international geopolitical conflicts, especially Eastern Europe and the Middle East, and trade blocs tension, may affect confidence, conditioning global growth and compromising the ability of customers to comply in particular in the corporate segment ▪ Risk of rising inflation and reduced international trade in goods and services as a result of changes in the tariff framework ▪ Social and political tension in Mozambique ▪ Limitations on access to available and skilled labour ▪ Impact of transition and physical ESG risk factors on credit and collateral portfolio valuation ▪ Risk of fraud can affect the quality of the credit portfolio	High	↓	▪ Positive track record of NPA reduction using different instruments/measures ▪ Adequate level of coverage of the NPE portfolio due to impairments ▪ Impact of the Recovery and Resilience Plan (RRP) on the Portuguese economy ▪ A significant part of the corporate credit portfolio have credit risk mitigants (including with state or multilateral entities' guarantees) ▪ Rigorous approach to loan origination and monitoring, with assessment of the most vulnerable sectors and allocation of specific credit strategies as a preventive measure in credit risk assessment ▪ Progessive incorporation of ESG risk drivers into credit and collateral assessment policies ▪ Relatively low volume of exposures to sectors exposed to high climate transition risks factors ▪ Maintenance of impairment overlays to address the uncertainties ▪ Proactivity in monitoring and implementing credit restructuring solutions ▪ Increase in the weight of the fixed-rate loan portfolio ▪ Consolidation of the positive impact of the reduction in interest rates on economic agents (individuals and companies) with a higher level of financial leverage ▪ Expectation of maintaining relatively low unemployment rates
Market	▪ Uncertainty regarding the evolution of volatility in equity markets, driven by the global geopolitical and economic context ▪ Fluctuations in exchange rates due to geopolitical tensions and divergences in monetary and fiscal policies	Low	↔	▪ Maintaining limited exposure within trading portfolios ▪ Employing hedging strategies for both interest rate and foreign exchange risks. ▪ Prioritizing the placement products with a reduced risk profile to Customers ▪ Regular monitoring of market conditions and adjustment of investment strategies

Risk	Sources of Risk	Level of Risk	Trend	Interactions/Mitigations
Liquidity and *Funding*	▪ Loss of eligibility of mortgage portfolios for discount with the ECB in Q4 2025 ▪ Potential difficulties in converting metical (MZN) into foreign currency	Low	↔	▪ Resources from balance sheet clients, mainly retail, which are decisive in the funding structure and its stability, with wholesale funding needs arising mainly from compliance with MREL requirements ▪ Conclusion of the ECB's monetary policy normalization cycle, with a reduction in interest rates, leading to reduced competition for resources ▪ Recent reduction in the rate of mandatory reserves in Mozambique ▪ Continuation of the rigorous management of the loans-to-deposits ratio in Mozambique ▪ Large size of the portfolio of discountable assets with central bank in the Group's three operations
Litigation associated with the CHF loan portfolio in Poland	▪ High number of court cases against the banking system in Poland and court decisions not favourable to banks	High	↓	▪ Decrease in Banco Millennium's CHF mortgage loan portfolio ▪ Maintaining an adequate coverage level of the mortgage loan portfolio in CHF by provisions ▪ Agreements with debtors with mortgage claims in CHF
Pension Fund	▪ Pressure to increase wages, pensions and, consequently, the volume of responsibilities ▪ Portfolio valuation	Medium	↔	▪ Integrated management of assets and liabilities in order to achieve an adequate balance between risk and return ▪ Coverage ratio of the Fund's liabilities by assets above 100% ▪ Defined Benefit Fund management policy, with adjusted structure between assets and liabilities
Real estate and other investments	▪ Uncertainty related with market and regulatory trends related to environmental concerns ▪ Risks related to the value of collaterals for loans and real estate held directly by the Bank ▪ Impact of legislative measures for housing support ▪ Uncertainty about the evolution of sales prices in the real estate market	Low	↓	▪ Non-material value of real estate and other assets held for sale portfolio ▪ Moderate expectation new properties as a result of foreclosure proceedings ▪ Impact of Insurance policies on risk mitigation with real estate assets, including climate risks ▪ Reduction of exposure to Corporate Restructuring Funds

Risk	Sources of Risk	Level of Risk	Trend	Interactions/Mitigations
Recurring profitability/ Business Model	▪ Reduction in GDP growth projections in Portugal, Poland and Mozambique ▪ Geopolitical instability and disruptions in international trade ▪ Regulatory limitations on interest rates and fees ▪ Impact of economic deterioration on asset values ▪ Pressures on operating costs ▪ New global players and competition from Big Techs and non-banks entities ▪ Reversal of interest rates increase cycle ▪ Competitive pressure due to excess liquidity in the market ▪ Reduced business margin as a result of the strong competition in credit markets ▪ Impact of ESG, transition and physical risk factors, on income from corporate and mortgage loan portfolios ▪ Uncertainty regarding possible consumer protection legislation	Medium	↔	▪ Strict net interest margin management ▪ Strict cost structure control ▪ Comfortable capital position of the Bank ▪ Clear definition of the actions to be taken to achieve the objectives set forth in the Bank's Strategic Plan ▪ Judicious interest rate risk management

Despite the high level of uncertainty that arises, in particular, from the current geopolitical context, it is considered that the Bank's adequate levels of capital and liquidity, in conjunction with the risk mitigation measures that are implemented and/or being implemented, will allow the Institution to maintain its solidity.

Risk management

Framework

Risk appetite

The BCP Group carries out its business activities in a prudent and sustainable manner, always based on the adequacy and compatibility between the business objectives and the levels of risk tolerance defined in terms of sustainability and profitability, in the long-term.

The Group establishes and implements controls and limits on the material risks to which its activities may be subject, based on its "Risk Appetite Statement" (RAS) which concurs for a standing of prudence and sustainability of the business, in view of its profitability, as well as of the satisfaction of the different stakeholders: Shareholders, Customers and Employees.

The Group RAS is composed by a broad set of indicators of primary importance and representative of the risks assessed as "material" in the formal process of identifying and quantifying risks, which is regularly reviewed. For each of the material risks, the Group selects at least one indicator for its monitoring within the scope of the RAS.

For each RAS indicator, 2 levels of limitation are established: an 'alert level', up to which the level of risk is still considered acceptable, but from which corrective measures must be considered to make the level of risk regress to a comfort level, and a 'level of excess', which may require the definition of action plans with measures aimed at reducing the level of risk within the established limits.

Stemming from the RAS indicators, lower-level indicators (and respective limits) are established, with a higher level of granularity, ensuring a more adequate and detailed monitoring to the risks' control of business processes. All risk limits are approved by the competent Governance bodies defined in the internal regulations and are periodically reviewed and updated.

For the main Entities of the Group, specific risk appetite indicators ("individual" RAS) are also established. The Group RAS involves indicators for Portugal, including AtivoBank, Poland and Mozambique, some of which are part of the Corporate RAS, which is a set of obligatory metrics for all Entities (but with appropriate limits for each of the operations and structure in question), reflecting the disaggregating of the Group's risk appetite into the risk appetite of each Entity. Besides the corporative metrics, the RAS of each Entity can include other metrics aiming to measure, for instance, idiosyncratic risks in each geography.

Risk strategy

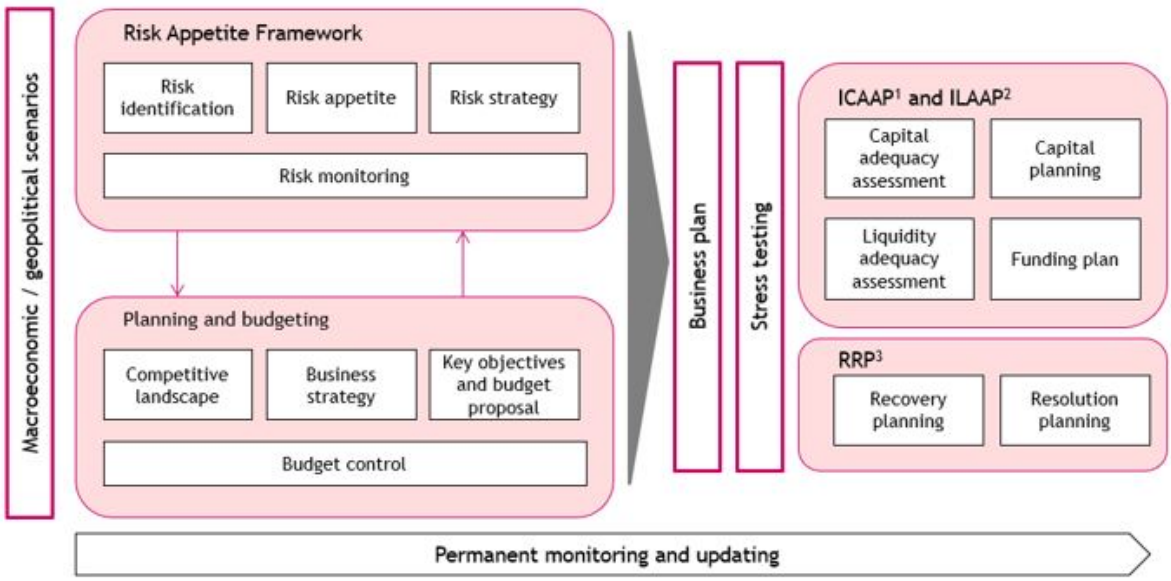
The delimitation of risk appetite, translated into the RAS, is one of the guiding vectors of the Group's "Risk Strategy", which is approved by BCP's Board of Directors, by proposal of the Executive Committee, after opinion of the Risk Assessment Committee. In fact, based on the conclusions of the risk identification and assessment process and the subsequent RAS update, the main lines of action to be developed are established in order to address the mitigation and/or control of all identified risks, which, as a whole, constitute the Group's Risk Strategy. The RAS and the Risk Strategy are inseparable elements to the control and mitigation of the risks classified within the scope of the risk identification process, while also making a relevant contribution to the Group's planning processes, whose projections must respect the risk limits defined in the RAS.

Integration between the business and risk management

The Risk Appetite Framework/ RAF – which includes the identification of material risks, the RAS and the Risk Strategy – is reviewed quarterly. The RAS and the risk strategy provide the reference framework for the establishment of business objectives, which will have to respect the risk appetite and strategy approved by the Board of Directors.

The planning and risk appetite processes are the foundations for all the activities and business lines developed, also guiding the overall controls on the robustness of the Group, such as the stress tests and the internal processes for assessing the adequacy of Capital (ICAAP) and Liquidity (ILAAP), as well as the Recovery Plan and the activities within the scope of resolution planning.

The following figure summarizes the relationships described above, providing a graphic representation of the integration of risk management within the scope of the business developed by the BCP Group.



1 Internal Capital Adequacy Assessment Process
2 Internal Liquidity Adequacy Assessment Process
3 Recovery and Resolution Planning

Risk management Governance

The composition, capacities and responsibilities of the management and control bodies that intervene in the risk management governance are the following:

Board of Directors

The ultimate body of the BCP Group's risk management structure is the Board of Directors, which, within the scope of the functions assigned to it by the Bank's Articles of Association and by the legislation and regulations in force, has the leading role in the risk management and control structure. The Board of Directors is responsible for defining the Group's global strategic guidelines and overall business objectives, the profile and risk appetite, promoting the risk culture and risk strategy, ensuring that the Bank has effective internal control, reserving for itself the approval of group codes that establish policies, principles, rules and risk limits. The Board of Directors approves and monitors the evolution of metrics and risk indicators translated into the RAS (including the approval of remediation measures in case of breaches to the limits) approves the conclusions of the ICAAP and ILAAP processes, the performance of the Internal Control System, the Recovery Plan and the Funding and Capital Plan.

The Board of Directors is supported in its functions by a set of committees appointed by it (Executive Committee, Risk Assessment Committee, Corporate Governance, Ethics and Sustainability Committee and the Nominations and Remuneration Committee) and also by the Audit Committee, which is appointed by the General Meeting).

It is the responsibility of the Board of Directors to ensure respect for the committees' own and delegated competences, ensuring that they are provided, in a timely and appropriate manner, with all the information and clarifications necessary for the due performance of their respective competences.

Audit Committee

The BoD's Audit Committee is elected by the Shareholders' General Meeting and is composed by three to five non-executive Directors, mainly independent. Within its the competences this Committee has global corporate supervising capabilities - e.g., in what concerns financial information, namely risk levels follow-up - as well as those that are attributed within the Internal Control System, namely:

- Overseeing the management activity of the Bank.
- Monitoring the suitability and effectiveness of the Bank's organizational culture, governance models and internal control and risk management systems, including the prevention of money laundering and terrorist financing.
- Monitoring the accounting policies and processes adopted by the Bank, the financial reporting process and submit recommendations aimed at ensuring its integrity.
- Overseeing the performance of the Compliance and Internal Audit functions.
- Supervising and controlling the effectiveness of the risk management system, in conjunction with the Risk Assessment Committee; as well as the internal control system in its different aspects and also the internal audit system itself.
- Issuing an opinion in relation to operations of acquisition of goods and services and involving related parties, including credit operations, aiming to avoid conflicts of interests.
- Analysing the information received through the whistleblowing mechanism and the clients' claims.
- Monitor the activity of the External Auditor and periodically assess its independence and objectivity in the exercise of its activity.

The Audit Committee holds regular meetings with the Heads of the Audit Division, the Risk Office and the Compliance Office.

The Compliance Officer participates in the meetings of this Committee, presenting the evolution of the monitoring of compliance risks, as well as all developments and interactions with regulation/ supervision in terms of regulatory compliance.

The Risk Officer participates in this Committee's regular meetings, reporting on the evolution of the main indicators and metrics concerning risks and credit impairment, as well as on the

implementation status of the recommendations that concern the risk management system, issued within the scope of internal control or by the supervisory/regulatory authorities.

The Head of Audit Division reports regularly to the Audit Committee on interactions and the status of the recommendations of the prudential supervision entities, as well as on the audits carried out on the Bank's processes, among other matters.

Risk Assessment Committee

The Risk Assessment Committee, appointed by the BoD, is composed by three to five non-executive Directors and has the following capacities:

- Evaluate the integrity and adequacy of the Risk Management function, in line with the business strategy, corporate culture and values.
- Advising the BoD on risk appetite and risk strategy, accompanying and intervening in the definition and review of the Group's Risk Appetite Framework and providing an opinion on its adequacy to the BoD.
- Monitoring the evolution of the RAS metrics, verifying their alignment with the defined thresholds and levels and monitoring the action plans designed to ensure compliance with the established risk limits.
- Advising the BoD on the policies regarding the risks' identification, management and control within the Group, monitoring the global risk levels in order to ensure that those are compatible with the goals, the available financial resources and the approved strategies for the development of the Group's activities.
- Oversee the implementation of the strategies for capital and liquidity management as well as for all other relevant risks to the Group, such as market, credit, operational (including legal, IT and compliance), and reputational risks, in order to assess their adequacy against the approved risk appetite and strategy.
- Monitoring the capital and liquidity planning processes (ICAAP and ILAAP), providing an opinion to the BoD concerning the respective conclusions, as well as analysing and approving the conclusions of the regular follow-up on these processes.
- Monitoring and intervening in the Recovery Plan review, the Liquidity Contingency Plan and the Business Continuity Plans, providing an opinion to the BoD on the respective adequacy.

Within the resolution planning, the Risk Assessment Committee approves its annual work plan and monitors its execution.

The Risk Officer, maintains a functional reporting duty to this Committee and participates in its meetings, presenting the evolution of the key risk metrics and indicators, as well as all incidences, changes and evolutions relative to the Risk Management System (RMS).

Committee for Corporate Governance, Ethics and Sustainability

This Committee, appointed by the Board of Directors, is composed of a minimum of three and a maximum of five non-executive directors.

Amongst other that may be delegated by the Board of Directors, the competences of the Committee for Corporate Governance, Ethics and Sustainability include:

- Recommend the adoption by the Board of Directors of policies, that observe the ethical and professional conduct principles and best corporate governance practices and social responsibility.
- Support the Board of Directors and its Committees in the evaluation of the systems that identify and solve conflicts of interest.
- Assess the compliance function, analysing the procedures in place and the identified non-compliances.
- Issue opinions addressed to the Board of Directors on the Code of Conduct and on other documents defining business ethical principles.
- Every time it deems necessary, submit to the Board of Directors a report on the evaluation and monitoring of the structure, ethical and professional conduct principles and corporate governance practices of the Bank and on the company's compliance with the legal, regulatory and supervisory requirements on these issues.
- Issue an opinion for the Board of Directors on the Annual Corporate Governance Report.

- Issue an opinion on the Annual Sustainability Report, concerning issues for which it is responsible, and and on the Sustainability Master Plan, monitoring and monitoring its degree of execution through appropriate indicators and metrics.
- Assess the adequacy of human resources and training plans on sustainability matters and ESG risks.

- Time it deems necessary, submit to the Board of Directors a proposal on the guidelines for the Company's policies, based on ethical principles and professional conduct that aim to contribute to the pursuit of objectives of social responsibility and sustainability, proposing, in particular, guidelines for the Company's social responsibility and sustainability policies, including, among others, principles and values to safeguard the interests of Shareholders, Investors and other stakeholders in the institution and also principles of social solidarity and environmental protection.
- Issue an opinion on the Group Codes and respective annexes whenever this competence has been delegated to it by the BoD.

Committee for Nominations and Remunerations

This Committee, appointed by the BoD, is composed of a minimum of three and a maximum of five non-executive Directors.

The Board of Directors delegates in the Committee for Nominations and Remunerations the monitoring on issues related with human resources, assessment and composition of the Board of Directors and of its Committees, reviewing the Remuneration Policies of the Directors and Employees, including the Key Function Holders (KFH), and monitoring their respective implementation, in accordance with the powers conferred to it by the law and its own Regulations.

Other functions of this Committee:

- Evaluate the mechanisms and systems implemented to ensure that the remuneration system considers all types of risks and equity, and that the overall remuneration policy is coherent and promotes a sound and efficient risk management and is in line with the Bank’s strategic business plan, objectives, corporate culture and values, risk culture and long-term interests.
- Monitor the existence and implementation of specific policies on recruitment and selection, evaluation of performance, promotion and management of careers, remuneration, training and development of competences, and promotion of gender equality and sustainability.
- Ensure and promote the evaluation process of candidates for members of the Bank's management and supervisory bodies and those responsible for internal control functions (Fit & Proper process) and approve the respective individual and collective final reports.
- Monitor the human resources and staff management policy.

Executive Committee

The Executive Committee (EC) is responsible for the daily management of the Bank aiming to pursue the corporate objectives in compliance with the risk limits approved and defined by the BoD. Particularly regarding the risk management function, the EC is responsible for:

- Implement the Bank's general business strategy and main policies, considering the Bank's long-term financial interests and solvency.
- Implement the global risk strategy approved by the BoD and ensure that management devotes sufficient time to risk issues.
- Ensuring an adequate and effective internal governance model and an internal control framework, including a clear organizational structure and independent internal risk management functions.
- Promote the risk culture across the BCP Group, addressing risk awareness and appropriate risk-taking behaviour.
- Promote a corporate culture and values that foster the ethical and responsible behaviour of employees.
- Promote the development, implementation and maintenance of formal processes for obtaining, producing and processing substantive information, appropriate to the size, nature, scope and complexity of the activities carried out, as well as to the institution's risk appetite, which ensure its reliability, integrity, consistency, integrity, validity, timeliness, accessibility and granularity.

The Executive Committee is supported, to carry out its responsibilities, by several management commissions in a wide range of dimensions: Business Activity; Credit Decisions; Risk and Compliance Management; Planning, Costs and Investments; Capital Structure and Liquidity Management; Human Resources Management; Operational Resilience, Sustainability and Digital Transformation and Technology. These management commissions can benefit from the presence of one or more internal control function units (Risk Office, Compliance Office and Internal Audit) which ensures timely detection of any potential internal control deficiencies.

The Executive Committee delegates in the Risk Commission, the Compliance and Operations Risk Commission (CORC) and the Operational Resilience Commission, the mission of monitoring the risks the Group is exposed to, as well as the deficiencies identified regarding the internal control system. These commissions are also responsible for monitoring the adoption of corrective measures and the overall progress of open recommendations. Furthermore, the CORC may also evaluate and propose improvements to be introduced to the internal control system.

Risk Commission

This Commission is appointed by the Executive Committee and has the responsibility for defining, at an executive level, the framework and the risk management policies and instruments within the Group, establishing the respective principles, rules, limits and practices for the Group Entities, considering the risk thresholds defined by the Board of Directors.

The Risk Commission monitors the compliance of the group's risk levels with the RAF and monitors the overall risk levels for the various types of risk, ensuring that the risk levels are compatible with the goals, available financial resources and strategies that have been approved for the development of the Group's activity. This Commission also validates the compliance of risk management with the applicable laws and regulations.

This commission is also responsible for decisions on risk models and methodologies (PD, CCF, LGD, ICAAP, model validation, etc.) and for making decisions with impacts on RWA/Expected Loss (EL)/ capital requirements (resulting from changes to parameters and/or prudential methodologies) or impairment increases due to changes in the assumptions of the respective model.

Operational risks are dealt with in detail in the Compliance and Operational Risks Commission and IT and Cyber security risks in the Operational Resilience Commission.

Models Monitoring and Validation Sub-commission

The Models Monitoring and Validation Sub-Commission monitors the performance and confirms the validity of the rating systems and models used by the Bank within the scope of its risk management functions (e.g. PD, LGD, CCF, market risk, ICAAP) and informs the Risk Commission on their adequacy. Moreover, it presents the model's risk management results and suggests improvement measures to increase the model's performance and adequacy.

Credit and Non-Performing Assets Monitoring Commission

This Commission is appointed by the EC and has the responsibility of monitoring the evolution of credit risk, under various aspects:

- Monitoring of the evolution of the credit exposure and the credit underwriting process.
- Monitoring the evolution of the credit portfolio's quality and of the main performance and risk indicators.
- Monitor the results achieved by the credit monitoring systems.
- Follow-up the counterparty risk and the largest exposures concentration risk.
- Monitoring the impairment evolution and the main cases of individual analysis.
- Assessment of the recovery procedures performance.
- Monitoring the divestment in the foreclosed assets portfolio.
- Follow-up the execution of operational initiatives to support the Non Performing Assets (NPA) reduction plan.

Pension Funds Risk Monitoring Commission

This Commission is appointed by the EC and has the following competences:

- Assessing the performance and risk level of the Group's Pension Funds in Portugal.
- Establishing, for these, the appropriate investment policies and risk hedging strategies.
- Analyse and deliver an opinion on the adequacy of the actuarial and financial assumptions used for the determination of pension liabilities, based on a baseline analysis and used for the value of the assets that will finance the payment of pension liabilities.
- Issuing an opinion on materially relevant investment decisions.

Compliance and Operational Risks Commission

This Commission, appointed by the EC, has a set of attributions and responsibilities, with a view to ensuring that the Bank's activity and the entities of the BCP Group in each jurisdiction, is carried out within an appropriate framework of risk management culture and internal control, namely, to guarantee and monitor the adoption and compliance, by all the Group's Entities, with the internal and external rules that make up its activity of the relevant contractual commitments and ethical values of the organization, in order to contribute to the mitigation of compliance and operational risks, strengthening the internal control environment, mitigating or eliminating the imputation of sanctions or significant property or reputational damage.

The Commission's competences and monitoring tasks include:

- Monitoring compliance with the regulatory framework and the main deficiencies in preventing and combating money laundering and terrorist financing;
- Propose the adoption of the best technological solutions inherent to the Compliance Office activity;
- Monitoring and reporting on key interactions with Supervisors of the compliance function or legislative news;
- Evaluate the degree of implementation of the rules that regulate the Group's activity, appreciating and deciding on proposals for improvement and changes in the processes to strengthen the internal control environment;
- Promote the dissemination of a culture of operational risk management and compliance, issuing recommendations on procedures for its adoption;
- Assess and decide on proposals for improvement and changes to the processes to strengthen the internal control environment;
- Monitor the Outsourcing and IT risks and respective metrics, based on the conclusions of the monitoring reports, and prepare proposals to adapt them to the risk appetite defined;
- Assess and decide on proposed improvements to strengthen the internal control environment and mitigate operational risk, as well as on Outsourcing proposals and respective exit and improvement plans and changes to the Bank's process management;
- Analyse materially relevant events and assess the proposed mitigation measures with respect to operating losses.

Operational Resilience Commission

This Commission, appointed by the EC, has duties and responsibilities in the scope of monitoring and controlling the information systems risk, information security risk (cybersecurity), governance and data quality, personal data protection risk, and also the business continuity management policy and framework, as well as physical security.

This Commission has the following capacities and responsibilities:

- Definition of guidelines and approval of risk management policies monitored by the Commission;
- Regular review of emerging threats and most relevant trends in terms of data security and information technology, with a particular focus on cybersecurity, and promotion and evaluation of new controls and protection solutions;
- Analysis of periodic reports of security incidents of information systems, governance and data quality and physical security, identifying measures for remediation and improvement;

- Monitoring of performance metrics of information security systems, physical security and protection and data quality;
- Monitoring the implementation of initiatives and projects in the areas of information security and information systems, governance and data quality, physical security and business continuity (global and local);
- Review of security and business continuity assessment results, including internal and external audits and monitoring of improvement processes and closing associated recommendations;
- Approval of the annual plans for security assessment exercises, DRP (Disaster Recovery Plan) and business continuity (PCN), as well as the respective quantitative/qualitative evaluation and monitoring of any associated improvement initiatives;
- Articulation with subsidiaries on the subject of physical security policies, information security, business continuity and protection and data quality.

Sustainability Commission

This Committee is responsible for defining and monitoring the initiatives that ensure the implementation of the Sustainability Master Plan (SMP), in its strategic axes (Environmental, Social and Governance), in accordance with the guidelines defined by the EC.

It has the following attributions and responsibilities:

- To assist the EC in the integration of Sustainability principles (Environmental, Social and Corporate Governance) in the Bank's decision-making and management processes;
- Promote the adequacy of credit risk management processes and the offer of products and services to the evolution of the regulatory context within the scope of Sustainable Finance;
- To assess and approve the initiatives required to implement the actions defined to materialize the strategic axes of the SMP in force, as well as other changes or adaptations necessary to meet the defined objectives;
- To follow-up and monitor the progress of approved initiatives, compliance with the respective deadlines and budgets and the evolution of the results achieved, as well as the key performance indicators of the plan’s dimensions;
- Develop communication actions necessary for the knowledge and dissemination, by the Bank and the market, of the performance in Sustainability matters.

Digital Transformation and Technology Committee

This Committee is responsible for monitoring the initiatives of the strategic plan concerning digital transformation and technology, as well as overseeing innovation and transformation projects whose scale and impact justify it, including those related to digital banking platforms and capabilities. It is also responsible for supervising initiatives associated with the transformation of processes and operating models, leveraging the combination of emerging technologies and new platforms to enhance competitive advantages in productivity and service quality.

Among the main responsibilities of this Committee are highlighted:

- Defining priorities and monitoring Artificial Intelligence (AI) initiatives, in alignment with strategic objectives.
- Decision-making regarding the promotion of AI and new technology capabilities at various levels of the organization, through training and strategic partnerships.
- Overseeing the implementation of transversal, scalable, and reusable capabilities that act as enablers in innovation and transformation projects.
- Monitoring new trends, emerging technologies, and assessing their implications for the financial sector.

CALCO

The Capital, Assets and Liabilities Management Commission is responsible for the management of the capital, for assets and liabilities management and for the definition of liquidity management strategies at the activity level in Portugal. Specifically, is responsible for the structural management of interest rate and liquidity risks, including, among others, the following aspects:

- Establishment of management guidelines for assets, liabilities and off-balance sheet items.

- Definition of the capital allocation and risk premium policies.
- Definition of transfer pricing policy, in particular with regard to liquidity premiums.
- Monitoring of the capital and liquidity indicators, of the Recovery Plan indicators and of the execution of the Liquidity Plan.
- Definition of policies and strategies to access wholesale funding markets and definition of the liquidity buffer composition.
- Definition of the investment policy of the Investment Portfolio and monitoring of its performance.
- Definition of the types of risk coverage classified as hedge accounting.
- Definition of the strategy and positioning within the scope of the interest rate risk and structural FX risk management, as well as of the respective policies and limits, taking into account the market conditions at any given moment.

Credit Commission

This Commission is appointed by the EC and its functions are to assess and decide on credit granting to Customers of Banco Comercial Português, in accordance with the competences established by internal Credit Granting, Monitoring and Recovery' regulations. This commission may issue advisory opinions on credit proposals from the subsidiary companies of the Group entities.

Risk Office

The Risk Office (ROFF) is the structure unit responsible for the risk control function at Group level, promoting the overall alignment of concepts and procedures concerning risk monitoring and assessment. The ROFF is responsible for informing the Board of Directors, the Executive Committee, the Risk Assessment Committee, and the Risk Commission on the general risk level, for proposing measures to improve the control environment and for the implementation of controls which assure compliance with the approved limits. The ROFF has the following functions:

- Supporting the establishment of risk management policies and methodologies for the identification, measurement, limitation, monitoring, mitigation and reporting of the different types of risk;
- Promoting the revision of the Group's Risk Appetite and the risk identification process;
- Issuing opinions related with the Group Strategic Plan and compliance of the risk management decisions considering the approved RAS limits and also on credit operations and contracting of services with related parties;
- Participate in the definition of the risk strategy and decisions related with risk management;
- Issuing opinions on the assumption of significant risks by the Bank and its subsidiaries, ensuring they are properly identified and adequately assessed;
- Assist the formulation and implementation of business strategy and internal governance and risk management structures with regard to the climate, social and internal governance (ESG - Environmental, Social and Governance) dimension in the risk management framework;
- Ensure reporting obligations within the scope of ESG risk factors and sustainable financing;
- Coordinating the NPA (non-performing assets) Reduction Plan and of the ICAAP and ILAAP processes;
- Ensuring the existence of a body of rules and procedures, of an effective IT platform and of a database for the robust and complete management of risk;
- Assist the integration of ESG data models into the Bank's IT platforms;
- Controlling, on an ongoing basis, the evolution of the different risks and compliance with the applicable policies, regulations, and limits;
- Participating in the Internal Control System;
- Preparing information relative to risk management, including ESG risk factors for internal and market disclosure;
- Supporting the works of the following Commissions: Risk, NPA Monitoring, Pension Funds Risk Monitoring and participating in the Credit Commission, CALCO, Operational Resilience, Compliance, Operational Risk, Sustainability and Digital Transformation and Technology.

The Risk Officer is appointed by the BoD, and reports to the Group Chief Risk Officer, with a functional reporting duty to the Risk Assessment Committee.

Compliance Office

The Compliance Office (COFF) is part of its organizational structure, construed upon "3 lines of defence model". It ensures the compliance function assigned to the "second line of defence", which includes control and regulatory compliance activities, analysing and advising the corporate bodies and the various Divisions of the Bank prior to the making of decisions that may involve the assumption of specific risks which are monitored by the compliance function.

Integrated autonomously and independently within the second line of the three lines of defence model, it performs the compliance function assigned to this second line, including regulatory compliance and control activities, by analysing and advising the Bank's governing bodies and various departments prior to decisions involving the assumption of specific risks under the compliance function's oversight.

Furthermore, the COFF has also the mission to:

- Ensure compliance with regulations and the organization's ethical values and fulfilling all the duties conferred on it by law, ensuring the existence of a culture of internal control, thereby helping to mitigate the risk of sanctions or significant damage to assets or reputation being attributed to Group Entities;
- Promote the development, approval, implementation, compliance verification, and periodic updating of the Code of Conduct, as well as any other procedural standards related to the prevention and combating of money laundering and terrorist financing (hereinafter "AML/CFT");
- Ensure compliance with the regulatory framework on the "AML/CFT";
- Cooperate with and monitor the activities carried out within the scope of preventing, detecting and combating fraud, as well as supervising and implementing the governance processes on Group Entities related to the fraud risk management framework;
- Participate in the definition of policies and procedures related with Conflicts of Interest and transactions with Related Parties, following-up their implementation and effective application;
- Ensure the management and controls adequacy of the whistleblowing process, in support of the Audit Committee;
- Provide support to the International Entities in the development of their activities, seeking to normalise their action principles, systems and processes, in compliance with local regulatory specifications;
- Ensure and monitor the application of the regulatory compliance programme relating to the Plan for the Prevention of Risks of Corruption and Related Offences and issue opinions on credit operations and contracting of services to related parties, which serve as support to the EC and CAUD.

The Compliance Officer is appointed by the BoD, reports to the Executive Committee, through the CRO, with a functional reporting duty to the reports directly to the Executive Committee and, functionally, to the Audit Committee, exercising his/her functions in an independent, permanent and effective manner, defining the policies, guidelines and tools that are appropriate for a proactive and preventive risks' assessment.

As a second line of defence structure responsible for compliance risk, for the risks associated with money laundering and the financing of terrorism, as well as fraud, with conduct and market abuse, with conflict of interests and for other risks of an operational nature, the COFF issues decisions, with binding force for its recipients, aiming at the legal and regulatory compliance of the various business and business support areas.

The functions attributed to the COFF are exercised in accordance with the law or with other applicable normative source, as well as by the Bank's corporate bodies, and the performance of the Compliance Office should be based on a risk approach, at the level of the business, Customers and transactions, allowing the identification, assessment, monitoring and control of compliance risks that may influence the strategy, reputation and objectives defined for the Bank.

Within the scope of opinions and the associated analyses produced at request of several Group areas and Divisions, the COFF:

- Identifies and evaluates the various types of risks - both within the scope of the Customer approval process, products and services, corporate processes, conflicts of interest, credit, as well as related parties under the terms of the legislation in force.
- Issues proposals for the correction of processes and risks mitigation.
- Permanently analyses the general supervisory environment and, in general, provides specialised support in matters of control and regulatory compliance.

Within the scope of its specific functions, the COFF also ensures an assessment and intervention in what concerns:

- The control and monitoring of compliance risks.
- The Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT).
- The prevention, monitoring, and combating of internal and external fraud.
- The mitigation of reputation risk at all Group entities, aiming at the alignment of concepts, practices and goals in these matters.

In compliance with the Principle of Coherence of the Group's internal control, the 1st responsible for the Compliance Officer of BCP is also responsible for the follow-up and monitoring of the compliance activities and Policies at Group level, highlighting the follow-up and monitoring of the AML/CFT risk through the International AML/CFT Committees, with the participation of the management and Compliance Bodies of the local units.

The COFF is also responsible for coordinating the process of structuring, drafting and approving the annual self-assessment reports on the effectiveness of the organisational culture and the governance and internal control systems, both individual and consolidated, and on the ML/FT prevention system to be submitted to the Banco de Portugal and the Securities Market Commission, under the terms of the respective Notices and Regulations, and as well for the preparation and submission of reports to the management body, at least once a year, identifying the compliance flaws verified and the recommendations issued for their correction.

Additionally, COFF promotes the alignment of controls and the sharing of best practices within the BCP Group, working collaboratively with all international entities to enhance and adapt internal controls.

The COFF fosters, intervenes and actively participates in the training policy of Employees, namely, through training actions in Compliance, for the entire universe of the Group, maintaining a large knowledge repository for matters of its competence, namely, in what concerns the AML/CFT.

Audit Division

The Audit Division (DAU) provides functions of the third line of defence, under the scope called "Model of the 3 lines of defence" and is responsible for assessing the adequacy and effectiveness of the risk management process, the internal control system and the governance models. DAU performs its function on a permanent and independent basis and in accordance with the internationally accepted principles and best practices of internal auditing, carrying out internal audit inspections to assess the systems and processes of internal control and risk management which can give rise to recommendations aimed at to improve its efficiency and effectiveness.

The main functions of the DAU in the scope of risk management are to ensure that:

- The Risks are properly identified and managed and that the controls implemented are correct, adequate and proportional to the Bank's risks;
- The Bank's internal capital and liquidity assessment system is adequate in terms of the risk exposure level;
- Transactions are recorded correctly in the systems of the Bank, and the operational and financial information is true, appropriate, material, accurate, reliable and timely;
- The Employees perform their duties in accordance with internal policies, codes of conduct, rules and procedures and with the legislation and other applicable regulations;
- The goods and services necessary for the Bank's activity are purchased economically, are used efficiently and are properly protected;
- The Legal and regulatory provisions with a significant impact on the organization are recognized, properly assimilated, and integrated into the operational processes;
- The Bank's governance model is adequate, effective, and efficient;

- Open internal control recommendations are monitored.

The Head of DAU reports hierarchically to the Chairman of the Board of Directors and functionally to Audit Committee, is responsible for the general supervision and coordination of the internal audit activities of the BCP Group subsidiaries and attends the meetings of the Audit Committee of the subsidiaries of the BCP Group and while the third line of defense supports the supervisory (CAUD), administration (CA) and executive (EC) bodies.

Main developments and accomplishments in the first semester of 2025

In the first semester of 2025, the risk management function maintained its focus on continuously improving the risk control framework and monitoring the levels of risk to which the Bank is subject, ensuring compliance with regulatory and supervisory requirements, and to anticipate the potential impacts of new risk factors (e.g. climate and environmental risks, geopolitical risks and cybersecurity risks).

The most relevant activities developed during the first semester of 2025 were, synthetically, as follows:

- Monitoring the level of compliance with the risk limits, in particular the RAS, at the consolidated level and of the main entities;
- Preparation of quarterly Risk Assessment Reports updating the perspectives for the evolution of the risks to which the Bank is subject in its activity and the risk strategy to address them;
- Implementation of processes and procedures to accommodate the new methodologies for determining regulatory capital resulting from CCR3 (Capital Requirements Directive)
- Completion of the annual ICAAP and ILAAP reports, and regular monitoring of the Group's capital adequacy and liquidity adequacy assessment processes;
- Participation in the 2025 capital stress test exercise conducted by the EBA
- Continuous improvement of the internal governance, management, measurement and control of risk at the Group level, through the strengthening of credit risk monitoring, the inclusion of climate and environmental risk factors in the global risk management framework and monitoring of its implementation within the scope of the RAS;
- Close monitoring of the financial situation of clients, with the aim of identifying situations potentially affected by the macroeconomic and geopolitical context, anticipating possible difficulties in fulfilling their responsibilities;
- Control of the interest rate risk of the banking book, including the monitoring of basis risk and credit spread risk;
- Review, update and implementation of NPA reduction plans and exposure to corporate restructuring funds
- Participation in the CDP – Carbon Disclosure Project and Corporate Sustainability Assessment (S&P Global) questionnaires.
- Update of the methodologies for the materiality assessment exercise of C&E risk factors, namely for corporate transition risk and sovereign risks;
- Monitoring of ESG metrics for the relevant portfolios and business lines;
- Development, approval and disclosure of the Group's sectoral decarbonization targets (Portfolio Alignment / target setting);
- Monitoring of the "Business environment analysis" to assess the impact in the short, medium and long term of the "Political, Economic, Societal, Technological, Legal and Environment" dimensions in the Bank's main risk categories;
- Consolidation of the liquidity management framework in recovery planning and resolution contexts;
- Completion and presentation of the 2024 annual Risk Self-Assessment (RSA) exercise;
- Monitoring and control of Outsourcing risk and Information and Communication Technology (ICT) risks;
- Participation in the alignment of the bank's processes with Regulation (EU) 2022/2554 (DORA - Digital Operational Resilience Act);
- Participation in the update of the Group's Recovery Plan for 2025;

- Monitoring of the implementation process of circular letters issued by Banco de Portugal CC/2024/33 (prevention and settlement of default on credit agreements – PARI and PERSI processes) and CC/2024/35 (policies and procedures for identifying and marking debtors in financial difficulties and loans restructured due to financial difficulties of individuals);
- Follow-up of several On-Site Inspections and Deep Dive exercises of the Supervisory Entities.

The compliance function maintained its focus on the continuous improvement of the Group's compliance risks' control environment, ensuring, fulfilling regulatory and supervisory requirements and updating the internal regulation's compliance risk management and control framework.

The most relevant activities and initiatives developed during 2024 were, as follows:

- Identification and due diligence, for the appropriate pre-validation, substantive and formal, of the opening and maintenance of entities and accounts and credit operations, in a context of increased risk, with the issuance of successive sanctions packages.
- Examination of operations, with emphasis on the filtering operations process, essential for complying with the sanctions and embargo regimes decreed by the competent national and supranational authorities, and their monitoring, with a view to detecting and preventing potentially irregular situations.
- Control, by improving IT systems and monitoring mechanisms, adapting them to new regulatory requirements and new risk factors, contributing to the effectiveness of the AML/CFT risk management model.
- Communication, adapting governance and processes in order to inform the competent authorities in a timely manner whenever there are suspicions or sufficient reasons to suspect that certain funds or other assets, regardless of the amount involved, come from criminal activities or are related to their financing, in a context of growing risk factors in this area.
- Collaboration with all the supervisory and inspection bodies responsible for the activity of BCP and its Subsidiaries in Portugal.
- Co-operation with Direção-Geral de Política Externa of the Foreign Office and with Gabinete de Planeamento, Estratégia, Avaliação e Relações Internacionais of the Ministry of Finance, ensuring compliance with the regulatory and legal framework on restrictive measures.
- Training, through the fulfilment of a training and communication plan.
- Prevention, detection, and monitoring of external and internal fraud.

This functional perimeter, based on dedicated technological solutions, also provides for the definition and management of risk models according to the evolution of the various competing variables for establishing the scorings to be applied to operations. Also noteworthy is the development of new, more effective and efficient solutions based on automation processes for analysing the risk factors inherent in new account openings and transaction screening, and the effort to update internal rules in order to bring them into line with recent changes in the legislative environment. Of the various initiatives undertaken, we would highlight:

- Strengthening of automated control processes related to the screening of entities and transactions to ensure continuous and timely compliance with sanctions and embargoes imposed by various European and international bodies in a more demanding context.
- Reinforcement of the model of an integrated view of Customers in the business relationship with the Bank and the inherent risk factors, in order to strengthen effectiveness in the fulfilment of AML/CFT duties, mainly identification and diligence, control, examination and communication.
- Strengthening the AML/CFT risk control in the client onboarding process, across different segments, products, services, and jurisdictions involved in business relationships.
- Strengthening AML/CFT risk control in the context of periodic and extraordinary client reviews, across different segments, products, services, and the jurisdictions involved in business relationships.
- Continued development of automatic solutions that promote alignment and cooperation between the Bank's first and second lines of defence in fulfilling the various AML/CFT duties.
- Reinforcement of controls over Correspondent Banks, ensuring a timely periodic review of their AML/CFT practices and policies according to their risk, the assessment of which now includes a set of new risk factors, in compliance with recent regulatory changes and restrictive measures.
- Continuing to strengthen, train and specialise the Compliance Office teams in the various dimensions of PBC/FT.

Still within the scope of AML/CFT activities, it is worth highlighting the publication of a new European legislative package, which will take effect starting in 2027. Additionally, attention is drawn to the amendment of Banco de Portugal Notice No. 2/2025, which modifies Notice No. 3/2020, concerning the organizational culture, governance systems, and internal control of entities supervised by Banco de Portugal. It is also crucial to highlight CMVM Regulation No. 3/2025, which amends CMVM Regulation No. 9/2020, establishing guidelines regarding reporting obligations.

With regard to the effectiveness of the internal control system contribution, the role of the Compliance Office in monitoring the implementation of the internal control recommendations should be emphasised, namely through the issuing of periodic reports to the Bank's Management and Supervisory Bodies responsible for monitoring them and participation in a working group aimed at promoting their implementation.

In 2025, we continued to strengthen the Compliance culture within the Bank by developing new communication initiatives aimed at raising awareness among employees and commercial structures about activities or transactions that may be related to illicit activities. Within this framework, we launched the “Desconfia” section, where we addressed some indicators of suspicion that can be identified in current accounts, credit operations, or fund transfers. Regarding fraud prevention, we covered both internal and external aspects, with specific sections such as “Compliance Cases” and “Internal Fraud.”. Topics related to the Code of Conduct also received special attention, notably the performance of extracurricular activities and conflicts of interest. Data updating remains a priority and strategic focus for the Bank and has been the subject of awareness campaigns across the network. With an emphasis on simpler, clearer, and more objective communications, Compliance topics have garnered greater interest from all employees, which has been reflected in repeatedly achieving first place among the most-read news on the front page of the Portal.

As for the most important training activities, we would highlight: i) Personal Data Protection, ii) the Importance of Government and Data Quality, iii) Information Security., among others.

In pursuit of aligning strategies and priorities in the risk management of the Group's Operations, efforts continued to update Group policies, also applicable to International Operations, ensuring that there were no delayed documents.

In addition, the Compliance Office strengthened its monitoring of the activity of the Compliance function in those Operations, implementing a series of initiatives, including:

- Continued efforts to adapt the Group's entities' response capacity to the challenges posed by compliance and regulatory issues, in particular by promoting training programmes for local compliance teams.
- Consolidation of control procedures, particularly on new business relationships and high risk AML/CFT products.
- Monitoring and collaborating in the resolution of control deficiencies identified by external auditors.
- Collaboration in the implementation of new IT platforms to reinforce AML/CFT.
- The approval of measures that simplify, within the legally imposed limits, internal procedures, resulting in a gain in operational efficiency.
- The timely delivery of all regulatory reports to the various authorities.

It should be noted that monthly reports analysing the transactions of high-risk customers were issued.

The internal audit function, in its role as the third line of defence of the Bank's internal control system, continued focusing its activity on independent evaluation and reporting to its stakeholders, particularly the Audit Committee and the Board of Directors, on the adequacy and effectiveness of organizational culture, risk management processes, internal control system, and governance models of the Bank and the Group.

In this context, the following activities were undertaken by the internal audit function during the first half of 2025:

- Execution of the approved audit plan and other audits or analyses requested by the Bank's governing bodies, safeguarding its independence, or by supervisory authorities, resulting in the issuance of audit reports on Bank’s processes, commercial networks’ branches, and Bank’s subsidiaries, among other topics, with the conclusions from the evaluations performed;

- Issuance of recommendations based on the conclusions from the audit missions and evaluations performed, and promotion, monitoring, and certification of both the effective implementation of appropriate corrective measures by the audited units, based on timelines adjusted to the severity of deficiencies, and the deficiencies identified by other areas or entities whose follow-up has been assigned to the internal audit function;

- Production of management information on internal control recommendations addressed to the Bank and preparation of follow-up reports on activities carried out by the internal audit function and the implementation status of open recommendations;

- Preparation of the strategic plan for the internal audit function for the 2025-2028 period, which was approved by the Board of Directors, after hearing the opinion of the Audit Committee and the Executive Committee. This plan outlines the major guidelines and goals for the function during this period, in consistency with the Bank's objectives and risk tolerance levels, ensuring adequate coverage of risks the Bank faces, and establishes initiatives to be developed to pursue these goals along with their timeline;

- Execution of the 2025 edition of the "Syncro Internal Audit Project," focused on seeking the best solutions to standardize key concepts, general principles, and guidelines applicable to the internal audit function at the different Group entities. The 2025 edition involved internal audit teams of BCP (Portugal), Bank Millennium (Poland), and Millennium bim (Mozambique), resulting in the BCP Board of Directors' approval of a Group Code establishing common principles that should guide the internal audit teams' activities in the different geographies;

- Development of analyses and issuance of opinions on the adequacy of the Bank's internal control system, particularly concerning its internal regulations, within the scope of its duties and competencies;

- Analysis of gaps and preparation of the internal audit function to accommodate changes made by Banco de Portugal in Notice No. 3/2020 and Instruction No. 18/2020, which regulate conduct, organizational culture and governance and internal control systems, as well as the related reporting duties, respectively, through the issuance of Notice No. 2/2025 and Instruction No. 4/2025, impacting its duties and responsibilities;

- Support to the Bank's external auditors within the scope of their activity and monitoring of various inspections carried out by supervisory authorities, with particular emphasis on the ECB On-Site Inspection on the internal audit function, finished in the period under review, and preparation of action plans to address deficiencies identified during the course of the audit;

- Extension of the coverage of the IT application supporting the audit function to the recommendations issued by the Bank's 2nd line of defence areas (Risk Office and Compliance Office) and by the Model Monitoring and Validation Office, thus ensuring integration of all internal control recommendations (including, in addition to these, those issued by the Audit Division and external entities, such as supervisors and external auditors) in the workflow supporting regular monitoring and certification of the implementation of recommendations;

- Preparation for the upgrade of the IT application supporting the audit function, scheduled for the 3rd quarter of the year, and development of IT tools and processes to support audit activities, particularly continuous audit, and other activities specific of the internal audit function, involving Machine Learning and Artificial Intelligence;

- Continuing to implement the initiatives defined within the scope of the internal audit function's self-assessment exercise carried out in 2024, as well as internal quality reviews of the audit missions executed during the period under review, as part of the quality assurance program;

- Continued training for Audit Division employees, according to the established integration and continuity training programs, including external and internal training modules in several areas relevant to the internal audit function. Thus, in the 1st half of 2025, the preparation of several auditors for obtaining CIA or CISA certifications continued, and specific training sessions were held, including topics such as IRB models, market risk, financial assets valuation, ESG, internal and external fraud, or changes resulting from Notice No. 3/2020 and Instruction No. 18/2020, in addition to those related to the continuous training program of the Data Science & Automation team.

Credit risk

The materialisation of this risk arises from the losses in the loan portfolio, due to the incapacity of borrowers (or their guarantors, when applicable), issuers of securities or contractual counterparts to comply with their credit obligations.

The control and mitigation of this risk are carried out through a solid and reliable structure of risk analysis and assessment, based on internal rating systems suited to the different business segments, through a model for the early detection of potential default of the portfolio, through processes regarding the management and follow-up of the collateral value and through structural units that are exclusively dedicated to credit recovery.

Evolution and breakdown of the loan portfolio

The next table presents the evolution of the Group's portfolio subject to credit risk and counterparty credit risk between December 31, 2024, and June 30, 2025, in terms of EAD (Exposure at Default) (*), in the three main geographies in which the Group operates - Portugal, Poland and Mozambique - which represented the Group's total EAD by June 30, 2025.

(million euros)

Geography	Jun. 25	Dec. 24	Change	
			Amount	%
Portugal	66,961	65,656	1,305	2.0%
Poland	32,284	30,549	1,735	5.7%
Mozambique	2,568	2,811	-243	(8.6)%
TOTAL	**101,813**	**99,016**	**2,797**	**2.8%**

* The EAD represents the expected exposure if the customer defaults. 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.

Without impairment deduction to the exposures treated prudentially under the Standardized Approach (STD) and including all risk classes (i.e. besides credit to Customers, debt positions from Sovereign entities and Institutions are included).

Considering the position on December 31, 2024, as a basis for comparison, the Group's loan portfolio, measured in euros (EUR), registered an increase of 2.8% during the first half of 2025. This evolution is explained by growth in Portugal and Poland and a decline in Mozambique.

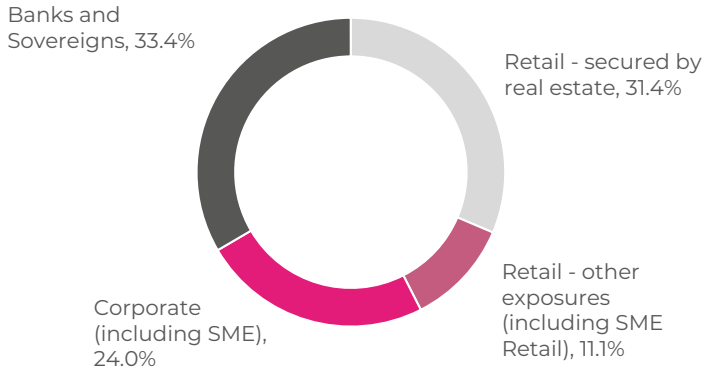
The increase in the portfolio in Portugal is associated with the growth in institutional exposures and corporate and retail portfolios.

In Poland's loan portfolio there was an increase of 5.7%, measured in euros, largely explained by the increase in Sovereign and Institutional exposures, which amounted to approximately EUR 2 billion, offset by a decrease in credit exposure to corporate and retail portfolios, which amounted to €224 million.

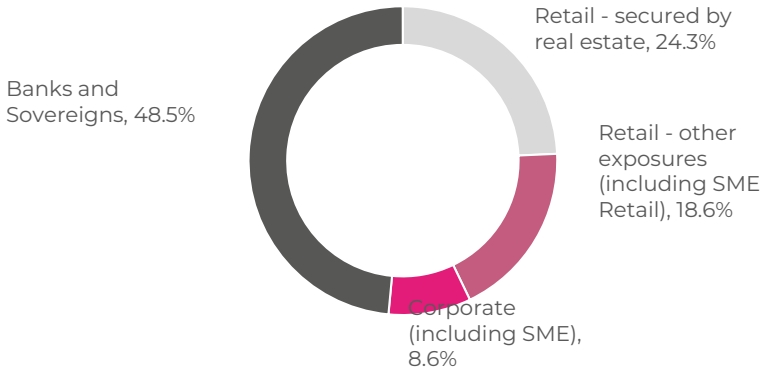
Regarding Mozambique, there was a 8.6% decrease in the loan portfolio, measured in euros, mainly due the devaluation of the metical against the euro.

The portfolio composition by risk classes is illustrated by the following graphs, in June 30, 2025:

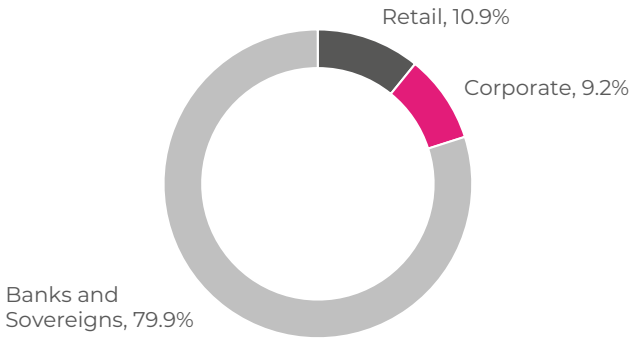
Portugal



Poland



Mozambique



In what concerns the structure of portfolios by counterparty segment, in Portugal the most significant portion continues to be assumed by the retail segment with 42.5% of the total, approximately three-quarters of which relates to exposures benefiting from mortgages. The Corporate segment has a weighting of around 24%, slightly lower than at the end of 2024 with a slight decrease in the weight of the Banks and Sovereigns segment, which accounted for 33.4%.

In Poland we highlight the Retail segment, with a weight of 42.9%, observing a decrease in the weight of exposures collateralized by mortgage guarantee to 24.3%, observed mainly in the CHF loan portfolio. In addition, there was a slight decrease in the weight of the Corporate segment and an increase in the Banks and Sovereigns component, ending the first half of 2025 with weightings of 8.6% and 48.5%, respectively..

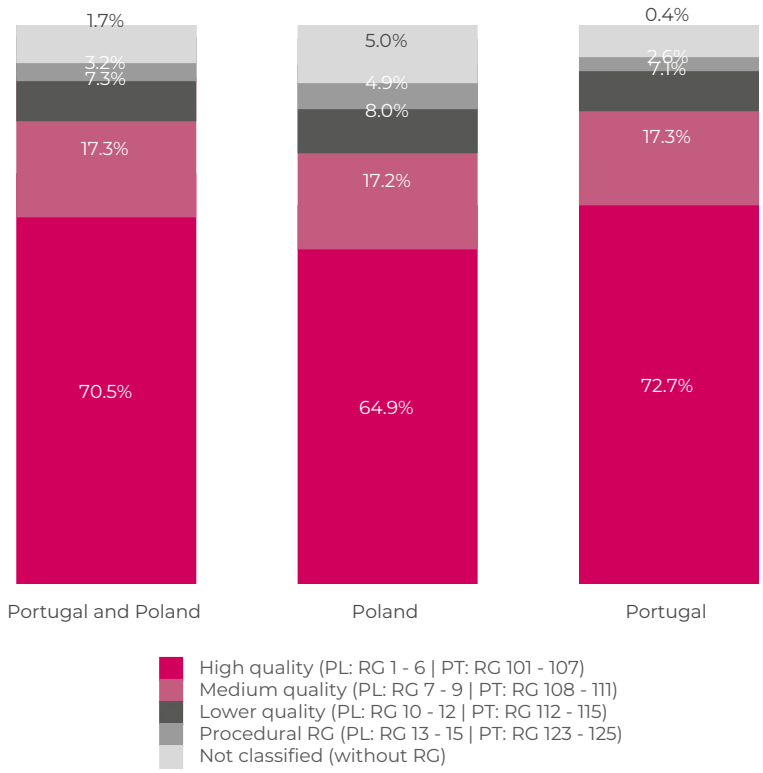
Regarding Mozambique, it is worth noting the importance of the Banking and Sovereign segment, which represented 79.9% of the portfolio. The Corporate and Retail segments accounted for 9.2% and 10.9%, respectively, reflecting an increase of 0.6 and 0.5 percentage points in their respective shares.

The Bank has periodically updated the sectors considered most vulnerable, taking into account developments in the prevailing environment, characterized by multiple geopolitical conflicts, instability in several key European countries, particularly political uncertainty, modest economic growth, and budgetary pressures. Added to this context are the changes resulting from the change of leadership in the United States, particularly with regard to trade and security measures and policies with significant impacts on international trade and geopolitical alliances.

Probability of Default (PD) and Loss Given Default (LGD)

The main parameters for credit risk assessment, used in the calculation of Risk Weighted Assets (RWA) within the scope of the Internal Ratings Based method (IRB) - the Probability of Default (PD) and the Loss Given Default (LGD) – assigned to the portfolio's credit operations, have been showing a positive overall positive evolution, reflecting a trend of improvement in the portfolio's quality.

The following graph illustrates the distribution of the portfolio amounts, in terms of Exposure at Default (EAD) by the risk grades (internal ratings) attributed to the holders of credit positions in Portugal and Poland, on June 30, 2025. These risk grades (RG) are defined on an internal scale (the Rating Master Scale), with 15 risk grades, corresponding to different levels of debtors' PD. Risk grades 123 to 125 in Portugal and 13 to 15 in Poland are called "procedural" and correspond to problematic credit; RG 125 in Portugal and 15 in Poland corresponds to the Default status.



As shown in the chart above, the weight of EAD corresponding to medium and higher quality risk grades, in the two geographies concerned, represented 87.8% of total EAD as of June 30, 2025. This weighting compares with weights of 86.8%, 82.9%, 82.3% and 80.9% at the end of 2024, 2023, 2022, and 2021, respectively, reflecting a consistent favorable trend. The weight of higher quality risk grades grew in Portugal between December 2024 and June 2025, from 70.2% to 72.7%, and in Poland, from 64.7% to 64.9%.

Regarding the weight of exposure in the set of the two geographies corresponding to customers with procedural risk grades, it reached 3.2% on June 30, 2025, maintaining the downward trend in previous years: 3.7% (2024), 4% (2023), 4.2% (2022) and 4.8% (2021). In the case of Portugal, the trend of reduction is faster: 3% (2024), 3.2% (2023), 3.7% (2022) and 4.7% (2021).

Regarding the LGD parameters, representative of expected losses in case of Default and which, to a good extent, reflect not only the efficiency of credit recovery according to the different types of credit segments/products, but also the collateralization levels of credit operations, the following table shows the respective average values for Portugal (weighted by EAD) in June 2025:

	Mortgages	SME Retail	Retail (other)	Real Estate Promotion	SME Corporate	Corporate	GLOBAL AVERAGE
30 June 2025	16.5%	30.9%	37.4%	25.9%	40.8%	38.1%	25.0%

It should also be noted that around 24% of the corporate loan portfolio in Portugal benefits from guarantees issued by various entities (Mutual Guarantee Societies; European Investment Fund and European Investment Bank), which provide an additional level of protection in the event of default, which is not reflected in the values presented above.

In Poland as well, part of the corporate loan portfolio benefits from this type of guarantee (around 21%).

Main credit risk indicators

The following chart presents the quarterly evolution of the main credit risk indicators, between June 30, 2024 and June 30, 2025, for the Group and the portfolios of Portugal, Poland and Mozambique:

	Jun 25	Mar 25	Dec 24	Sep 24	Jun 24
CONSOLIDATED					
NPE/Gross credit	**2.7 %**	3.0 %	3.2 %	3.4 %	3.4 %
NPL > 90 days / Gross credit	**0.8 %**	0.9 %	0.9 %	0.9 %	0.9 %
Past due credit / Gross credit	**1.0 %**	1.1 %	1.1 %	1.1 %	1.1 %
Impairment / Gross credit	**2.3 %**	2.4 %	2.6 %	2.7 %	2.8 %
PORTUGAL					
NPE/Gross credit	**2.0 %**	2.2 %	2.5 %	2.7 %	2.9 %
NPL > 90 days / Gross credit	**0.5 %**	0.5 %	0.5 %	0.6 %	0.5 %
Past due credit / Gross credit	**0.5 %**	0.6 %	0.6 %	0.6 %	0.6 %
Impairment / Gross credit	**1.9 %**	2.0 %	2.3 %	2.4 %	2.5 %
POLAND					
NPE/Gross credit	**4.3 %**	4.5 %	4.5 %	4.7 %	4.6 %
NPL > 90 days / Gross credit	**1.5 %**	1.6 %	1.6 %	1.6 %	1.6 %
Past due credit / Gross credit	**2.0 %**	2.2 %	2.1 %	2.1 %	2.1 %
Impairment / Gross credit	**3.2 %**	3.3 %	3.2 %	3.3 %	3.4 %
MOZAMBIQUE					
NPE/Gross credit	**5.0 %**	5.2 %	5.0 %	5.1 %	5.4 %
NPL > 90 days / Gross credit	**2.8 %**	2.8 %	2.8 %	2.8 %	2.9 %
Past due credit / Gross credit	**4.2 %**	3.1 %	2.9 %	3.9 %	3.1 %
Impairment / Gross credit	**4.5 %**	4.5 %	4.1 %	4.2 %	4.3 %

Gross credit = Direct credit to clients, including credit operations represented by securities, before impairment and fair value adjustments. NPE include loans to Customers only.

The evolution of credit risk indicators during the first half of 2025 was favourable at the consolidated level and particularly in Portugal.

At the consolidated level, this positive evolution is evidenced in the ratios 'NPE/Gross credit', 'NPL > 90 days / Gross credit' and 'Past due credit/Gross credit', with a reduction in percentage points of 0.5, 0.1, and 0.1, respectively. In Portugal, between December 2024 and June 2025, there was also an improvement in the 'NPE/Gross credit' and 'Past due credit/Gross credit' indicators, with a reduction of 0.5 and 0.1 percentage points, respectively.

The positive dynamics of these ratios are the result of the effort in recent years to reduce loans classified as non-performing.

The low value of the overdue credit ratio in Portugal (0.5%), when compared to the NPE ratio (1.9%), shows that a very significant part of the NPE ś portfolio is associated with "unlikeness to pay" situations".

It should also be noted that between the end of 2024 and June, 2025, the consolidated 'Impairment/ Gross Credit' ratio decreased marginally by 0.3 percentage points, due to an improvement in the portfolio's quality.

In Poland, there was a slight decrease of 0.2 percentage points in the 'NPE/Gross Credit' indicator and a decrease of 0.1 percentage points in the 'NPL> 90 Days/Gross Credit' and 'Past due credit / Gross Credit' ratios.

Despite the persistence of an increasingly challenging economic and financial environment, the operation in Mozambique maintained stable 'NPE/Gross Credit' and 'NPL > 90 days / Gross Credit' ratios, while other credit risk indicators recorded increases during the first half of 2025.

NPA Reduction Plan

The implementation of the Group's NPA (non-performing assets) Reduction Plan remained a priority throughout the first half of 2025, in its two components - problem loans (NPE-non performing exposures) and assets received in credit repayment (FA-foreclosed assets) - focusing mainly on the NPE loan portfolios and FA properties held for sale in Portugal.

The NPA Reduction Plan is framed by a specific governance model and a robust management framework, based on specialized credit recovery areas and systematized recovery strategies - both resulting from automatic analysis and decision models (for Retail) and based on the relationship of the recovery managers with their Corporate Clients, with tailor-made solutions. In order to respond to the challenges posed by changes in the business environment, particularly the impact resulting from a challenging geopolitical backdrop and increased financing costs for customers, the Bank has been developing and strengthening the methodologies and installed capacity of the monitoring and recovery areas, in order to ensure adequate monitoring of the most potentially impacted exposures and to minimize expected losses.

The FA management is based on a specialized structure, privileging circuits and procedures oriented towards the speed of the reception-preparation-sale cycle and the enhancement of the properties' values, in order to facilitate the sale of these assets.

The NPA Reduction Plan is supported by a set of operational initiatives designed with the objective of promoting an increasing effectiveness in the management of credit processes and foreclosed assets.

The fulfilment of the reduction targets of each area involved in the reduction of NPA is measured on a monthly basis and reported to senior management, namely to the Credit and Non-performing Assets Commission.

The following table presents the evolution of NPE volumes between June 30, 2024 and June 30, 2025, for the Group and for Portugal:

(Million euros)

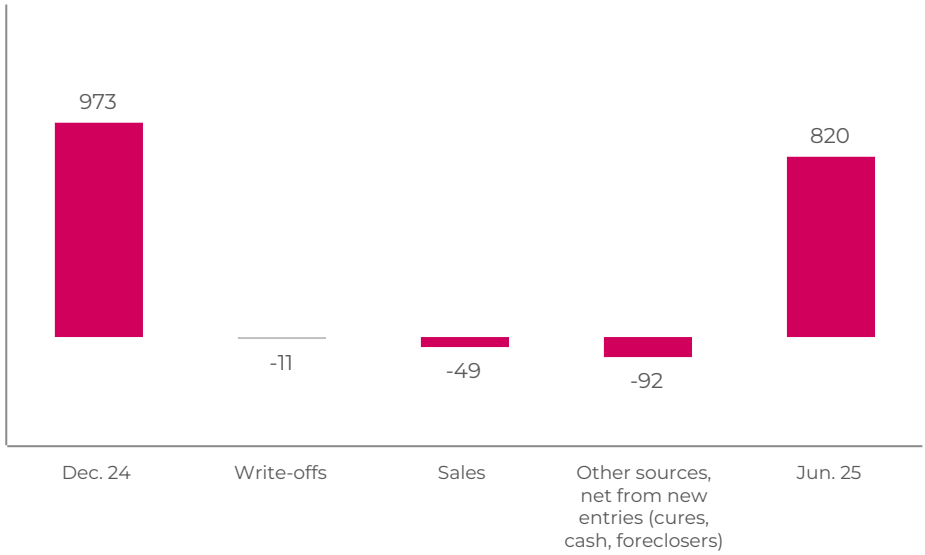
	Jun 25	Mar 25	Dec 24	Sep 24	Jun 24
CONSOLIDATED	**1,630**	1,718	1,825	1,933	1,965
Change (Semester/Year)	-195		-141		14
PORTUGAL	**820**	841	973	1,045	1,109
Change (Semester/Year)	-153		-137		3

Comparing the size of the exposure of Customers classified as NPE at the end of the first semester of 2025 with that seen at the end of 2024, we see a positive evolution, with a reduction of EUR 195 million at consolidated level and EUR 153 million in the activity in Portugal, which corresponds to a contraction of 10.7% and 15.7%, respectively. This result reflects the continued success achieved over the last few years in identifying and implementing solutions to reduce the non-productive assets.

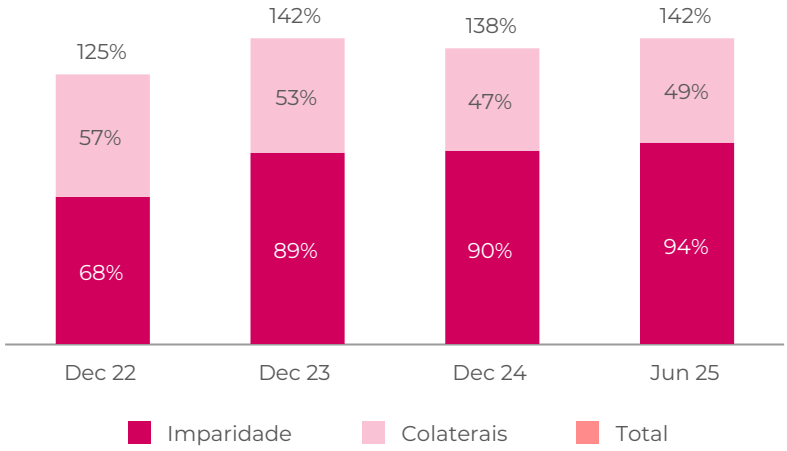
With regard to the type of operations that explain the reduction in NPEs in Portugal in the first half of 2025, the following graph highlights the contribution of loan sales, whose gross value amounted to €49 million, and write offs, which amounted to EUR 11 million. The combined effect of the other sources of NPE reduction and new entries had a downward impact of EUR 92 million, with the universe of customers classified as NPE in June 30, 2025 being made up essentially of small corporate cases.

The universe of clients classified as NPE in June 2025 is primarily composed of individual and small corporate cases.

(million euros)



The following chart, which refers to domestic developments, shows that the reduction in NPEs was accompanied by an increase in the NPE portfolio coverage ratio for impairment to 94%. It is also possible to see an increase of 4 percentage points in the total coverage ratio (impairments + collateral) to 142% at the end of the first half of 2025, with an increase in the weight of collateral coverage to 49%.



The trend observed in the first half of 2025 regarding assets on the balance sheet resulting from credits repayment (foreclosed assets - FA) was favourable, as shown in the following table, which presents the evolution of the total stock of FA in Portugal and its breakdown into the different types of assets, as well as the aggregate value of assets of this nature of subsidiaries abroad (amounts before impairment):

(Million euros)

	Jun. 25	Dec. 24	Dec. 23	Dec. 22
Real estate properties	82	92	169	262
Real estate Funds and companies	55	55	75	182
Other assets (non-Real estate)	53	54	57	73
SUB-TOTAL - Portugal	**190**	**201**	**300**	**517**
Other geographies Foreclosed Assets	60	64	57	65
GROUP TOTAL	**250**	**265**	**357**	**582**

Compared to the position at the end of 2024, there was a 5.9% reduction in the FA portfolio. The overall reduction in Portugal amounted to EUR 11.3 million, explained by the reduction in the Real Estate properties component, which amounted to €10 million.

During the first half of the year, it is worth highlighting the decrease in real estate assets in the gross amount of €16 million (approximately 6% of the portfolio), based on commercial sales dynamics and relatively low volumes of new entries. Assets received in the first half of 2025 amounted to approximately €12 million, with a significant weighting of non-residential assets (85%).

In international operations, the portfolio of real estate assets received in payment was reduced by €5 million (7.8% of the portfolio as of December 2024), explained by the reduction of these assets in Mozambique.

Credit concentration risk

The following chart presents the weights, in total exposure, of the Group's 20 largest performing exposures (non-NPE), as of June 30, 2025, in terms of EAD and using the concept of "Groups of Clients/Corporate Groups", excluding the risk classes of "Banks and Sovereigns":

	Jun. 25	Dec. 24
Client Groups	Exposure weight in total (EAD)	Exposure weight in total (EAD)
Client group 1	0.7%	0.7%
Client group 2	0.4%	0.5%
Client group 3	0.4%	0.5%
Client group 4	0.4%	0.4%
Client group 5	0.4%	0.3%
Client group 6	0.3%	0.3%
Client group 7	0.2%	0.2%
Client group 8	0.2%	0.2%
Client group 9	0.2%	0.2%
Client group 10	0.2%	0.2%
Client group 11	0.2%	0.2%
Client group 12	0.2%	0.2%
Client group 13	0.2%	0.2%
Client group 14	0.2%	0.2%
Client group 15	0.1%	0.2%
Client group 16	0.1%	0.1%
Client group 17	0.1%	0.1%
Client group 18	0.1%	0.1%
Client group 19	0.1%	0.1%
Client group 20	0.1%	0.1%
Total	**4.8%**	**5.0%**

Overall, the 20 largest productive exposures represented 4,8% of total EAD on June 30, 2025, compared with a weight of 5% on December 31, 2024. Hence, there was a decrease in the concentration of credit in the 20 largest productive exposures, measured in terms of EAD.

It should be noted that, in addition to complying with the regulatory limits on Large Exposures, the Group defines specific objectives for controlling credit concentration, materialized into RAS metrics. Furthermore, other indicators are periodically monitored for various types of credit concentration: single-name, by sectors of activity, by country, for Institutions and for Sovereign risks.

Operational risk

Operational risk materializes in the occurrence of losses resulting from failures or inadequacies of internal processes, systems or people, or resulting from external events.

In the management of this type of risk, the Group adopts duly documented principles and practices, promoting the continued improvement of the control environment. This framework has a variety of features, such as: functions segregation, definitions for lines of responsibility and respective authorisations' levels, tolerance limits for exposure to risks, appropriate internal regulations' framework (including ethical codes and codes of conduct), risks self-assessment (RSA) exercises, assessment and monitoring of the risks over technological assets, information security and Outsourcing, key risk indicators (KRI), access controls (physical and logical), reconciliation activities, exception reports, loss events data capture, a structured process for new products and services approval, contingency plans, contracting of insurance (for the total or partial transfer of risk), follow-up of the Bank's outsourcing contracts and internal training on processes, products and systems.

The operational risk management framework encompasses the three relevant Group geographies – Portugal, Poland and Mozambique – and the operational risk management system adopts the 3 lines of defence model, based on an end-to-end processes' structure. Each geography adapts its own processes' structure, which is regularly reviewed/updated. This approach, transversal to the functional units of the organisational structure, is appropriate for the perception of risks and to implement the corrective measures for their mitigation. Furthermore, this processes' structures also support other initiatives, such as the actions to improve operating efficiency and the management of business continuity.

The responsibility for the day-to-day management of operational risk lies with the 1st line of defence, with special relevance of the operations' areas and the process owners (seconded by process managers), whose mission - beyond the management of their processes' effectiveness and efficiency - is to characterise the operational losses captured under their processes, to monitor the respective KRI, to perform the RSA exercises, as well as to identify and implement appropriate actions to mitigate operational risk exposures, thus contributing to the strengthening of control mechanisms and the improvement of the internal control environment.

Operational losses capture

The operational losses data capture (i.e. the identification, registration and typification) of operational losses and of the originating events aims at the strengthening of the awareness to this risk and to provide relevant information for process owners to incorporate within their process management. As such, it is an important instrument to assess risk exposures as well as for a generic validation of the RSA results.

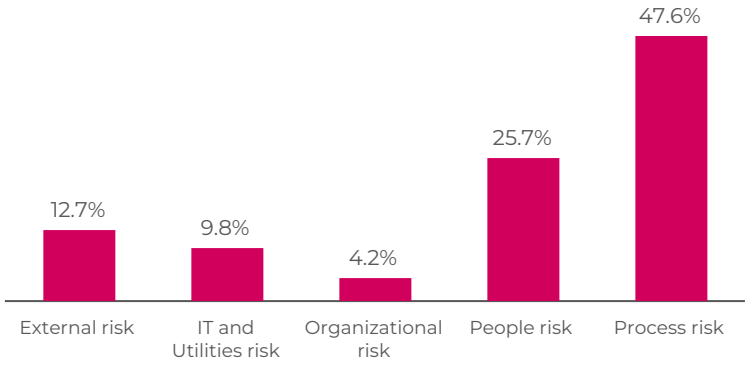
The detection and reporting of operational losses is a responsibility of all Employees of the Group, the process owners playing a crucial role in the promotion of these procedures within the context of the processes for which they are responsible.

The identified events in which the losses, effective or potential, exceed the defined materiality limits (for each geographical area) are characterised by the process owners and process managers of the processes to which the losses are related, including the description of the respective cause-effect and, when applicable, the valuation of the loss and the description of the improvement action identified to mitigate the risk (based on the analysis of the loss cause). For losses of amounts exceeding certain thresholds, "Lessons Learned" reports are presented to and discussed at the specialised Compliance and Operational Risks Commission). The lessons learned reports include an action plan to mitigate the risks that led to the losses, where appropriate.

The following graphs present the profile of the losses captured in the respective database for the first half of 2025

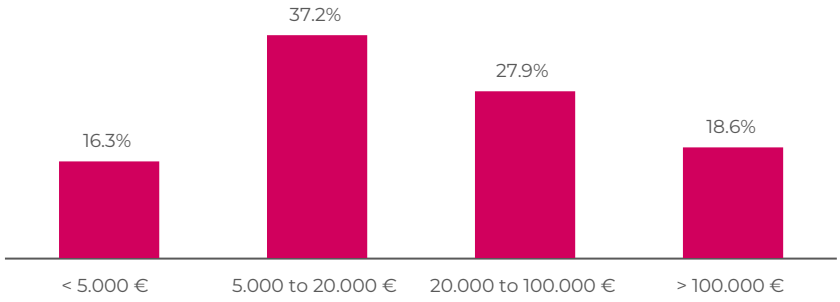
LOSSES AMOUNTS DISTRIBUTION

By cause



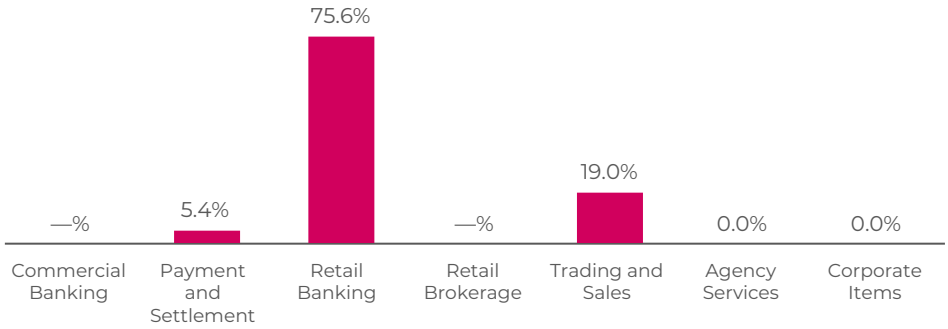
LOSSES AMOUNTS DISTRIBUTION

# of events by amount range



LOSSES AMOUNTS DISTRIBUTION

By business line



Regarding the distribution of losses by cause – excluding the loss increases recorded in 2024 related to legal cases involving foreign currency mortgage loans of Bank Millennium (Poland) - it is observed that the combined share of losses attributed to 'External Risks' and 'People Risks' (primarily associated with external and internal fraud, respectively) stands at 38.4%, representing an improvement compared to 40.2% in 2024. Losses related to Process Risks increased to 47.6% (from approximately 33.7%).

In terms of the distribution of losses by amount class (number of losses), there was a decline in the proportion of lower-value events compared to the previous year (53.1% in 2024), alongside an increase in the €5,000 - €20,000 range, which accounted for the highest share at 37.2% (versus approximately 28.3%).

Finally, concerning the distribution of losses by banking activity segment, the share of losses in 'Retail Banking' declined compared to 84.9% in 2024. Conversely, the shares related to 'Trading and Sales' and 'Payments and Settlements' segments increased relative to 2024 (10.13% and 3.5%, respectively).

Key risk indicators (KRI)

KRI provide alerts concerning changes in the profile of the operational risks or in the effectiveness of controls, thus enabling to identify the need to introduce corrective actions within the processes, in order to prevent potential risks from materialising into losses. These indicators currently encompass all processes in the main Group operations (Portugal, Poland and Mozambique).

Processes management also uses Key Performance Indicators (KPI) and Key Control Indicators (KCI), the monitoring of which, even if oriented towards the assessment of operative efficiency, also contributes for the detection of risks.

Business continuity management

Within the scope of the Business Continuity Management System (BCMS) maintenance and continuous improvement program, the Bank carried out the following activities during the first half of the year:

- review and update of the business impact analysis (BIA – Business Impact Analysis), focusing on processes and supporting resources (people, technology and communications, service providers, and suppliers);
- review of the risk impact analysis (RIA), identifying needs for risk elimination and/or mitigation associated with recovery capabilities;
- update of continuity strategies and solutions, with implications for the revision of Business Continuity plans, schedule for the second half of the year.

In Poland, the evaluation of the business continuity management system was conducted during the first half of the year in line with usual cycles and practices. A Business Impact Analysis (BIA) was carried out for 96 operational processes, with results to be presented to the Processes and Operational Risk Committee of Bank Millennium at the beginning of the third quarter. One new process was identified as critical. Additionally, the Central Securities Depository of Poland (KDPW) conducted an inspection visit, which resulted in a positive assessment of the Bank's alternative facilities for ensuring operational continuity.

In Mozambique, during the first half of the year, the following business continuity management activities were undertaken:

Documentation and awareness - The BCMS standards of Millennium bim and the Crisis Management model, were updated to ensure alignment with Group level updates. A training plan was implemented for leaders/responsible for the Business Recovery areas, focusing on the content of the Business Continuity Plan (BCP), the need for updates by each organisational unit (OU), and the delegation of responsibilities to the respective OU;

Alternative facilities - Assessment of the condition of alternative facilities to identify refurbishment needs (e.g. painting, maintenance);

Business recovery exercises - Several teams (e.g. Compliance Office, Legal Affairs Directorate, Treasury Management, Markets and International) participated in business recovery exercises.

Insurance contracting

The contracting of insurance for risks related to assets, persons or third-party liability is another important instrument in the management of operational risk, where the objective is the transfer - total or partial - of risks.

The proposals for the contracting of new insurance are submitted by the process owners under their respective duties for the management of the operational risk inherent to their processes, or are presented by the head of area or organic unit, and then analysed by the Compliance and Operational Risks Commission and approved by the EC.

Legal, Compliance, Conduct and Financial Crime risks

Banco Comercial Português´s activity is governed by operating principles and rules that ensure a good conduct, following the best international practices and adopting the appropriate measures in terms of preventing compliance and conduct risks. With the purpose of permanently adapt its internal practices to the best market practices, to the evolution of Banking activity, and to society as a whole, the Bank regularly reviews its internal regulations and procedures to safeguard that the conduct of its Employees is always guided by highest ethical principles, of satisfaction and protection of the interests of the client and the Bank, in the pursuit of sustainable profitability. The Compliance Office strengthening the oversight of its activities and the monitoring of internal conduct, Compliance, regarding second-line controls of Market Abuse, highlights the transition to a new post-trade control application. Additionally, it performs control over the implementation of legislative updates impacting the Bank's operations.

To comply with the relevant legal and regulatory norms related with Anti Money Laundering and Counter Terrorism Financing (AML/CFT), as well as to safeguard the compliance with best international practices on this matter, the Bank has a set of policies, procedures and systems that ensure an effective control of the financial crime risk prevention, also ensuring an operational model that allows the Bank to identify, assess and mitigate the potential risks inherent to the activity of its Clients, non-Clients and business relationships established with one or the other.

The impact and relevance of this risk in the Banking activity developed, compels the Bank to address this risk in multiple dimensions and on a continuous basis, whether in the establishment of new business relationships or in the continuous evaluation of an already established business relationship. Through a risk-based approach (RBA) for the assessment and monitoring of its business relationships or occasional transactions execution, the Bank complies with all the required duties enshrined in Law no. 83/2017, of 18 of August, like for example, due diligence, abstention, refusal or communication.

For an effective and efficient AML/CFT activity, the Bank defines a set of policies and procedures that are supported by a wide range of information systems, of which it is worth highlighting:

- Business Relations monitoring and alerts system;
- Financial transactions monitoring system;
- Entity filtering system;
- New Business relationships validation system;
- External information platforms.

Pursuing the continuous improvement of the internal control processes, these risks' management system was enhanced along 2024, to enable the Bank to respond adequately to the demands of the future Banking business with origin in market dynamics changes and regulation evolution. From the set of initiatives, it is worth mentioning the following:

- The continued strengthening, training and specialization of the Compliance Office teams within the scope of AML/CFT model, in its various dimensions;
- The main legislative and regulatory highlights focus on preparations for adapting to the new European AML legislative package, which will come into effect starting in 2027;
- As a result of the establishment of the referred sanctions and embargoes, development of enhanced controls to identify transactions and risk entities, ensuring compliance with restrictive measures.
- Reinforcement of the model of an integrated view of Customers in the business relationship with the Bank and the inherent risk factors, in order to strengthen effectiveness in the fulfilment of AML/CFT duties, mainly identification and diligence, refusal, examination and communication;
- Continued development of automatic solutions that promote alignment and cooperation between the Bank's first and second lines of defence in fulfilling the various AML/CFT duties;
- Revision of the Group's Code of Conduct, with particular emphasis on liberalities, duties towards clients, and corruption prevention;
- Ongoing enhancement of the Bank's regulatory framework regarding corruption prevention;

- Issuance of the Conflict of Interest Report and the Internal Control System Report for Combating Corruption relating to 2024.
- Entry into force of Notice No. 2/2025, which amends Banco de Portugal Notice No. 3/2020, regulating the organizational culture and governance and internal control systems of entities supervised by Banco de Portugal;
- Implementation of the Training and Communication Plans on compliance matters for all the Bank's Employees and commercial structures, with the most important aspects to be considered, both in terms of the risk of financial crime and in terms of other compliance and regulatory risks.

Market risks

Market risks materialize in the losses that may arise within a portfolio as a result of changes in interest or exchange rates, and/or in the prices of the different financial instruments within the portfolio, taking into account not just the correlations that exist between those instruments but also their volatility.

The following management areas are defined for each Group entity for the objectives of profitability analysis and market risk measurement and control:

- Trading - Management of positions aimed at achieving short-term gains, through sale or revaluation. These positions are actively managed, tradable without restriction and may be valued frequently and accurately. These positions include securities and derivatives resulting from of sales activities;
- Funding - Management of institutional funding (wholesale funding) and money market positions;
- Investment - Management of all positions in securities to be held to maturity (or for an extended period) or positions not tradable on liquid markets;
- Commercial - Management of positions arising from commercial activities with Customers;
- Structural - Management of balance sheet items or operations which, due to their nature, are not directly related to any of the management areas referred to above; and
- ALM - Assets and Liabilities Management.

The definition of these management areas enables effective management separation between trading and banking books, as well as a proper allocation of each transaction to the most suitable management area, based on its context and strategy.

To guarantee that the risk levels incurred in the Group's various portfolios conform to the specified levels of risk tolerance, various market risks limits are established, at least yearly, and are applicable to all portfolios of the risk management areas where the risks are incident. The Risk Office monitors these limits daily (and intra-daily in the case of financial markets areas).

Stop loss limits are also set for the financial markets' areas, based on multiples of the risk limits defined for those areas, aimed at limiting the maximum losses that might occur. If these limits are breached, a review of the strategy and of the assumptions relative to the management of the positions in question is mandatory.

Trading Book market risks[10]

The daily measurement of generic market risk (relative to interest rate risk, exchange rate risk, equity risk and price risk of credit default swaps) uses a VaR (value-at-risk) model, considering a time horizon of 10 business days and a significance level of 99%.

Additionally, the Group uses an integrated market risk measurement that monitors all relevant risk subtypes. This measure includes the assessment of generic risk, specific risk, non-linear risk and commodity risk. Each risk subtype is measured individually using appropriate risk models and the integrated measurement is built from the measurements of each subtype without considering any kind of diversification between the subtypes (worst-case scenario approach).

For non-linear risk, an internally developed methodology is applied, replicating the effect of main non-linear elements of options on P&L results of the different portfolios in which these are included, similarly to what is considered by the VaR methodology, using the same time horizon and significance level.

Specific and commodity risks are measured using standard methodologies defined in the applicable regulations, with an appropriate change of the time horizon considered.

The table below presents the amounts at risk for the Trading Book, in December 31, 2024 and June 30, 2025, as measured by the methodologies referred to above:

[10] Positions assigned to the Trading Management Area (not specifically included in the accounting trading book).

(Thousand EUR)

	30 June 2025	Max of global risk in the period	Min of global risk in the period	31 December 2024
Generic Risk (VaR)	1,112	3,016	485	488
Interest rate risk	978	1,811	318	310
FX risk	378	1,500	255	275
Equity risk	271	1,510	244	285
Diversification effects	*-514*	*-1,805*	*-332*	*-382*
Specific Risk	2	1	1	1
Non-linear Risk	0	0	0	0
Commodities Risk	—	—	—	—
Global Risk	**1,114**	**3,017**	**486**	**489**

VaR model monitoring and validation

Validation of the internal VaR model's appropriateness for assessment of risks involved in the positions held is conducted over time, with different scopes and frequency, including back testing, diversification effects estimation and analysis of risk factor comprehensiveness.

Trading Book Stress Tests

In addition to VaR assessment, the Group continuously tests a broad range of stress scenarios, analysing the respective results to identify risk concentrations not captured by the VaR model.

The results of these tests on the Group's Trading Book, as of June 30, 2025, in terms of impacts over this portfolio's results, were the following:

(Thousand EUR)

	Negative impact scenario	Impact
STANDARD SCENARIOS		
Parallel shift of the yield curve by +/- 100 bps	+ 100 bps	-4,974
Change in the slope of the yield curve (for maturities from 2 to 10 years) up to +/- 25 bps	+ 25 bps	-405
4 combinations of the previous 2 scenarios	+ 100 bps & + 25 bps	-5,331
	+ 100 bps & - 25 bps	-4,607
Variation in the main stock market indices by +/- 30%	+30%	-683
Variation in foreign exchange rates (against the euro) by +/- 10% for the main currencies and by +/- 25% for other currencies	-10%, -25%	-747
Variation in swap spreads by +/- 20 bps	-20 bps	-37
NON-STANDARD SCENARIOS		
Widening/narrowing of the bid-ask spread	Widening	-4,646
Significant vertices (1)	VaR w/o diversification	-3,451
	VaR w/ diversification	-2,398
Historical scenarios (2)	15 July, 2011	-1,450
	27 January, 2012	-209

(1) Scenarios in which the more adverse variations of the last seven years, relative to the portfolio's five most significant risk factors for VaR, are applied to the current portfolio.
(2) Scenarios in which past extreme markets variations are applied to the current portfolio; in this case, the significant dates refer to the Eurozone Sovereign Debt crisis (from 2010 onward)

These results show that the exposure of the Group's trading book to the different risk factors considered remains relatively limited and that the main adverse scenarios to be taken into account refer to a general increase in interest rates, either a parallel shift or accompanied by a change in the slope of the yield curve. In what concerns the non-standard scenarios, the main loss case refers to the historical scenarios.

Interest rate risk in the Banking Book

The interest rate risk arising from the Banking Book operations is assessed by the Bank in two complementary ways: the portfolio's economic value method (EVE) and the financial margin sensitivity method (NII), through a risk sensitivity analysis carried out every month, for the universe of operations included in the consolidated balance sheet of the Group, broken down by the currency of exposure.

Variations of market interest rates influence the Group's net interest income and the economic value of the Group.

The main risk factors arise from the repricing mismatch of the portfolio positions (gap risk) which may cause direct or indirect financial losses in the Banking Book, due to changes in interest rates that have different impacts over assets and liabilities' classes, making the Bank vulnerable to variations of the yield curve. In turn, the changes in interest rates may alter the behaviour profile of Clients, inducing pre-payments/withdrawals in assets and liabilities, including the exercise of options' rights incorporated in the products' design (behavioural and optional risk). Additionally, there is the risk of unequal variations in different reference rates with the same repricing period (basis risk).

In order to identify the exposure of the Group's Banking book to these risks, the monitoring of the interest rate risk takes into consideration the financial characteristics of each of the relevant contracts, with the respective expected cash-flows (principal and interest, without the spread component, being projected according to the repricing dates, thus calculating the impact on economic value resulting from alternative scenarios of change of market interest rate curves. The impacts stemming from the Clients' behaviour are also considered, in particular, for the products for which this is especially relevant – namely, for products without defined term (checking accounts, revolving credit, fixed rate credit lines) – as well as the impacts resulting from changes in contractual cash flows (credits prepayments) and impacts of any potential prepayments on credits with defined maturity.

The result of this analysis for a +100 basis points (b.p.) change in the level of Euro interest rates (for all maturities, i.e., assuming a parallel shift of the yield curve), in the Banking Book portfolio as at 30 June 2025, found an impact on the balance sheet´s economic value of around EUR 17.5 million. On the other hand, the impact of a generalized decrease in euro rates of -100 bps would be around EUR -37.9 million.

Complementing the previous approach, the Bank calculates monthly the impact on net interest margin projected for the following 12 months, due to changes in market interest rates (NII method). For this purpose, all assets, liabilities and off-balance products that generate interest are considered and the calculation of interest cash flows is performed based on the repricing and amortization characteristics of the products and on yield curves for 12 months. This exercise assumes a static balance for 12 months in which, for each amortization, an exposure with the same features of original maturity and price is generated. To capture the net interest margin sensitivity, several simulations are processed, corresponding to 10 different scenarios of the market's interest rates evolution.

Considering a variation in market interest rates combined with the scenario for the coefficients that transmit the market variations over the deposit´s rates and other interest-generating liabilities ('betas'), the evolution of the sensitivity of the net interest margin is assessed. Hence, for a variation in interest rates of +100 b.p. on June 30, 2025, on a consolidated basis, the net interest income would increase by around EUR 66.0 million, with the sensitivity to a decrease of 100 b.p. of about EUR 66.0 million. The presented values are indicative and very dependent on the pace of transmission of the interest rate increase to balance sheet items whose price is not directly indexed to a market benchmark.

Foreign exchange and equity risks of the banking book

The foreign exchange risk of the banking book is transferred internally to the Trading area, in accordance with the Group's risk specialization model for the management of balance sheet foreign exchange risk. Structural foreign exchange exposures, including those resulting from financial holdings in subsidiaries, are not transferred and may be covered by market operations, in line with the defined strategy for managing structural foreign exchange risk, aiming at hedging against volatility in the CET1 ratio stemming from exchange rates changes.

Excluding the financial holdings from the participations in the foreign subsidiaries, the exposure to FX risk is quite limited, corresponding to EUR 4.4 million in terms of VaR, as of June 30, 2025.

Regarding equity risk, the Group maintains a set of small size and low risk equity positions, primarily in the investment portfolio, mainly resulting from execution processes as payment. Management of these positions is conducted by a specialized area of the Group, with risk controlled through defined metrics and limits for market risks' control.

Liquidity risk

Liquidity risk consists of the Group's potential inability to meet its financing repayment obligations without incurring significant losses, either due to onerous financing conditions (funding risk) or by selling assets at lower than market values (risk of market liquidity).

The Consolidated Liquidity Plan, which forms an integral part of the annual planning process and is formulated at the level of the Group and for the main subsidiaries, includes the projection of the wholesale funding structure, including the use of market financing, and also the forecast of the internal and regulatory liquidity indicators, ensuring their compliance with both regulatory requirements and internally defined standards. The preparation of this plan is coordinated by the Group Treasurer, and its execution is continuously monitored throughout the year, with the respective revision being carried out whenever necessary.

In the first half of 2025, the Group maintained a robust and stable liquidity position, reflected both in regulatory metrics and in internal liquidity risk indicators as defined in the Risk Appetite Statement (RAS).

As of 30 June 2025, the consolidated Liquidity Coverage Ratio (LCR) stood at 336%, slightly below the 342% recorded as of 31 December 2024, thus maintaining a substantial buffer above the regulatory minimum requirement of 100%. The decrease was mainly driven, among other factors, by the payment of dividends and the share buyback program carried out in Portugal.

Other short-term liquidity indicator included in the RAS - measuring the coverage of customer deposits by assets eligible for collateral with European central banks - showed a similar trend, declining marginally from 51% to 49%, due to the increase in the deposit rates.

Regarding structural liquidity, the Group sustained a stable funding base, primarily supported by a high proportion of customer deposits - particularly from the retail segment - supplemented by medium and long-term funding instruments. These included issuances under the Minimum Requirement for Own Funds and Eligible Liabilities (MREL) framework and Bank Millennium's covered bond program.

As of 30 June 2025, the Net Stable Funding Ratio (NSFR) stood at 181%, unchanged from 31 December 2024, remaining well above the 100%. The loan-to-deposit ratio, also monitored within the RAS, increased slightly from 65% to 67%, reflecting a prudent balance sheet management approach, while highlighting the recovery, mainly in the activity in Portugal.

In alignment with the Liquidity Plan for the current year, BCP tapped the primary market twice during the first half of 2025: in March, it issued Euro 500 million in Tier 2 subordinated debt, refinancing in advance - at a significantly lower spread - an existing Euro 450 million, and offsetting the eligible Tier 2 reduction following a partial buyback conducted via a Liability Management exercise in the same month; in June, the Bank issued an additional Euro 500 million in senior preferred debt, eligible for MREL, intended to refinance a maturing issuance of the same amount and type.

The evolution described above is reflected in the evolution of the wholesale funding (net) in 31 December 2024 and 30 June 2025, in terms of each of the instruments used:

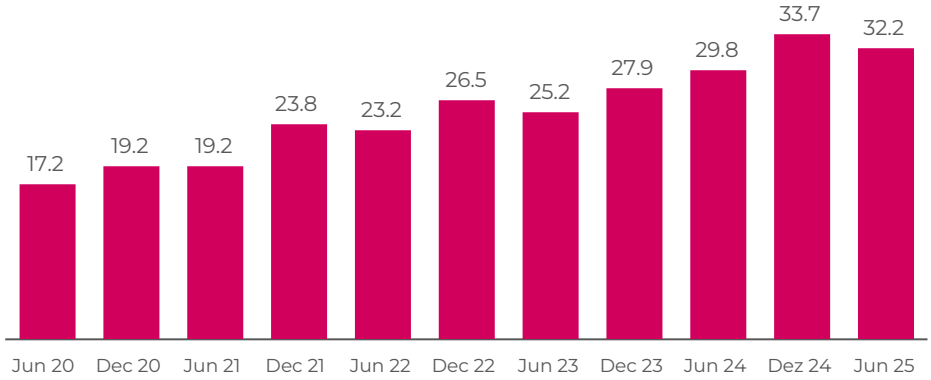
(million EUR)

	Jun. 25	Dec. 24	Variation
Interbank monetary market (Net)	**98**	**68**	-45.3 %
ECB (Net)	**-646**	**-2821**	77.1 %
Repos	**-79**	**0**	— %
Senior Debt	**3500**	**3000**	16.7 %
Covered Bonds	**377**	**187**	101.6 %
Subordinated Debt	**1781**	**1808**	-1.5 %
Credit-Linked Notes	**202**	**206**	-2 %
Total	**5233**	**2448**	114 %

As of the end of June 2025, the eligible liquidity buffer for discounting with the European Central Bank stood at Euro 32,2 billion, reflecting a decrease of Euro 1,5 billion compared to year-end 2024. This reduction was driven by several factors, including loan book growth in Portugal, a decline in ECB-discountable credit portfolios, dividend payments, and the share buyback program.

BCB liquidity bufffer

(Billion EUR)



In March 2025, Bank Millennium returned to the market with a new issuance of PLN 800 million in covered bonds, doubling the outstanding volume of this instrument since the end of 2024. The discountable liquidity buffer with the central bank also increased in line with the strong growth in customer deposits, mainly in the retail segment.

BIM maintained a solid liquidity position in the first half of 2025, supported by a significant increase in its deposit base and a corresponding improvement in the eligible buffer with its central bank. This development was further reinforced by a reduction in minimum reserve requirements for both local and foreign currency, enacted by the national central bank in the first quarter of 2025.

In consolidated terms, is expected that the refinancing risk of medium and long-term instruments remain at low levels over the next three years, with annual values with no material expression.

The conclusions of the ILAAP process reiterate the adequacy of the liquidity and is low risk management process, as well as the compliance of the practices with the requirements defined by the supervision.

Pension Fund risk

This risk arises from the potential devaluation of the assets of the Fund associated with the Defined Benefit Plan or from the reduction of its expected returns as well as from actuarial differences that may occur from the evolution of demographical factors, in relation to the actuarial assumptions considered. Confronted with such scenarios, the Group may have to make unplanned contributions in order to maintain the benefits defined by the Fund. The responsibility for the regular monitoring of this risk and the follow-up of its management lie with the Pension Funds Risk Monitoring Commission.

In the first half of 2025, the Pension Fund achieved a net return on commissions of 1.22%, with total assets of EUR 3,312 million.

This performance was mainly driven by the equity classes, both in European component — with an appreciation of 13% — and in the international component, which, although less expressively, also showed an appreciation of approximately 4%.

Also noteworthy is the positive contribution of the real estate investments component, which recorded an appreciation of 2.7%.

As for the asset allocation, it should be noted that during the first six months of the year, an overexposure to equities was maintained, which was adjusted at the end of the semester to a more conservative position, close to the central scenario.

Taking into account the evolution of the reference rates, the discount rate for the clearance of the Fund's liabilities has been updated. Thus, the discount rate, from 3.48% on December 31, 2024, rose to 3.90% in June 2025.

As at 30 June 2025, the Pension Fund's liabilities coverage was over EUR 260 million, corresponding to 8.5% of total liabilities.

Integration of ESG Factors in Risk Management

The BCP Group recognizes in its risk taxonomy that the climate and environmental dimensions, as well as the social and governance aspects, designated ESG ((Environmental, Social and Governance), act as factors that impact traditional risk categories.

These factors are not considered separately; in fact, they are seen as drivers likely to affect positively or negatively the financial performance and solvency of the Bank's customer's and counterparties. This way, the materialisation of their impacts occurs by means of the "traditional" categories: credit risk, market risk, operational & reputation risk, liquidity and financing risks.

Within this context, and with the purpose of promoting the integration of ESG factors in risk management, the Bank implemented a set of processes and methodologies to identify, assess, manage and monitor the impact of the ESG drivers in overall risk, in accordance with the framework and policies already established for the remaining financial and non-financial risks.

Governance Model

The governance model for risks arising from ESG factors follows a structure based on three lines of defence which, under the leadership of the Board of Directors (BoD) and respective delegations, namely on the Executive Committee (EC), the Risk Assessment Committee(CAvR) and the Committee for Corporate Governance, Ethics and Sustainability(CGSES) ensure its adequate assessment and management. The Board of Directors has overall responsibility for the Group's ESG strategy, management and control structure.

The EC is responsible for proposing to the BoD, through the CGSES and/or the CAvR, several activities, such as the Business Environment Analysis Report (BEAR; Corporate/Business Context Analysis), the Climate and Environmental Materiality Assessment (C&A) and the DMA (Double Materiality Assessment) for its overall implementation and management and for the compliance with the regulatory and supervisory guidelines, aiming to ensure that the ESG opportunities are duly explored, and the associated risks properly managed.

The CGSES is responsible for supervision, while the EC, assisted by their Human Resources and Sustainability Commissions, is responsible for managing issues related to the promotion of Human Rights, namely establishing, implementing, and monitoring this Policy and others related to the topic. Furthermore, the CGSES is also responsible to advise and assisting the BoD in the evaluation and approving the Group's Sustainability Master Plan (SMP), monitoring its progress, and supervising the compliance with national and international legal and regulatory ESG requirements.

The Risk Assessment Committee has in its competences and duties to advise the BoD on the identification, management, and control of ESG risk factors, while monitoring the risk appetite and underlying performance of the Group, as well as supervising the adequacy of the ESG internal control system, with a special focus on the effectiveness of the risk management system to deal with ESG risk drivers.

The Sustainability Committee, which emanates from the EC, is chaired by the Chief Executive Officer (CEO), and is the body responsible for evaluating, discussing and monitoring the implementation of the sustainability strategy at the organisational level. He has the responsibility to support the EC in integrating ESG aspects into the Group's business and risk management framework. This includes overseeing the progress of implementation, ensuring that deadlines are met, and validating the results of each initiative.

Identification of ESG risk factors

Climate and environmental risks arise from the Bank's exposure to clients, counterparties, and assets that may potentially be affected by, or contribute to, the negative impacts of climate change and nature degradation, as well as by changes in the legislative and regulatory framework. These factors may result in negative financial impacts, the materiality of which must be assessed by the Bank. Both risk dimensions – climate-related and nature-related – can be divided into:

- Physical risks: arising from the physical effects of climate change and environmental degradation. They can be categorized as acute risks, if they arise from extreme events (such as wildfires,floods, or pests); and chronic risks, if they arise from progressive changes in weather and climate patterns (e.g., changes in average global temperature, sea-level rise) or from a gradual loss of natural ecosystems (e.g., deforestation, pollution stemming from pesticides).
- Transition risk factors: are the risks of any negative financial impact arising from the effort, in progress or to happen in the future, of transition into a low-carbon and environmentally

sustainable economy. These may result, for example, from technological changes, the impact of public policies or behavioural changes in terms of demand for goods or services (including banking services).

- Transition risk: stem from the adjustment process / efforts, ongoing or expected in the future, towards a low-carbon and environmentally sustainable economy. In general, transition risk can be analysed based on three underlying factors: i) climate and nature-related policy and regulatory changes; ii) technological developments; and iii) shifts in behaviour and / or market sentiment

The materialisation of social risks is also assessed, considering the issues related with rights, well-being and interests of persons and communities and include factors such as (in)equality, health, diversity, inclusion, labour relations, workplace health and safety, human capital and communities.

In addition, the governance risk factors are also identified by Millennium BCP, through issues relating to leadership, remuneration, shareholder rights, corruption and bribery, management and prevention of conflicts of interest, quality of internal control and independent reviews/auditing, transparency and good tax practices, for example.

Management and monitoring principles

ESG risks management and respective strategy follows a different logic compared to 'traditional' risks. In contrast, with these, the materialization of ESG risks is expected to occur over extended timeframes, which is why the establishment of strategy and risk appetite follows different timeframes. For example, if the assessment of physical (acute) risks can determine an action strategy more focused on the short term (e.g., considering the establishment of additional mitigation measures, at the level of policies for granting credit and insurance policy), the transition risks justify a more structural approach, based on collecting information, evaluating customers and monitoring their performance over time.

From this perspective, Millennium BCP's management of ESG impacts follows the following principles:

- Establishment of a responsible corporate financing policy, which excludes or conditions the credit operations in sectors and/or activities with greater environmental and social impact.
- Integration of the strategy for managing risks arising from ESG factors into the Bank's global sustainability plan, which steers the integration of the ESG dimension into business processes, establishing goals, timelines and a model for controlling proper observance.
- Communication Transparency: The Bank publicly discloses its sustainability objectives and key practices, as well as its management of ESG (Environmental, Social, and Governance) impact factors. This allows all stakeholders to assess the robustness of its approach, including its exposure to risks arising from ESG factors.
- Regular monitoring of exposure to risks arising from ESG factors: this is done through established management information routines for each risk category.
- Focus on credit risk management: This is achieved through models that facilitate the integration of the ESG dimension in the risk assessment of the Bank's key companies/clients. This ensures that business decisions incorporate an evaluation of the primary impacts of ESG factors.
- Collection and structuring of information: Utilizing public sources and information provided directly by clients, this approach aims to enhance understanding of clients' ESG performance and potential financial impacts associated with any limitations in that performance.
- Regular process for monitoring employees' capabilities and knowledge on sustainability-related topics.

The operationalization of these principles is facilitated through an internal policy for managing risks arising from ESG factors, which establishes the following key risk tools:

- Regular assessment of the materiality of risks arising from ESG factors to confirm alignment with risk appetite and the need for implementing mitigation actions.
- Methodologies for assessing risks arising from ESG factors integrated into credit risk assessment models.
- Risk classification methodologies at the portfolio level, allowing the identification of sectors, companies, and exposures most susceptible to transition and/or physical risks and/or nature-related.

Models validation and monitoring

This function is ensured by the Models Monitoring and Validation Office (GAVM), reporting to the Chief Risk Officer.

GAVM acts as the second line of defence, within the scope of the model risk management framework, functionally independent from the areas that are responsible for the models (model owners and developers) and from the Internal Audit Division. Hence, an adequate functions' segregation is assured. Its mission consists in monitor and validate risk quantification methodologies and internal models used in BCP and other Group entities in Portugal, as well as to independently ensure the assessment of the quality and adequacy of the risk management framework in what concerns internal models, metrics and completeness of the associated data, according to the Model Risk Management (MRM) framework.

GAVM has the responsibility to maintain a robust and documented validation processes for internal risk methodologies and models, in line with current regulations. For this, it develops and applies validation procedures and methodologies capable of ensuring proper model assessments and the alignment with the applicable regulatory requirements, by reinforcing (i) the scope of validation exercises, (ii) the depth of analysis and (iii) the transparency and auditability of the work performed.

GAVM scope of action encompasses, inter alia, the validation of the methodologies and internal models for credit risk (including Probability of Default (PD), Loss Given Default (LGD), Credit Conversion Factors (CCF) and Expected Credit Loss (ECL) models, under the IFRS scope), market risk (in the trading book), interest rate risk in the banking book (IRRBB), business risks and for the risks included in the ICAAP, as well as the regular monitoring of their performance and evolution. The results of the monitoring and validation exercises are reported to the Models Monitoring and Validation Sub-Commission and to the Risk Commission. Additionally, GAVM participates occasionally, depending on the agenda, in the Risk Assessment Committee (CAvR) to report the unit's activity and annual plan's execution.

Besides the activities directly related with the monitoring and validation of models, in terms of their performance and quality, GAVM is responsible for the coordination of the MRM activities, including the maintenance of a complete repository of the internal risk models used by the Bank and its permanent monitoring and updating through the use of a model management and risk assessment tool implemented at the Bank to support the MRM framework.

In the first semester of 2025, several actions were carried out to monitor and validate the internal models in use by the Bank. These actions aim, inter alia, to reinforce the confidence in the models, to monitor their performance and evolution, verifying their business adequacy and their compliance with the applicable regulatory requirements and best practices, as well as to reinforce the identification and adaptability to changes in their predictive quality.

As part of model monitoring activities, GAVM ensured, among other tasks, the adaptation of the data structure resulting from taxonomy changes and the adoption of CRR3. It also provided information to the Risk Committee on the evolution of the IRB and IMA approaches, applicable to credit and market risks, respectively, and ensured reporting under the EBA Benchmarking exercise, related to internal credit risk models.

Recovery Plan

Complying with the applicable law, the Group annually revises the Recovery Plan for its business and activities, which comprises a set of recovery options that can be implemented in a timely manner to respond to financial stress circumstances originating in different hypothetical shocks, of an idiosyncratic and/ or systemic order. This process is carried out in the scope of Directive 2014/59/EU and its transposition to the Regime Geral das Instituições de Crédito e Sociedades Financeiras (RGICSF) through Decree-Law 23-A/2015, from the 26th of March.

Considering that the Recovery Plan aims to restore the financial viability of the Group, several scenarios are defined, supported on hypothetical and forward-looking events, against which the impacts of recovery options, the Recovery Plan feasibility and the overall recovery capacity are tested.

In order to monitor the performance of the Group's business activity, a set of key quantitative and qualitative indicators is included in the Recovery Plan, in compliance with the European Banking Authority (EBA) guidelines. This set of indicators is continuously monitored, allowing for immediate management action whenever there are deviations that exceed pre-defined thresholds defined in the Plan, the report of which is mandatory, to the Group's management and Supervision Bodies.

The priorities, responsibilities and specific measures to be taken in a capital and/or liquidity contingency situation are established in the Recovery Plan, which complements the Early Warning Signals (EWS) system, for the early detection of potential sources of financial stress, including liquidity crises. Simultaneously, the Recovery Plan contains a 'playbook', intended to provide key information for rapid decision-making in a crisis, and reflects insights gained from the performance of dry-run exercises that test the implementation of parts of the Plan and thus raise the Bank's preparedness to implement it in a potential crisis scenario.

The Recovery Plan includes components of Bank Millennium's Recovery Plan (Poland) and information from Millennium bim's Recovery Plan (Mozambique). It is aligned with the business continuity framework and its respective plans (see the Operational Risk section), the Communication Plan aimed at market participants and other stakeholders (for use in contingency situations) and the results of the capital and/or liquidity adequacy assessment processes already mentioned (ICAAP e ILAAP).

Ratings assigned to BCP

The Portuguese economy has shown resilient and sustained performance, outperforming the Euro Area average over recent quarters. In 2024, Portugal achieved a significant reduction in public debt, which declined from 134% of GDP in 2020 to approximately 96%, reflecting strong nominal economic growth and prudent budgetary management. The outlook for the period from 2025 to 2027 points to average real GDP growth of 1.8% per year, above the European average, supported by robust private consumption, the inflow of EU funds, and a historically low unemployment rate, close to 6.3%. The country is expected to continue recording moderate external surpluses, benefiting from ongoing external deleveraging and the stability of the financial system. This context has contributed positively to sovereign risk perception, as evidenced by Portugal's rating upgrades in early 2025: to A(high) by DBRS in January and to A by S&P Global in February, the latter keeping a positive outlook.

The Portuguese banking sector is currently more robust and aligned with its European peers, benefiting from structural improvements in asset quality, profitability, and capital ratios. External deleveraging and the correction of macroeconomic imbalances have further strengthened the sector's stability, which maintains comfortable levels of capitalisation and liquidity, underpinned by a funding model largely based on domestic deposits. As of March 2025, the system's loans-to-deposits ratio stood at approximately 75%, reflecting both reduced reliance on market funding and strong sector liquidity. Profitability is expected to remain solid, supported by efficient operating structures and controlled levels of non-performing loans. Asset quality is projected to stay resilient, underpinned by favourable labour market conditions and prudent lending practices, notably conservative loan-to-value (LTV) ratios.

Within this environment, BCP has benefited from the improvements in the macroeconomic and financial context, which have led to positive rating actions by the main credit rating agencies. On 12 March 2025, S&P Global upgraded BCP's rating from BBB to BBB+, with the outlook revised to positive, highlighting the Bank's strengthened capitalisation, solid profitability, and efficiency levels above those of international peers.

On 21 May 2025, Moody's upgraded BCP's deposit rating from A3 to A2 and raised the rating on subordinated debt to Baa3 (investment grade), while affirming the Baa1 rating on senior preferred debt. These actions followed an upgrade of BCP's Baseline Credit Assessment (BCA) from baa3 to baa2, driven by sustained improvement in asset quality, stronger capital levels, and positive earnings performance. The agency also highlighted BCP's solid liquidity position and stable funding structure, underpinned by a diversified deposit base. As a result of stronger capitalisation, the Bank is comfortably positioned relative to regulatory requirements, enabling a more active shareholder remuneration policy.

The strengthening of BCP's financial profile and capital position, combined with an improving macroeconomic environment and positive developments in Portugal's sovereign rating, support the recent upgrades in the Bank's credit ratings. These revisions reflect the market's recognition of BCP's robust business model and its capability to maintain strong performance in a normalising economic environment.

Moody's	
Baseline Credit Assessment	baa2
Adjusted Baseline Credit Assessment	Baa2
Counterparty Risk Assessment LT/ ST	A2 (cr)/ P-1 (cr)
Counterparty Risk LT / ST	A2 / P-1
Deposits LT / ST	A2 / P-1
Senior Debt	Baa1 / P-2
Senior Non Preferred	Baa2
Outlook deposits / senior	Stable/Stable
Subordinated Debt - MTN	(P)Baa3
Subordinated Debt	Baa3
Other Short Term Debt	P(NP)
Covered Bonds	Aaa

Rating Actions

On May 21, 2025, Moody's upgraded BCP's BCA and Adjusted BCA ratings from 'baa3' to 'baa2'. 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'.

Standard & Poor's	
Stand-alone credit profile(SACP)	bbb+
Resolution Counterparty Credit Rating LT/ ST	A-/A-2
Issuer Credit Rating LT/ ST	BBB+/A-2
Senior Debt	BBB+
Senior Non Preferred	BBB
Outlook	Stable
Subordinated Debt	BBB-

Rating Actions

On 12 March 2025, S&P Global Ratings upgraded the SACP of BCP to 'bbb'+, changing the Outlook to Stable.

Fitch Ratings	
Viability Rating	bbb
Support	ns
Issuer Default Rating LT/ST	BBB / F2
Deposits LT/ ST	BBB+/F2
Senior Debt LT/ST	BBB/F2
Senior Non Preferred	BBB-
Outlook	Positive
Subordinated Debt Lower Tier 2	BB+
Additional Tier 1	BB-
Covered Bonds	AAA

Rating Actions

DBRS	
Intrinsic Assessment(IA)	BBB (High)
Critical obligations	A (Low) / R-1 (low)
Deposits LT/ST	A(Low)/R-1 (low)
Senior Debt LT/ ST	BBB (High) / R-1 (low)
Senior Non Preferred	BBB
Trend	Stable
Dated Subordinated Notes	BBB (Low)
Additional Tier 1	BB (Low)

Rating Actions

Capital

The estimated CET1 ratio as at 30 June 2025 stood at 16.4% and 16.2% phased-in and fully implemented, reflecting a change of +16 and -4 basis points, respectively, compared to the 16.2% phased-in and fully implemented ratios reported in the same period of 2024, comfortably above the minimum regulatory ratios defined within the scope of SREP for June 2025 (CET1 9.58%, T1 11.50% and Total 14.07%) and in line with the 2025-2028 strategic plan.

The estimated ratios for June 2025 were calculated under the new CRR3 regulation for Operational Risk 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.

SOLVABILITY RATIOS (Euro million)

	30 Jun. 25	30 Jun. 24	30 Jun. 25	30 Jun. 24
	PHASED-IN		FULLY IMPLEMENTED	
OWN FUNDS				
Common Equity Tier 1 (CET1)	6,685	6,440	6,685	6,435
Tier 1	7,175	6,929	7,175	6,924
TOTAL CAPITAL	8,362	8,183	8,362	8,184
RISK WEIGHTED ASSETS	40,839	39,728	41,353	39,717
CAPITAL RATIOS (*)				
CET1	16.4%	16.2%	16.2%	16.2%
Tier 1	17.6%	17.4%	17.3%	17.4%
Total	20.5%	20.6%	20.2%	20.6%

(*) Includes the cumulative net income recorded in each period, deducted from the estimated shareholder remuneration.

Pension Fund

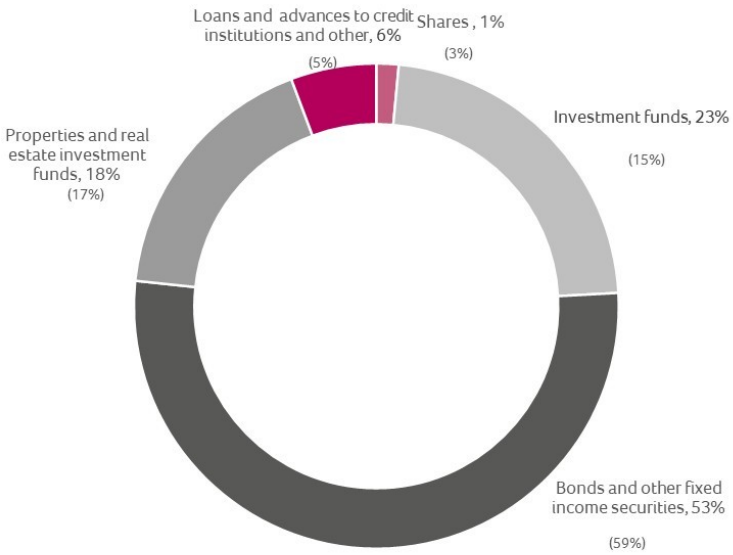
The liabilities assumed by the Group Banco Comercial Português are related with the payment to Employees of pensions on retirement and permanent disability and orphan and widow benefits.

As at 30 June 2025, these liabilities stood at EUR 3,053 million, which compares with EUR 3,203 million recorded at the end of previous year, reflecting the impact of an increase in the discount rate (3.90% on 30 June 2025 vis-à-vis 3.48% at the end of the previous year). These liabilities were fully funded and at levels above the minimum set by Banco de Portugal, showing a coverage rate of 108.5% at the end of the first half of the current year.

The Pension Fund's assets which are financing the above-mentioned liabilities reached EUR 3,313 million at the end of the first half of 2025 (EUR 3,351 million recorded as at 31 December 2024), showing a positive cumulative return of 1.6%, which compares unfavourably with the annual rate of 3.48% considered in the actuarial assumptions (this rate was increased to 3.90% on 30 June 2025).

As at 30 June 2025 and 31 December 2024, the main asset categories in the Pension Fund's portfolio presented the following distribution:

STRUCTURE OF THE PENSION FUND'S ASSETS AS AT 30 JUNE 2025



(x%) Proportion as at 31 December 2024

As at 30 June 2025, the structure of the Pension Fund's asset portfolio shows, compared to the end of the prior year, increases in investment funds, in loans and advances to credit institutions and other and in properties and real estate investment funds and reductions in investment in bonds and other fixed income securities and in shares.

The actuarial assumptions considered by the Group for calculating the liabilities with pension obligations were based on market indicators, particularly long-term debt yield of Euro Zone issuers considered to be of good risk, as well as the demographic characteristics of its employees. The main actuarial assumptions used to determine the Pension Fund's liabilities at the end of the first half of 2025 and for the year ended in 2024 are shown below:

Assumptions	30 Jun. 25	31 Dec. 24
Discount rate	3.90%	3.48%
Increase in future compensation levels (a)	1.9% in 2026 and 1.15% in the following years	2.9% in 2025; 1.9% in 2026 and 1.15% in the following years
Rate of pensions increase (a)	1.5% in 2026 and 0.75% in the following years	2.5% in 2025; 1.5% in 2026 and 0.75% in the following years
Projected rate of return on fund's assets	3.90%	3.48%
Mortality tables		
Men	TV 88/90 less 1 year	TV 88/90 less 1 year
Women (b)	TV 99/01 less 2 years	TV 99/01 less 2 years
Disability rate	Non applicable	Non applicable
Turnover rate	Non applicable	Non applicable
Normal retirement age (c)	66 years and 7 months	66 years and 4 months
Total salary growth rate for Social Security purposes	1.75%	1.75%
Revaluation rate of wages / pensions of Social Security	1.00%	1.00%

(a) This rate refers to the growth for the years following the reporting year.
(b) The mortality table considered for women corresponds to TV 99/01 adjusted in less than 2 years (which implies an increase in hope life expectancy compared to that which would be considered in relation to their effective age).
(c) Retirement age is variable. The normal retirement age increases one month for each civil year and cannot be higher than the normal retirement age in force in the General Social Security Regime (RGSS). The normal retirement age in the RGSS is variable and depends on the evolution of the average life expectancy at 65 years of age. In 2025 the retirement age is 66 years and 7 months (2024: 66 years and 4 months). For 2026, the normal retirement age in the RGSS is 66 years and 9 months. For the forecast of life expectancy's increment, it was considered an increase of one year in every 10 years, with the maximum retirement age being set at 67 years and 2 months.

The actuarial differences recorded as of 30 June 2025 were positive in the amount of EUR 110 million, before taxes (negative in EUR 248 million, before taxes, as at 31 December 2024) and include: i) EUR 153 million of actuarial gains, as a consequence of the increase in the discount rate from 3.48% as at 31 December 2024 to 3.90% as at 30 June 2025; ii) EUR 8 million of negative financial deviations related to the difference between the expected and actual income of the Pension Fund; iii) EUR 34 million of negative actuarial deviations recorded as a result of differences between expected and actual liabilities.

The main indicators of the Pension Fund at the end of the first half of 2025 and at the end of 2024 are as follows:

million EUR

Main indicators	30 Jun. 25	31 Dec. 24
Liabilities with pensions	3,053	3,203
Minimum level of liabilities to cover*	3,018	3,165
Value of the Pension Fund	3,313	3,351
Coverage rate	108.5%	104.6%
Coverage rate of the minimum level of liabilities*	109.8%	105.9%
Return on Pension Fund	1.6%	1.2%
Actuarial (gains) and losses	(110)	248

* According to the Banco de Portugal requirements (assuming the application of the minimum requirement to all Group companies)

As at 30 June 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 2 January 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 23 December 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.

Information on trends

Framework

Real GDP grew 1.9% in 2024, and average growth is projected at 1.8% between 2025 and 2027, outpacing the Eurozone's growth. Domestic demand should continue to sustain economic growth, while external demand faces some challenges due to global trade difficulties.

The evolution of economic activity should contribute to a decrease in the public debt-to-GDP ratio, from 94.9% in 2024 to approximately 91.5% in 2025, the lowest level since 2010. This trend is expected to continue in the coming years, with the ratio falling below 90% by 2027. In 2025, as we specifically point out, a budgetary surplus is expected. Regarding external debt, the current account surplus is maintained. There is a trend towards of credit ratings upgrading assigned by Rating Agencies, currently at A3 | Stable by Moody's, A | Positive by S&P, A- | Positive by Fitch, A (High) | Stable by DBRS and A | Stable by Scope, in line with the solid and improving economic outlook.

During the first half of 2025, geopolitical risks worsened significantly, including the escalation of conflicts in Palestine and Ukraine, the political uncertainty, especially in Western countries, and the growing tensions between major economic blocs. The change and subsequent revisions in US foreign policy and the reactions of third countries affected the climate of confidence and generated turmoil in financial markets. The prospect of negotiating trade agreements, the easing of some geopolitical tensions, and the resilience of economic activity contributed to a gradual reduction in financial market volatility at the end of the first half of the year.

In June 2025, the European Central Bank (ECB) set the deposit rate at 2.0% after eight consecutive cuts since June 2024, reflecting stabilizing inflation and moderate economic growth.

Banking sector profitability has increased considerably, with improved asset quality and increased net interest income, and is expected to remain robust in 2025, despite the ECB's interest rate cuts. Operating costs are expected to increase, reflecting the current inflationary environment. However, Portuguese banks are expected to remain efficient, with the system's cost-to-income ratio below 50%.

The cost of risk is expected to continue its normalization trend, and a potential deterioration in asset quality is not expected to have a significant impact in 2025. Portuguese banks have solid lending policies in place due to the Bank of Portugal's macroprudential recommendations issued in 2018.

Portuguese banks have improved their funding profile over the last decade, with bank deposits representing the majority of their funding structures. The loan-to-deposit ratio is expected to remain below 70% in 2025.

The capitalization level is now more resilient.

Impact on the Group's business activity

BCP is expected to maintain a high level of profitability in 2025, benefiting from the higher interest rate environment in some of the countries where it operates, although interest rates in both Poland and Mozambique have already begun to decline. In Portugal, the Bank expects net interest income to remain stable compared to the previous year, reflecting its interest rate risk hedging policy, which aims to keep the net interest income's sensitivity to interest rate fluctuations low. The cost of risk is expected to remain below 40 bps, given the Portuguese economy's near-full employment level.

BCP strengthened its liquidity position during the first half of 2025. The Group's balance sheet resources grew approximately 4.0% in June 2025 compared to the same period in the previous year. Liquidity indicators in June 2025 were well above regulatory requirements: LCR at 336%, NSFR at 181%, and Loans-to-Deposits ratio at 69%. Assets available for financing with the ECB stood at 31.6 billion euros]. At the Group level, the customer base increased by 4.1%, to more than 7.1 million, with a notable increase of 9% in mobile customers compared to June 2024, representing 73]% of the Group's total active customers (65% in Portugal). Demand for credit has been accelerating due to the progressive implementation of the Recovery and Resilience Plan funds. In 2025, the Bank is expected to continue to maintain a solid liquidity position.

The BCP Group has been pursuing a path of improving asset quality, particularly in Portugal, with the NPE ratio standing at 2.7% at the consolidated level and at 2.0% in Portugal, at the end of June 2025. A significant deterioration in asset quality is not expected.

In June 2025, BCP demonstrated its ability to generate organic capital, with the CET1 ratio standing at 16.2% and the total capital ratio at 20.2%. CET1 ratio was stable and total capital ratio posted an increase of 0.4% compared to the same period in 2024. In the coming years, capital ratios are expected to continue to benefit from organic growth, but may decline as a result of higher capital distributions, although they

remain above the target defined in the Strategic Plan.

Consolidated financial statements

BANCO COMERCIAL PORTUGUÊS

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS PERIODS ENDED 30 JUNE 2025 AND 2024

(Thousands of euros)

	30 June 2025	30 June 2024
Interest and similar income	2,222,073	2,387,479
Interest and similar expense	(778,019)	(989,931)
NET INTEREST INCOME	1,444,054	1,397,548
Dividends from equity instruments	841	786
Net fees and commissions income	413,830	396,036
Gains/(losses) on financial operations at fair value through profit or loss	74,382	(22,239)
Foreign exchange gains/(losses)	(10,081)	17,664
Gains/(losses) on hedge accounting	(36)	541
Gains/(losses) arising from derecognition of financial assets and liabilities not measured at fair value through profit or loss	(8,427)	(1,329)
Other operating income/(expenses)	(125,392)	(84,298)
TOTAL OPERATING INCOME	1,789,171	1,704,709
Staff costs	383,315	339,722
Other administrative costs	223,444	208,555
Amortisations and depreciations	76,786	71,167
TOTAL OPERATING EXPENSES	683,545	619,444
NET OPERATING INCOME BEFORE PROVISIONS AND IMPAIRMENTS	1,105,626	1,085,265
Results on modification	(5,120)	(60,976)
Impairment of financial assets at amortised cost	(108,858)	(97,102)
Impairment of financial assets at fair value through other comprehensive income	(1,721)	(5,104)
Impairment of other assets	(8,807)	(10,551)
Other provisions	(250,979)	(277,144)
NET OPERATING INCOME	730,141	634,388
Share of profit of associates accounted for using the equity method	31,007	31,559
Gains/(losses) on disposal of subsidiaries and other assets	27,774	13,913
NET INCOME BEFORE INCOME TAXES	788,922	679,860
Income taxes		
Current	(45,356)	(71,265)
Deferred	(173,049)	(66,509)
NET INCOME AFTER INCOME TAXES	570,517	542,086
Net income for the period attributable to:		
Bank's Shareholders	502,276	485,282
Non-controlling interests	68,241	56,804
NET INCOME FOR THE PERIOD	570,517	542,086
Earnings per share (in Euros)		
Basic	0.065	0.063
Diluted	0.065	0.063

BANCO COMERCIAL PORTUGUÊS

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2025 AND 31 DECEMBER 2024

(Thousands of euros)

	30 June 2025	31 December 2024
ASSETS		
Cash and deposits at Central Banks	3,043,654	5,589,030
Loans and advances to credit institutions repayable on demand	271,492	251,157
Financial assets at amortised cost		
Loans and advances to credit institutions	1,154,893	797,535
Loans and advances to customers	55,023,464	53,907,058
Debt securities	25,000,970	21,345,171
Financial assets at fair value through profit or loss		
Financial assets held for trading	1,611,113	1,763,402
Financial assets not held for trading mandatorily at fair value through profit or loss	344,494	355,211
Financial assets designated at fair value through profit or loss	37,221	33,894
Financial assets at fair value through other comprehensive income	13,749,416	12,898,966
Hedging derivatives	85,860	69,349
Investments in associates	422,122	429,423
Non-current assets held for sale	75,319	45,245
Investment property	17,402	24,183
Other tangible assets	586,089	619,146
Goodwill and intangible assets	281,648	275,970
Current tax assets	24,280	21,159
Deferred tax assets	1,968,869	2,253,457
Other assets	1,767,233	1,464,246
TOTAL ASSETS	105,465,539	102,143,602
LIABILITIES		
Financial liabilities at amortised cost		
Deposits from credit institutions and other funds	771,720	777,719
Deposits from customers and other funds	83,967,991	82,084,687
Non-subordinated debt securities issued	4,265,785	3,528,710
Subordinated debt	1,398,489	1,427,359
Financial liabilities at fair value through profit or loss		
Financial liabilities held for trading	252,044	179,627
Financial liabilities designated at fair value through profit or loss	3,353,247	3,248,857
Hedging derivatives	52,184	39,041
Provisions	1,222,056	1,085,858
Current tax liabilities	81,001	136,008
Deferred tax liabilities	6,874	7,434
Other liabilities	1,690,431	1,435,745
TOTAL LIABILITIES	97,061,822	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	464,659	384,402
Treasury shares	(127,551)	—
Reserves and retained earnings	2,983,459	2,387,592
Net income for the period attributable to Bank's Shareholders	502,276	906,378
Non-controlling interests	1,164,403	1,097,714
TOTAL EQUITY	8,403,717	8,192,557
TOTAL LIABILITIES AND EQUITY	105,465,539	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. In accordance with the aforementioned guidelines, in addition to the alternative performance measures, detailed below, additional information is presented throughout this document, in the respective chapters, that reconciles the accounting figures presented in the consolidated financial statements prepared in accordance with IFRS and financial information reflecting the management criteria adopted by the BCP Group. 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

	30 Jun. 25	30 Jun. 24 restated
Loans to customers (net) (1)	58,936	56,726
Balance sheet customer funds (2)	87,321	83,873
(1) / (2)	**67.5%**	**67.6%**

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

	6M25	6M24
Net income (1)	502	485
Non-controlling interests (2)	68	57
Average total assets (3)	104,112	97,544
[(1) + (2), annualised] / (3)	**1.1%**	**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

	6M25	6M24
Net income (1)	502	485
Coupons on AT1 Instruments (2)	16	17
Average equity (3)	6,873	6,098
[(1)-(2), annualised] / (3)	**14.3%**	**15.4%**

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

	6M25	6M24
Net income (1)	502	485
Coupons on AT1 Instruments (2)	16	17
Goodwill impairment (3)	0	0
Adjusted net income (4)=[(1)-(2)+(3)]	486	468
Average equity excluding goodwill and intangible assets (5)	6,597	5,873
[(4), annualised] / (5)	**14.9%**	**16.0%**

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

	6M25	6M24 restated
Operating costs (1)	684	619
of which: specific items (2)	3	2
Net operating revenues (3)	1,848	1,750
of which: specific items (4)	—	—
[(1) - (2)] / [(3) - (4)]	**36.8%**	**35.2%**

* Excluding specific items. In the first half of 2025, specific items had a negative impact in the amount of EUR 3 million recognised as staff costs in the activity in Portugal; in the first half of 2024, specific items had a negative impact in the amount of EUR 2 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

	6M25	6M24 restated
Loans to customers at amortised cost, before impairment (1)	60,232	58,325
Loan impairment charges (net of recoveries) (2)	90	98
[(2), annualised] / (1)	**30**	**34**

* In the first half of 2024, cost of risk excluding an impairment reversal occurred in the second quarter of 2024 stood at 50 b.p.

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

	30 Jun. 25	30 Jun. 24 restated
Non-Performing Exposures (Loans to customers) (1)	1,630	1,965
Loans to customers (gross) (2)	60,313	58,329
(1) / (2)	**2.7%**	**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

		30 Jun. 25	30 Jun. 24 restated
Non-Performing Exposures (Loans to customers) (1)		1,630	1,965
Total loan impairments (balance sheet) (2)		1,377	1,603
	(2) / (1)	**84.5%**	**81.5%**

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

		30 Jun. 25	30 Jun. 24
Non-Performing Exposures (Loans to customers) (1)		1,630	1,965
Impairments allocated to NPE (balance sheet) (2)		871	1,065
	(2) / (1)	**53.4%**	**54.2%**

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 impairment (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) on disposal 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 interest) 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, net of treasury shares of the same nature - 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 STATEMENT FOR THE SIX MONTHS PERIODS ENDED 30 JUNE 2025 AND 2024

(Thousands of euros)

	Notes	30 June 2025	30 June 2024
Interest and similar income	2	2,222,073	2,387,479
Interest and similar expense	2	(778,019)	(989,931)
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NET INCOME FOR THE PERIOD		570,517	542,086
Earnings per share (in Euros)			
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Diluted	17	0.065	0.063

CHIEF ACCOUNTANT

THE EXECUTIVE COMMITTEE

See accompanying notes to the interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE THREE MONTHS PERIODS BETWEEN 1 APRIL AND 30 JUNE 2025 AND 2024

(Thousands of euros)

	2nd Quarter 2025	2nd Quarter 2024 (restated)
Interest and similar income	1,086,734	1,221,470
Interest and similar expense	(363,737)	(520,159)
NET INTEREST INCOME	722,997	701,311
Dividends from equity instruments	821	751
Net fees and commissions income	212,401	199,629
Gains/(losses) on financial operations at fair value through profit or loss	40,611	(15,460)
Foreign exchange gains/(losses)	(12,726)	7,831
Gains/(losses) on hedge accounting	(1,994)	7,950
Gains/(losses) arising from derecognition of financial assets and liabilities not measured at fair value through profit or loss	423	(2,785)
Other operating income/(losses)	(66,329)	(52,783)
TOTAL OPERATING INCOME	896,204	846,444
Staff costs	195,228	174,015
Other administrative costs	110,406	101,599
Amortisations and depreciations	38,191	35,756
TOTAL OPERATING EXPENSES	343,825	311,370
NET OPERATING INCOME BEFORE PROVISIONS AND IMPAIRMENTS	552,379	535,074
Results on modification	(941)	(53,736)
Impairment of financial assets at amortised cost	(32,751)	(24,063)
Impairment of financial assets at fair value through other comprehensive income	723	(3,667)
Impairment of other assets	(4,803)	(4,870)
Other provisions	(146,532)	(138,556)
NET OPERATING INCOME	368,075	310,182
Share of profit of associates accounted for using the equity method	17,557	21,144
Gains/(losses) on disposal of subsidiaries and other assets	25,047	13,774
NET INCOME BEFORE INCOME TAXES	410,679	345,100
Income taxes		
Current	(42,286)	(43,899)
Deferred	(63,876)	(15,742)
NET INCOME AFTER INCOME TAXES	304,517	285,459
Net income for the period attributable to:		
Bank's Shareholders	258,824	250,973
Non-controlling interests	45,693	34,486
NET INCOME FOR THE PERIOD	304,517	285,459

CHIEF ACCOUNTANT

THE EXECUTIVE COMMITTEE

See accompanying notes to the interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS PERIODS ENDED 30 JUNE 2025 AND 2024

(Thousands of euros)

	30 June 2025		
		Attributable to	
	Total	Bank's Shareholders	Non-controlling interests
NET INCOME FOR THE PERIOD	570,517	502,276	68,241
ITEMS THAT MAY BE RECLASSIFIED TO THE INCOME STATEMENT (NOTE 43)			
Debt instruments at fair value through other comprehensive income			
Gains / (losses) for the period	53,500	38,473	15,027
Reclassification of gains /(losses) to profit or loss (note 5)	(4,890)	(4,851)	(39)
Cash flows hedging			
Gains / (losses) for the period	225,747	224,222	1,525
Other comprehensive income from investments in associates and others	13,921	13,920	1
Exchange differences arising on consolidation	(57,736)	(43,076)	(14,660)
IAS 29 application			
Effect on equity of Banco Millennium Atlântico, S.A.	1,410	1,410	—
Fiscal impact	(80,236)	(76,859)	(3,377)
	151,716	153,239	(1,523)
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	24	(18)	42
Associates	1,704	1,704	—
	1,728	1,686	42
Changes in own credit risk of financial liabilities at fair value through profit or loss (note 43)	846	846	—
Actuarial gains / (losses) for the period			
BCP Group Pension Fund (note 50)	110,464	110,464	—
Pension Funds of foreign subsidiaries and associates	154	150	4
Fiscal impact	(32,779)	(32,773)	(6)
	80,413	80,373	40
Other comprehensive income / (loss) for the period	232,129	233,612	(1,483)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	802,646	735,888	66,758

CHIEF ACCOUNTANT

THE EXECUTIVE COMMITTEE

See accompanying notes to the interim condensed consolidated financial statements.

(Thousands of euros)

	30 June 2024		
		Attributable to	
	Total	Bank's Shareholders	Non-controlling interests
NET INCOME FOR THE PERIOD	542,086	485,282	56,804
ITEMS THAT MAY BE RECLASSIFIED TO THE INCOME STATEMENT (NOTE 43)			
Debt instruments at fair value through other comprehensive income			
Gains / (losses) for the period	27,822	16,772	11,050
Reclassification of gains / (losses) to profit or loss (note 5)	(693)	(669)	(24)
Cash flows hedging			
Gains / (losses) for the period	95,113	93,201	1,912
Other comprehensive income from investments in associates and others	13,360	13,351	9
Exchange differences arising on consolidation	31,569	18,521	13,048
IAS 29 application			
Effect on equity of Banco Millennium Atlântico, S.A.	42	42	—
Fiscal impact	(35,381)	(32,856)	(2,525)
	131,832	108,362	23,470
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	116	89	27
Associates	4,629	4,629	—
	4,745	4,718	27
Changes in own credit risk of financial liabilities at fair value through profit or loss (note 43)	2,254	2,254	—
Actuarial gains / (losses) for the period			
BCP Group Pensions Fund (note 50)	(47,407)	(47,407)	—
Pension Funds of foreign subsidiaries and associates	(3,104)	(2,826)	(278)
Fiscal impact	10,954	10,959	(5)
	(32,558)	(32,302)	(256)
Other comprehensive income / (loss) for the period	99,274	76,060	23,214
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	641,360	561,342	80,018

CHIEF ACCOUNTANT

THE EXECUTIVE COMMITTEE

See accompanying notes to the consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE MONTHS PERIODS BETWEEN 1 APRIL AND 30 JUNE 2025 AND 2024

(Thousands of euros)

	2nd Quarter 2025		
		Attributable to	
	Continuing operations	Bank's Shareholders	Non-controlling interests
NET INCOME FOR THE PERIOD	304,517	258,824	45,693
ITEMS THAT MAY BE RECLASSIFIED TO THE INCOME STATEMENT			
Debt instruments at fair value through other comprehensive income			
Gains/(losses) for the period	38,038	29,642	8,396
Reclassification of gains / (losses) to profit or loss	1,521	1,549	(28)
Cash flows hedging			
Gains/(losses) for the period	126,311	125,763	548
Other comprehensive income from investments in associates and others	6,622	6,619	3
Exchange differences arising on consolidation	(70,797)	(44,697)	(26,100)
IAS 29 application			
Effect on equity of Banco Millennium Atlântico, S.A.	944	944	—
Fiscal impact	(48,599)	(46,803)	(1,796)
	54,040	73,017	(18,977)
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	(135)	(87)	(48)
Associates	1,680	1,680	—
	1,545	1,593	(48)
Changes in own credit risk of financial liabilities at fair value through profit or loss	582	582	—
Actuarial gains/(losses) for the period			
BCP Group Pensions Fund	110,464	110,464	—
Pension Funds of foreign subsidiaries and associates	(57)	(54)	(3)
Fiscal impact	(33,101)	(33,112)	11
	79,433	79,473	(40)
Other comprehensive income/(loss) for the period	133,473	152,490	(19,017)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	437,990	411,314	26,676

CHIEF ACCOUNTANT

THE EXECUTIVE COMMITTEE

See accompanying notes to the interim condensed consolidated financial statements.

(Thousands of euros)

	2nd Quarter 2024		
		Attributable to	
	Continuing operations	Bank's Shareholders	Non-controlling interests
NET INCOME FOR THE PERIOD	285,459	250,973	34,486
ITEMS THAT MAY BE RECLASSIFIED TO THE INCOME STATEMENT			
Debt instruments at fair value through other comprehensive income			
Gains/(losses) for the period	14,925	10,375	4,550
Reclassification of gains / (losses) to profit or loss	(1,387)	(1,369)	(18)
Cash flows hedging			
Gains/(losses) for the period	71,425	70,906	519
Other comprehensive income from investments in associates and others	3,440	3,435	5
Exchange differences arising on consolidation	5,006	2,730	2,276
IAS 29 application			
Effect on equity of Banco Millennium Atlântico, S.A.	246	246	—
Fiscal impact	(25,373)	(24,401)	(972)
	68,282	61,922	6,360
ITEMS THAT WILL NOT BE RECLASSIFIED TO THE INCOME STATEMENT			
Equity instruments at fair value through other comprehensive income			
Subsidiaries	(330)	(331)	1
Associates	2,443	2,443	—
	2,113	2,112	1
Changes in own credit risk of financial liabilities at fair value through profit or loss	(226)	(226)	—
Actuarial gains/(losses) for the period			
BCP Group Pensions Fund	(47,407)	(47,407)	—
Pension Funds of foreign subsidiaries and associates	(83)	(83)	—
Fiscal impact	11,867	11,867	—
	(33,736)	(33,737)	1
Other comprehensive income/(loss) for the period	34,546	28,185	6,361
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	320,005	279,158	40,847

CHIEF ACCOUNTANT

THE EXECUTIVE COMMITTEE

See accompanying notes to the interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2025 AND 31 DECEMBER 2024

(Thousands of euros)

	Notes	30 June 2025	31 December 2024
ASSETS			
Cash and deposits at Central Banks	18	3,043,654	5,589,030
Loans and advances to credit institutions repayable on demand	19	271,492	251,157
Financial assets at amortised cost			
Loans and advances to credit institutions	20	1,154,893	797,535
Loans and advances to customers	21	55,023,464	53,907,058
Debt securities	22	25,000,970	21,345,171
Financial assets at fair value through profit or loss			
Financial assets held for trading	23	1,611,113	1,763,402
Financial assets not held for trading mandatorily at fair value through profit or loss	23	344,494	355,211
Financial assets designated at fair value through profit or loss	23	37,221	33,894
Financial assets at fair value through other comprehensive income	23	13,749,416	12,898,966
Hedging derivatives	24	85,860	69,349
Investments in associates	25	422,122	429,423
Non-current assets held for sale	26	75,319	45,245
Investment property	27	17,402	24,183
Other tangible assets	28	586,089	619,146
Goodwill and intangible assets	29	281,648	275,970
Current tax assets	30	24,280	21,159
Deferred tax assets	30	1,968,869	2,253,457
Other assets	31	1,767,233	1,464,246
TOTAL ASSETS		105,465,539	102,143,602
LIABILITIES			
Financial liabilities at amortised cost			
Deposits from credit institutions and other funds	32	771,720	777,719
Deposits from customers and other funds	33	83,967,991	82,084,687
Non-subordinated debt securities issued	34	4,265,785	3,528,710
Subordinated debt	35	1,398,489	1,427,359
Financial liabilities at fair value through profit or loss			
Financial liabilities held for trading	36	252,044	179,627
Financial liabilities designated at fair value through profit or loss	37	3,353,247	3,248,857
Hedging derivatives	24	52,184	39,041
Provisions	38	1,222,056	1,085,858
Current tax liabilities	30	81,001	136,008
Deferred tax liabilities	30	6,874	7,434
Other liabilities	39	1,690,431	1,435,745
TOTAL LIABILITIES		97,061,822	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	464,659	384,402
Treasury shares	42	(127,551)	—
Reserves and retained earnings	43	2,983,459	2,387,592
Net income for the period attributable to Bank's Shareholders		502,276	906,378
Non-controlling interests	44	1,164,403	1,097,714
TOTAL EQUITY		8,403,717	8,192,557
TOTAL LIABILITIES AND EQUITY		105,465,539	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 SIX MONTHS PERIODS ENDED 30 JUNE 2025 AND 2024

(Thousands of euros)

	30 June 2025	30 June 2024
CASH FLOWS ARISING FROM OPERATING ACTIVITIES		
Interests received	1,567,193	1,845,494
Commissions received	539,113	541,106
Fees received from services rendered	56,399	60,346
Interests paid	(769,957)	(828,158)
Commissions paid	(89,119)	(109,607)
Recoveries on loans previously written off	7,485	56,295
Payments (cash) to suppliers and employees (*)	(818,140)	(707,483)
Income taxes (paid) / received	(87,142)	(142,576)
	405,832	715,417
Decrease / (increase) in operating assets:		
Receivables from / (Loans and advances to) credit institutions	(105,146)	173,786
Deposits held with purpose of monetary control	(251,889)	(109,337)
Loans and advances to customers receivable / (granted)	283,666	(566,275)
Short term trading securities	243,871	(1,470,711)
Increase / (decrease) in operating liabilities:		
Loans and advances to credit institutions repayable on demand	12,083	(48,129)
Deposits from credit institutions with agreed maturity date	(14,911)	378,258
Loans and advances to customers repayable on demand	2,156,723	731,148
Deposits from customers with agreed maturity date	(211,322)	3,775,446
	2,518,907	3,579,603
CASH FLOWS ARISING FROM INVESTING ACTIVITIES		
Dividends received	45,702	54,840
Interest income from financial assets at fair value through other comprehensive income and at amortised cost	528,044	467,660
Sale of financial assets at fair value through other comprehensive income and at amortised cost	3,971,435	1,441,735
Acquisition of financial assets at fair value through other comprehensive income and at amortised cost	(84,929,730)	(81,145,432)
Maturity of financial assets at fair value through other comprehensive income and at amortised cost	75,530,846	75,163,174
Acquisition of tangible and intangible assets	(51,596)	(46,037)
Sale of tangible and intangible assets	24,580	2,104
Decrease / (increase) in other sundry assets	(522,090)	(40,561)
	(5,402,809)	(4,102,517)
CASH FLOWS ARISING FROM FINANCING ACTIVITIES		
Issuance of subordinated debt	500,000	—
Reimbursement of subordinated debt	(529,500)	—
Issuance of debt securities	687,651	70,101
Repayment of debt securities	(14,208)	(183,310)
Issuance of commercial paper and other securities	265,417	33,645
Repayment of commercial paper and other securities	(132,419)	(4,436)
Issuance of Perpetual Subordinated Bonds in January 2024, net of expenses (Additional Tier 1)	—	397,600
Repayment of Perpetual Subordinated Bonds issued in January 2019, net of expenses (Additional Tier 1)	—	(400,000)
Purchase of own shares	(127,551)	—
Dividends paid to Bank's shareholders	(447,647)	(256,938)
Dividends paid to non-controlling interests	—	(28,727)
Interest paid of the issue of Perpetual Subordinated Bonds (Additional Tier 1)	(16,250)	(17,375)
Increase / (decrease) in other sundry liabilities and non-controlling interests (**)	231,104	(26,177)
	416,597	(415,617)
Exchange differences effect on cash and equivalents	(57,736)	31,569
Net changes in cash and equivalents	(2,525,041)	(906,962)
Cash (note 18)	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 18)	610,717	590,279
Deposits at Central Banks (note 18)	2,432,937	3,120,085
Loans and advances to credit institutions repayable on demand (note 19)	271,492	265,887
CASH AND EQUIVALENTS AT THE END OF THE PERIOD	3,315,146	3,976,251

(*) As at 30 June 2025, this balance includes the amount of EUR 32,000 (30 June 2024: EUR 89,000) related to short-term lease contracts and the amount of EUR 1,278,000 (30 June 2024: EUR 1,160,000) related to lease contracts of low value assets.
(**) As at 30 June 2025, this balance includes the amount of EUR 28,669,000 (30 June 2024: EUR 28,539,000) 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 SIX MONTHS PERIODS ENDED 30 JUNE 2025 AND 2024

(Thousands of euros)

	Share capital	Share premium	Other equity instruments	Legal and statutory reserves	Treasury shares	Reserves and retained earnings	Net income attributable to Bank's Shareholders	Non-controlling interests (note 44)	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	—	—	—	—	—	—	485,282	56,804	542,086
Other comprehensive income	—	—	—	—	—	76,060	—	23,214	99,274
TOTAL COMPREHENSIVE INCOME	—	—	—	—	—	76,060	485,282	80,018	641,360
Results application:									
Legal reserve	—	—	—	68,027	—	(68,027)	—	—	—
Transfers for reserves and retained earnings	—	—	—	—	—	856,050	(856,050)	—	—
Dividends paid	—	—	—	—	—	(256,938)	—	—	(256,938)
Interest on perpetual subordinated bonds (Additional Tier 1)	—	—	—	—	—	(17,375)	—	—	(17,375)
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
Dividends (a)	—	—	—	—	—	—	—	(28,727)	(28,727)
Other reserves	—	—	—	—	—	2	—	14	16
BALANCE AS AT 30 JUNE 2024	3,000,000	16,471	400,000	384,402	—	2,302,206	485,282	1,038,732	7,627,093
Net income for the period	—	—	—	—	—	—	421,096	37,301	458,397
Other comprehensive income	—	—	—	—	—	101,670	—	21,678	123,348
TOTAL COMPREHENSIVE INCOME	—	—	—	—	—	101,670	421,096	58,979	581,745
Results application:									
Interest on perpetual subordinated bonds (Additional Tier 1)	—	—	—	—	—	(16,250)	—	—	(16,250)
Other reserves	—	—	—	—	—	(34)	—	3	(31)
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	—	—	—	—	—	—	502,276	68,241	570,517
Other comprehensive income	—	—	—	—	—	233,612	—	(1,483)	232,129
TOTAL COMPREHENSIVE INCOME	—	—	—	—	—	233,612	502,276	66,758	802,646
Results application:									
Legal reserve(nota 41)	—	—	—	80,257	—	(80,257)	—	—	—
Transfers for reserves and retained earnings	—	—	—	—	—	906,378	(906,378)	—	—
Dividends paid						(447,646)	—	—	(447,646)
Interest on perpetual subordinated bonds (Additional Tier 1)	—	—	—	—	—	(16,250)	—	—	(16,250)
Treasury shares (note 42)	—	—	—	—	(127,551)	—	—	—	(127,551)
Other reserves	—	—	—	—	—	30	—	(69)	(39)
BALANCE AS AT 30 JUNE 2025	3,000,000	16,471	400,000	464,659	(127,551)	2,983,459	502,276	1,164,403	8,403,717

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

CHIEF ACCOUNTANT

THE EXECUTIVE COMMITTEE

See accompanying notes to the 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 interim condensed 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 six-month periods ended on 30 June 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 8 August 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 six-month periods ended on 30 June 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 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 2025. 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

The interim condensed 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. The restated values of assets are reduced by the amount that exceeds their recoverable amount, in accordance with the applicable IFRS.

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

The Group, at the time of acquisition of financial instruments, carried out an evaluation of the business model in which the 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 57, 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, the Group 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. The loans recoveries and loans written off are recorded under the headings Impairment of financial assets at amortized cost and in off-balance sheet accounts, respectively.

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 Group 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 Group, 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 Group'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 Group 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 Group 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 Group 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 Group's Economic Studies area. These scenarios, which are used across the Group for various purposes besides calculating impairment, consider existing forecasts by reference entities.

In December 2024 the Group 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 30 June 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 30 June 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".

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 2016 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 30 June 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 2 January 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 23 December 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 30 June 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 30 June 2025, a variable compensation plan / profit distribution 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 2025 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 / profit distribution 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 your 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 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 / profit distribution 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 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 the annual fixed remunerations earned 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 taxes, 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, the provisions for guarantees and other commitments, and the impairment losses on debt instruments at amortized cost or at fair value through Other Comprehensive Income, 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 no. 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 no.º 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 Group 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 Group'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 Group'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 Group 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 Group 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)

	30 June 2025	30 June 2024
Interest and similar income		
Interest on deposits at Central Banks and on loans and advances to credit institutions repayable on demand	37,804	52,596
Interest on financial assets at amortised cost		
Loans and advances to credit institutions	39,330	40,870
Loans and advances to customers	1,378,905	1,592,424
Debt securities	366,385	303,929
Interest on financial assets at fair value through profit or loss		
Financial assets held for trading	31,139	22,827
Financial assets not held for trading mandatorily at fair value through profit or loss	2,196	391
Financial assets designated at fair value through profit or loss	502	464
Interest on financial assets at fair value through other comprehensive income	287,867	242,387
Interest on hedging derivatives	70,717	122,499
Interest on other assets	7,228	9,092
	2,222,073	2,387,479
Interest and similar expense		
Interest on financial liabilities at amortised cost		
Deposits from credit institutions and other funds	(18,057)	(25,308)
Deposits from customers and other funds	(513,941)	(595,173)
Non-subordinated debt securities issued	(99,555)	(86,377)
Subordinated debt	(41,683)	(41,138)
Interest on financial liabilities at fair value through profit or loss		
Financial liabilities held for trading		
Derivatives	(11,575)	(24,822)
Financial liabilities designated at fair value through profit or loss		
Deposits from customers and other funds	(10,993)	(5,887)
Non-subordinated debt securities issued	—	(182)
Interest on hedging derivatives	(76,175)	(204,743)
Interest on leasing	(5,934)	(6,162)
Interest on other liabilities	(106)	(139)
	(778,019)	(989,931)
	1,444,054	1,397,548

The balance Interest and similar income - Interest on financial assets at amortised cost - Loans and advances to customers includes the amount of EUR 38,816,000 (30 June 2024: EUR 43,735,000) 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 29,753,000 (30 June 2024: EUR 37,506,000) 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 191,370,000 (30 June 2024: negative interests of EUR 142,273,000), Interest on financial assets at amortised cost - Debt securities, positive interest of EUR 27,820,000 (30 June 2024: positive interests of EUR 32,348,000), Interest on financial assets at fair value through other comprehensive income, interests of EUR 0 (30 June 2024: positive interests of EUR 104,000), Interest on financial liabilities at amortised cost - Deposits from customers and other funds, positive interests of EUR 5,373,000 (30 June 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 1,634,000 and EUR 392,000, respectively (30 June 2024: EUR 1,738,000 and EUR 398,000, 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)

	30 June 2025	30 June 2024
Dividends from financial assets through other comprehensive income	841	786
	841	786

4. Net fees and commissions income

The amount of this account is comprised of:

(Thousands of euros)

	30 June 2025	30 June 2024
Fees and commissions received		
Banking services provided	270,090	268,876
Management and maintenance of accounts	88,874	84,746
Bancassurance	68,762	59,049
Securities operations	28,167	27,841
From guarantees granted	23,337	23,436
From commitments to third parties	2,749	2,600
Management and intervention commissions	12,539	11,971
Other commissions	11,322	10,973
	505,840	489,492
Fees and commissions paid		
Banking services provided by third parties	(67,133)	(71,303)
Securities operations	(4,804)	(4,302)
From guarantees received	(2,910)	(3,127)
Other commissions	(17,163)	(14,724)
	(92,010)	(93,456)
	413,830	396,036

5. Gains / (losses) on financial operations

The amount of this account is comprised of:

(Thousands of euros)

	30 June 2025	30 June 2024
Gains/(losses) on financial operations at fair value through profit or loss		
Gains/(losses) on financial assets held for trading	46,307	104,511
Gains/(losses) on financial assets not held for trading mandatorily at fair value through profit or loss	13,988	6,708
Gains/(losses) on financial assets and liabilities designated at fair value through profit or loss	14,087	(133,458)
	74,382	(22,239)
Foreign exchange gains/(losses)	(10,081)	17,664
Gains/(losses) on hedge accounting	(36)	541
Gains/(losses) arising from derecognition of financial assets and liabilities not measured at fair value through profit or loss	(8,427)	(1,329)
	55,838	(5,363)

The balances Gains/(losses) on financial operations at fair value through profit or loss is comprised of:

(Thousands of euros)

	30 June 2025	30 June 2024
Gains/(losses) on financial assets held for trading		
Gains		
Debt securities portfolio	9,193	5,282
Equity instruments	10,874	22,575
Derivative financial instruments	477,448	333,865
Other operations	840	551
	498,355	362,273
Losses		
Debt securities portfolio	(5,871)	(4,305)
Equity instruments	(12,106)	(22,269)
Derivative financial instruments	(433,833)	(230,970)
Other operations	(238)	(218)
	(452,048)	(257,762)
	46,307	104,511

(continues)

(continuation)

(Thousands of euros)

	30 June 2025	30 June 2024
Gains/(losses) on financial assets not held for trading mandatorily at fair value through profit or loss		
Gains		
Loans and advances to customers	164	1,319
Debt securities portfolio	14,373	14,298
Equity instruments	20,946	6,143
	35,483	21,760
Losses		
Loans and advances to customers	(118)	(487)
Debt securities portfolio	(5,127)	(6,546)
Equity instruments	(16,250)	(8,019)
	(21,495)	(15,052)
	13,988	6,708
Gains/(losses) on financial assets and liabilities designated at fair value through profit or loss		
Gains		
Debt securities portfolio	62	31
Deposits from customers and other funds	14,442	18,051
Debt securities issued		
Certificates and structured securities issued	173,482	37,490
Other debt securities issued	—	37
	187,986	55,609
Losses		
Debt securities portfolio	(72)	(388)
Deposits from customers and other funds	(20,532)	(19,943)
Debt securities issued		
Certificates and structured securities issued	(153,295)	(163,228)
Other debt securities issued	—	(5,508)
	(173,899)	(189,067)
	14,087	(133,458)

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)

	30 June 2025	30 June 2024
Foreign exchange gains/(losses)		
Gains	2,411,385	1,848,300
Losses	(2,421,466)	(1,830,636)
	(10,081)	17,664
Gains/(losses) on hedge accounting		
Gains		
Hedging derivatives	539,174	180,603
Hedged items	447,818	141,642
	986,992	322,245
Losses		
Hedging derivatives	(521,374)	(193,061)
Hedged items	(465,654)	(128,643)
	(987,028)	(321,704)
	(36)	541
Gains/(losses) arising from derecognition of financial assets and liabilities not measured at fair value through profit or loss		
Gains		
Credit sales	5,361	2,830
Debt securities portfolio at amortised cost	689	—
Debt securities portfolio at fair value through other comprehensive income	8,219	1,375
Debt securities issued	1,609	1,026
Others	947	1,087
	16,825	6,318
Losses		
Credit sales	(253)	(4,141)
Debt securities portfolio at amortised cost	(12,531)	—
Debt securities portfolio at fair value through other comprehensive income	(3,329)	(682)
Debt securities issued	(8,856)	(736)
Others	(283)	(2,088)
	(25,252)	(7,647)
	(8,427)	(1,329)

The main contributions for the balance Gains/(losses) on hedge accounting relating to the hedging of financial assets and liabilities are:

(Thousands of euros)

	30 June 2025	30 June 2024
Covered item		
Deposits from customers (Portfolio Hedge)	(727)	(6,569)
Bonds recorded in other comprehensive income and at amortised cost	3,255	367
Non subordinated debt	144	5,150
Subordinated debt	(1,938)	483
Others	(770)	1,110
	(36)	541

Regarding the sale of financial assets at fair value through other comprehensive income subject to hedge accounting, the balance Gains/(losses) arising from derecognition of financial assets and liabilities not measured at fair value through profit or loss - Debt securities portfolio at fair value through other comprehensive income, includes a net gain of EUR 5,070,000 (30 June 2024: net gain of EUR 1,530,000), which is offset in the balance Gains/(losses) on hedge accounting.

6. Other operating income / (expenses)

The amount of this account is comprised of

(Thousands of euros)

	30 June 2025	30 June 2024
Operating income		
Gains on leasing operations	1,574	6,221
Income from services rendered	16,941	15,937
Rents	1,010	965
Sales of cheques and others	3,372	3,711
Other operating income	30,508	35,741
	53,405	62,575
Operating expenses		
Donations and contributions	(3,026)	(2,327)
Contribution on the Banking Sector	(22,409)	(32,997)
Contributions to Resolution Funds	(28,189)	(20,604)
Contributions to the Deposit Guarantee Fund	(9,421)	(366)
Special tax on the polish banking sector	(47,367)	(8,007)
Taxes	(7,630)	(6,859)
Losses on financial leasing operations	(131)	(33)
Other operating expenses	(60,624)	(75,680)
	(178,797)	(146,873)
	(125,392)	(84,298)

The balance Contribution on the Banking Sector in Portugal is estimated according to the terms of the Decree-Law no. 55-A/2010. The determination of the amount payable is based on: (i) the annual average liabilities deducted by core capital (Tier 1) and supplementary capital (Tier 2) and deposits covered by the Deposit Guarantee Fund, and (ii) notional amount of derivatives.

Further to Portugal's Constitutional Court decision n.° 478/2025 of 3rd June 2025 declaring the Solidarity Surcharge on the Banking Sector (ASSB) unconstitutional, the Group did not proceed with the self-assessment and payment of the tax which, under the rules previously in force, would have been due by 30 June 2025. Further to the favorable court decision in the legal challenge against the ASSB paid in 2021 and its final judgment, the amount of EUR 6,151 thousand was recognised as income in the first half of 2025. The amount in question was repaid to the Group at the beginning of July 2025.

ASSB regarding 2020, 2022, 2023, 2024 amounts to the EUR 24,413 thousand and the related tax litigation processes are still pending.

The balance Contributions to Resolution Funds includes the periodic contributions that must be paid to the Portuguese Fund, as stipulated in Decree-Law 24/2013. The periodic contributions are determined by a base rate, established by the Banco de Portugal through regulatory instruments, to be applied in each year and which may be adjusted to the credit institution's risk profile based on the objective incidence of those contributions. The period contributions affect the liabilities of the credit institutions members of the Fund, as per the article 10 of the referred Decree-Law, deducted from the liability elements that are part of the core capital and supplementary and from the deposits covered by the Deposit Guarantee Fund.

The balance Contributions to Resolution Funds also includes the mandatory contributions made by Bank Millennium, S.A to the Bank Guarantee Fund in Poland. The current principles of financing the deposit guarantee system and resolution in Poland, as defined in the Act of 10 June 2016 on the Bank Guarantee Fund, deposit guarantee system and forced restructuring, and are effective from 2017.

The method of calculating contributions regarding the resolution fund of banks in Poland was defined in the Regulation (EU) 63/2015 (amended by Regulation (EU) 1434/2016), which applies directly to all European Union countries. The contribution for a given year from each entity is calculated by BFG in accordance with this regulation and the entity is notified by 1 May, each year.

The total value of the contribution to the Deposit Guarantee Fund attributable to the Group (BCP and ActivoBank) amounted to EUR 239,000 (30 June 2024: EUR 229,000), with the Group delivering the entire annual contribution to the Deposit Guarantee Fund.

Up to and including 2011, inclusive, under the terms set out in Banco de Portugal Notice 11/94, the Group could choose to deliver part of the contribution to the Deposit Guarantee Fund and the other part to constitute an irrevocable payment commitment. As a guarantee of the assumption of irrevocable payment commitments assumed until 2012 with the Deposit Guarantee Fund, a security pledge has been created for this purpose, in the amount of EUR 52,178,000 (30 June 2024: EUR 98,316,000). Additionally, in the second half of 2024, the Group (BCP and ActivoBank) made a payment of EUR 47,595,000, with accumulated irrevocable payment commitments amounting to EUR 47,595,000 (30 June 2024: EUR 95,190,000) recorded in the off-balance sheet items (note 45).

As of 2024, no further contributions were made 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 as 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 (1) of Regulation (EU) 806/2014.

In the first half of 2025 and 2024, the accumulated irrevocable payments commitments constituted in the amount of EUR 30,638,000, are accounted in off-balance sheet items (note 45) and are fully collateralised by assets recorded in Other assets - Deposit account applications (note 31).

7. Staff costs

The amount of this account is comprised of:

(Thousands of euros)

	30 June 2025	30 June 2024
Remunerations	305,922	273,394
Mandatory social security charges		
Post-employment benefits (note 50)		
Service cost	(4,845)	(4,880)
Net interest cost / (income) in the liability coverage balance	1,225	(3,273)
Cost with early retirement programmes	2,362	2,410
	(1,258)	(5,743)
Other mandatory social security charges	68,188	61,405
	66,930	55,662
Voluntary social security charges	6,031	7,516
Other staff costs	4,432	3,150
	383,315	339,722

In the first half of 2025, the Group paid severance payments in the amount of EUR 804,000 (30 June 2024: EUR 1,635,000), of which the highest amounted to EUR 230,000 (30 June 2024: EUR 381,000).

Remunerations

In compliance with the provisions of Article 47 of Banco de Portugal Notice 3/2020, quantitative information is disclosed regarding the remuneration paid to different categories of members of governing bodies and categories of employees provided for in Article 115-C (2) of the RGICS, as well as the information provided for in Article 450 (g) to (i) of Regulation (EU) 2019/876 of the European Parliament and of the Council.

A. BCP Board of Directors

The fixed remuneration and social charges paid to members of the Board of Directors of Banco Comercial Português, S.A. are analysed as follows:

(Thousands of euros)

	Board of Directors			
	Executive Committee		Non-executive directors	
	30 June 2025	30 June 2024	30 June 2025	30 June 2024
Fixed remuneration	1,713	1,622	1,102	1,016
Variable remuneration				
Pecuniary	576	692	—	—
Shares	729	856	—	—
Deferred	1,831	1,037	—	—
Supplementary retirement pension	382	324	114	108
Post-employment benefits	(17)	(8)	—	—
Other mandatory social security charges	411	389	220	232
	5,625	4,912	1,436	1,356
Number of beneficiaries	6	6	11	11

Considering that the remuneration of members of the Executive Committee and Directors, with an exclusivity contract, intends to compensate the functions that are performed in the Group and in all other functions performed in subsidiaries or governing bodies for which they have been designated by indication or in representation of the Group, in the latter case, the net amount of the remuneration annually received by each member of the Executive Committee will be deducted from the fixed annual remuneration attributed by the Group, ensuring that the effective payable amount corresponds to the one approved by the Remuneration and Welfare Board.

The amount of remuneration paid to the Executive Committee includes the amount of EUR 65,000 (30 June 2024: EUR 45,000) supported by subsidiaries or companies whose governing bodies represent the Group's interests. Regarding the Non-executive directors, this amount was EUR 14,000 (30 June 2024: EUR 11,000).

In 2025, it was assigned variable remuneration in accordance with the remuneration policies for the members of the management bodies and for employees, approved for 2024, as described in accounting policies 1 R4 and 1 R5.

In the first half of 2025, the variable remuneration attributed was EUR 1,440,000 in cash, of which EUR 864,000 are deferred for 5 years, and 2,673,979 shares corresponding to EUR 1,440,000, of which 1,604,381 shares are deferred for 5 years.

In the first half of 2025, the deferred variable remuneration paid refers to the years 2023, 2022, 2021, 2020, 2019 and 2018, of which EUR 251,000 in cash and 2,318,880 BCP shares in the amount of EUR 1,580,000.

In 2024, it was assigned variable remuneration in accordance with the remuneration policies for the members of the management bodies and for employees, approved for 2023, as described in accounting policies 1 R4 and 1 R5.

In the first half of 2024, the variable remuneration attributed was EUR 1,384,000 in cash, of which EUR 692,000 are deferred for 5 years, and 4,684,579 shares corresponding to EUR 2,769,000, of which 2,342,290 shares are deferred for 5 years.

In the first half of 2024, the deferred variable remuneration paid refers to the years 2022, 2021, 2020, 2019 and 2018, of which Euros 224,000 in cash and 2,225,180 BCP shares in the amount of Euros 813,000.

During the first half of 2025 and 2024, no severance payments were paid to members of the Board of Directors.

B. Key Function Holders (KFH)

During the first half of 2025, the remunerations and social security charges supported with the Group's Key Function Holders are, detailed by segment, as follows:

(Thousands of euros)

	30 June 2025				
	Retail	Corporate	Control functions	Others	Total
Fixed remuneration	573	1,049	1,463	2,567	5,652
Variable remuneration					
Pecuniary	144	180	559	773	1,656
Shares	120	76	41	462	699
Deferred	117	88	53	512	770
Post-employment benefits	(30)	(20)	(65)	(84)	(199)
Other mandatory social security charges	155	218	370	638	1,381
	1,079	1,591	2,421	4,868	9,959
Number of beneficiaries	9	11	29	36	85

Arising from the application of the Remuneration Policies for Employees, approved for the financial year 2024, as described in accounting policies 1 R4 and 1 R5, in the first half of 2025, the 85 Key Function Holders (KFH) were awarded with variable remuneration, in the amount of EUR 461,000 in cash and 850,656 shares deferred for 5 years.

During the first half of 2025, deferred variable remunerations were paid to KFH deferred from 2023, 2022, 2021, 2020 and 2019, corresponding in cash to EUR 226,000 and shares in the amount of EUR 544,000.

During the first half of 2025, severance pay was paid to one KFH in the amount of EUR 50,000.

During the first half of 2024, the remunerations and social security charges supported with the Group's Key Function Holders are, detailed by segment, as follows:

(Thousands of euros)

	30 June 2024				
	Retail	Corporate	Control functions	Others	Total
Fixed remuneration	601	1,057	1,355	2,513	5,526
Variable remuneration					
Pecuniary	172	179	504	882	1,737
Shares	134	153	70	506	863
Deferred	62	71	36	261	430
Post-employment benefits	(41)	(21)	(67)	(103)	(232)
Other mandatory social security charges	149	222	339	652	1,362
	1,077	1,661	2,237	4,711	9,686
Number of beneficiaries	8	11	30	37	86

Arising from the application of the Remuneration Policies for Employees, approved for the financial year 2023, as described in accounting policies 1 R4 and 1 R5, in the first half of 2024, the 86 Key Function Holders (KFH) were awarded with variable remuneration, in the amount of EUR 487,000 in cash and 1,798,447 shares deferred for 5 years.

During the first half of 2024, deferred variable remunerations were paid to KFH deferred from 2022, 2021, 2020 and 2019 years, corresponding in cash to EUR 167,000 and shares in the amount of EUR 263,000.

During the first half of 2024, severance pay was paid to one KFH in the amount of EUR 381,000.

The remunerations and social security charges supported with the Group's Key Function Holders, discriminated by Key management personnel and by members whose professional activities have significant impact in the risk profile of the Group (Other KFH), are as follows:

(Thousands of euros)

	Key Function Holders					
	Key management personnel		Other KFH		Total	
	30 June 2025	30 June 2024	30 June 2025	30 June 2024	30 June 2025	30 June 2024
Fixed remuneration	4,078	3,784	1,574	1,742	5,652	5,526
Variable remuneration						
Pecuniary	1,018	1,137	637	600	1,655	1,737
Shares	699	863	—	—	699	863
Deferred	762	425	8	5	770	430
Post-employment benefits	(113)	(143)	(86)	(89)	(199)	(232)
Other mandatory social security charges	982	953	399	409	1,381	1,362
	7,426	7,019	2,532	2,667	9,958	9,686
Number of beneficiaries	52	52	33	34	85	86

In the first half of 2025, the Key management personnel were awarded with deferred variable remuneration in the amount of EUR 461,000 and 850,656 shares deferred for 5 years.

In the first half of 2025 deferred variable remunerations from 2023, 2022, 2021, 2020 and 2019 years were paid in cash to Key management members, in the amount of EUR 224,000, as well as BCP shares and investment units from AF Portfólio Imobiliário Fund corresponding to EUR 538,000. Regarding the other KFH, were paid EUR 2,000 in cash deferred from 2019, BCP shares and investment units from AF Portfólio Imobiliário Fund, from the years 2019, corresponding to EUR 5,000.

In the first half of 2024, the Key management members were awarded with deferred variable remuneration in the amount of EUR 487,000 and 1,798,447 shares deferred for 5 years.

In the first half of 2024 deferred variable remunerations from 2022, 2021, 2020 and 2019 years were paid in cash to Key management members, in the amount of EUR 165,000, as well as BCP shares and participation units from AF Portfólio Imobiliário Fund corresponding to EUR 260,000. Regarding the other KFH, were paid Euros 2,000 in cash deferred from 2019, BCP shares and investment units from AF Portfólio Imobiliário Fund, from the year 2019, corresponding to EUR 3,000.

In accordance with regulation (EU) 11° 575/2013, Article 450 (1)(i), In the first half of 2025 the Bank has 1 employee on the Board of Directors with remuneration between EUR 1 million and EUR 1.5 million (30 June 2024: 1 employee).

8. Other administrative costs

The amount of this account is comprised of:

(Thousands of euros)

	30 June 2025	30 June 2024
Water, electricity and fuel	7,627	7,080
Credit cards and mortgage	1,634	2,626
Communications	15,007	13,801
Maintenance and related services	10,087	9,637
Legal expenses	1,735	3,509
Travel, hotel and representation costs	5,388	4,800
Advisory services	24,520	20,734
Training costs	539	498
Information technology services	14,590	13,476
Consumables	3,984	4,390
Outsourcing and independent labour	64,217	55,984
Advertising	18,632	16,233
Rents and leases	13,341	14,636
Insurance	2,535	2,873
Transportation	5,734	5,627
Other specialised services	19,211	18,440
Other supplies and services	14,663	14,211
	223,444	208,555

The balance Rents and leases includes the amount of EUR 32,000 (30 June 2024: EUR 89,000) related to short-term lease contracts and the amount of EUR 1,278,000 (30 June 2024: EUR 1,160,000) 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)

	30 June 2025	30 June 2024
Amortisations of intangible assets (note 29):		
Software	20,438	17,918
Other intangible assets	3,609	2,755
	24,047	20,673
Depreciations of other tangible assets (note 28):		
Properties	7,316	7,404
Equipment		
Computers	10,359	8,764
Security equipment	649	512
Indoor facilities	1,725	1,627
Machinery	821	854
Furniture	1,084	1,247
Vehicles	3,149	2,739
Other equipment	1,109	989
Right-of-use		
Real estate	26,527	26,358
	52,739	50,494
	76,786	71,167

10. Results on modification

The Group has accounted for in this balance the negative amount of EUR 5,120,000 (30 June 2024: negative amount of EUR 14,343,000) relating to contractual modifications made in accordance with IFRS 9, namely those negotiated with customers holding foreign currency-indexed mortgages loans in Poland, described in note 57, which amounted to EUR 2,509,000 in the first half of 2025 (30 June 2024: EUR 9,801,000).

In the first half of 2024, this item also included a cost with credit holidays in the amount of Euros 46,633,000, following the signing by the President of the Republic of Poland and announcement in the Journal of Laws of the Republic of Poland of an Act of 12 April 2024 on changes to the Act on support for mortgage borrowers who were in challenging financial situation and the Act on crowdfunding for business ventures and assistance to borrowers ('the Act'), introducing, among others, an extension of credit holidays for PLN mortgage borrowers by four more months in 2024.

11. Impairment of financial assets at amortised cost

The amount of this account is comprised of:

(Thousands of euros)

	30 June 2025	30 June 2024
Loans and advances to credit institutions (note 20)		
Charge for the period	134	99
Reversals for the period	(32)	(64)
	102	35
Loans and advances to customers (note 21)		
Charge for the period	352,819	421,140
Reversals for the period	(256,299)	(265,864)
Recoveries of loans and interest charged-off	(7,485)	(56,295)
	89,035	98,981
Debt securities (note 22)		
Associated to credit operations		
Charge for the period	1,187	15
Reversals for the period	(452)	(1,970)
	735	(1,955)
Not associated to credit operations		
Charge for the period	24,841	2,245
Reversals for the period	(5,855)	(2,204)
	18,986	41
	19,721	(1,914)
	108,858	97,102

The balances Loans and advances to customers and Debt securities not associated to credit operations, include a net reversal of charge recorded in BIM - Banco Internacional de Moçambique, S.A., in the amount of EUR 5,574,000 (30 June 2024: EUR 2,915,000) and EUR 17,569,000 (30 June 2024: negative amount of EUR 1,157,000), respectively, resulting from the downgrade of Mozambique's public debt, as referred to in note 55.

12. Impairment of financial assets at fair value through other comprehensive income

The detail of this balance is comprised of:

(Thousands of euros)

	30 June 2025	30 June 2024
Impairment of financial assets at fair value through other comprehensive income (note 23)		
Charge for the period	2,496	5,104
Reversals for the period	(775)	—
	1,721	5,104

13. Impairment of other assets

The amount of this account is comprised of:

(Thousands of euros)

	30 June 2025	30 June 2024
Impairment of non-current assets held for sale (note 26)		
Charge for the period	1,196	2,320
Reversals for the period	(1,048)	(135)
	148	2,185
Impairment of tangible fixed assets (note 28)		
Reversals for the period	(52)	—
	(52)	—
Impairment of other assets (note 31)		
Charge for the period	6,087	8,145
Reversals for the period	(2,388)	(2,859)
	3,699	5,286
Impairment of real estate and other assets arising from recovered loans (note 31)		
Charge for the period	5,235	3,523
Reversals for the period	(223)	(443)
	5,012	3,080
	8,807	10,551

14. Other provisions

This balance is comprised of:

(Thousands of euros)

	30 June 2025	30 June 2024
Provision for guarantees and other commitments (note 38)		
Charge for the period	19,434	14,708
Reversals for the period	(22,959)	(17,899)
	(3,525)	(3,191)
Other provisions for liabilities and charges (note 38)		
Charge for the period	258,421	281,671
Reversals for the period	(3,917)	(1,336)
	254,504	280,335
	250,979	277,144

The balance Other provisions for liabilities and charges - Charge for the period refers essentially to provisions for legal risk accounted for by Bank Millennium, related to foreign currency-indexed mortgage loans, as described in note 57, in the first half of 2025, amounted to EUR 241,458,000 (30 June 2024: EUR 260,618,000).

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)

	30 June 2025	30 June 2024
Banco Millennium Atlântico, S.A. (note 25)		
Appropriation of net income relating to the current period	1,868	1,676
Effect of the application of IAS 29:		
Amortisation of the effect calculated until 31 December 2018 (a)	(56)	(77)
	1,812	1,599
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A.	18,411	16,681
Unicre - Instituição Financeira de Crédito, S.A.	3,773	1,557
SIBS, S.G.P.S, S.A.	7,109	8,242
Banque BCP, S.A.S.	1,751	1,685
Fidelidade Moçambique - Companhia de Seguros S.A.	696	980
Other companies	(2,545)	815
	29,195	29,960
	31,007	31,559

(a) Based on the requirements of IAS 29, Angola was considered a hyperinflationary 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)

	30 June 2025	30 June 2024
Gains /(Losses) on disposal of investments	15,212	(36)
Gains /(Losses) on disposal of other assets	12,562	13,949
	27,774	13,913

The balance Gains / (losses) on disposal of investments includes an amount of Euros 15,213,000 relating to a price adjustment relating to the sale process that took place in 2017 of 41.1% of Nanium S.A.

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 4,123,000 (30 June 2024: gain of EUR 13,260,000).

17. Earnings per share

The earnings per share are calculated as follows:

(Thousands of euros)

	30 June 2025	30 June 2024
Continuing operations		
Net income from continuing operations	570,517	542,086
Non-controlling interests	(68,241)	(56,804)
Appropriated net income from continuing operations	502,276	485,282
Interests on perpetual subordinated bonds (Additional Tier 1)	(16,250)	(17,375)
Adjusted net income	486,026	467,907
Average number of shares	15,058,636,575	15,113,989,952
Basic earnings per share (Euros):	0.065	0.063
Diluted earnings per share (Euros):	0.065	0.063

As at 30 June 2025, the Bank's share capital amounts to EUR 3,000,000,000 (30 June 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.

The calculation of the average number of shares as at 30 June 2025 (15,058,636,575 BCP shares) took into account the repurchase of own shares that occurred in the second quarter of 2025 (208,526,461 BCP shares), which programme is described in note 42.

There were not identified another dilution effects of the earnings per share as at 30 June 2025 and 30 June 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)

	30 June 2025	31 December 2024
Cash	610,717	666,175
Central Banks		
Banco de Portugal	887,193	2,998,047
Central Banks abroad	1,545,744	1,924,808
	3,043,654	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.

According to the legislation of the Central Banks of Portugal, Poland, Mozambique and Monetary Authority of Macao (AMCM), as at 30 June 2025, the minimum cash reserves are EUR 2,164,036,000 (31 December 2024: EUR 2,365,095,000).

19. Loans and advances to credit institutions repayable on demand

This balance is analysed as follows:

(Thousands of euros)

	30 June 2025	31 December 2024
Credit institutions in Portugal	9,201	3,553
Credit institutions abroad	163,687	166,850
Amounts due for collection	98,604	80,754
	271,492	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)

	30 June 2025	31 December 2024
Loans and advances to Central Banks		
Central Banks abroad	525,101	273,212
	525,101	273,212
Loans and advances to credit institutions in Portugal		
Term deposits	77,878	1,913
Loans	10,004	—
Other	1,542	537
	89,424	2,450
Loans and advances to credit institutions abroad		
Very short-term deposits	105,265	99,486
Term deposits	348,421	324,524
Term deposits to collateralise CIRS and IRS operations (*)	77,499	38,909
Other	9,382	59,066
	540,567	521,985
	1,155,092	797,647
Impairment for loans and advances to credit institutions	(199)	(112)
	1,154,893	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)

	30 June 2025	31 December 2024
Balance as at 1 January	112	224
Transfers	—	(3)
Charge for the period (note 11)	134	216
Reversals for the period (note 11)	(32)	(327)
Exchange rate differences	(15)	2
Balance at the end of the period	199	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)

	30 June 2025	31 December 2024
Mortgage loans	30,188,041	29,582,285
Loans	16,503,058	16,292,820
Finance leases	4,362,844	4,336,809
Factoring operations	2,383,373	2,495,783
Current account credits	887,497	827,079
Overdrafts	1,273,276	1,109,387
Discounted bills	145,454	143,419
	55,743,543	54,787,582
Overdue loans - less than 90 days	131,035	108,019
Overdue loans - Over 90 days	471,239	498,191
	56,345,817	55,393,792
Loans impairment	(1,322,353)	(1,486,734)
	55,023,464	53,907,058

The balance Loans and advances to customers, as at 30 June 2025, is analysed as follows:

(Thousands of euros)

	30 June 2025				
	Outstanding loans	Overdue loans	Gross amount	Impairment	Net amount
Public sector	511,500	134	511,634	(321)	511,313
Asset-backed loans	32,307,057	93,612	32,400,669	(341,066)	32,059,603
Other guaranteed loans	4,386,024	71,653	4,457,677	(168,005)	4,289,672
Unsecured loans	9,531,108	275,906	9,807,014	(640,000)	9,167,014
Foreign loans	2,261,637	2,641	2,264,278	(16,704)	2,247,574
Factoring operations	2,383,373	46,057	2,429,430	(72,525)	2,356,905
Finance leases	4,362,844	112,271	4,475,115	(83,732)	4,391,383
	55,743,543	602,274	56,345,817	(1,322,353)	55,023,464

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 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 balance Loans and advances to customers includes the amount of EUR 11,026,316,000 (31 December 2024: EUR 10,932,203,000) regarding mortgage loans assigned to the cover pool backing the Group's covered bond programme issuances.

As part of the liquidity risk management, the Group holds a pool of eligible assets that can serve as collateral in funding operations with the European Central Bank and other Central Banks in countries where the Group operates, which include loans and advances to customers.

As referred in note 51, the Group provides loans and/or guarantees to qualifying shareholders holding individually or together with their affiliates, 5% or more of the share capital identified in the Board of Directors report and in note 40.

The Group granted credit to qualifying shareholders and entities controlled by them, in the amount of EUR 114,206,000 (31 December 2024: EUR 113,027,000), as referred in note 51 a). The amount of impairment recognised for these contracts amounts to EUR 896,000 (31 December 2024: EUR 2,834,000).

The conclusion of business between the Company and holders of qualifying holdings or individuals or legal entities related to them in accordance with the provisions of article 33 (3) of Notice 3/2020 of Banco de Portugal, regardless of the amount, is always subject of consideration and deliberation by the Board of Directors, after obtaining a prior opinion from the Audit Committee, and by proposal of the Executive Committee, which in turn deliberates under proposal from the Credit Committee, after obtaining an analysis and opinion from the Compliance Office, which pronounces regarding the compliance of the proposed operations with internal regulations, legal and regulatory provisions and other conditions that may apply to them, and the Risk Office, which evaluates and issues an opinion on the risks inherent to the operation.

The analysis of loans and advances to customers, as at 30 June 2025, by sector of activity, is as follows:

(Thousands of euros)

	30 June 2025					
	Outstanding loans	Overdue loans	Gross amount	Impairment	Net amount	% Gross amount
Agriculture and forestry	381,715	10,334	392,049	(13,546)	378,503	0.70 %
Fisheries	17,411	92	17,503	(992)	16,511	0.03 %
Mining	51,221	1,370	52,591	(2,337)	50,254	0.09 %
Food, beverage and tobacco	741,193	15,392	756,585	(49,035)	707,550	1.34 %
Textiles	368,794	19,652	388,446	(45,141)	343,305	0.69 %
Wood and cork	212,365	5,264	217,629	(11,921)	205,708	0.39 %
Paper, printing and publishing	126,792	1,035	127,827	(2,961)	124,866	0.23 %
Chemicals	693,301	6,685	699,986	(29,360)	670,626	1.24 %
Machinery, equipment and basic metallurgical	1,297,309	35,213	1,332,522	(65,696)	1,266,826	2.37 %
Electricity and gas	266,264	430	266,694	(2,901)	263,793	0.47 %
Water	190,386	1,003	191,389	(7,305)	184,084	0.34 %
Construction	1,347,616	22,048	1,369,664	(49,156)	1,320,508	2.43 %
Retail business	1,573,127	16,982	1,590,109	(34,269)	1,555,840	2.82 %
Wholesale business	2,086,190	38,716	2,124,906	(61,723)	2,063,183	3.77 %
Restaurants and hotels	1,207,045	9,432	1,216,477	(35,491)	1,180,986	2.16 %
Transports	1,274,162	18,582	1,292,744	(35,057)	1,257,687	2.29 %
Post offices	18,920	893	19,813	(1,018)	18,795	0.04 %
Telecommunications	265,729	1,593	267,322	(6,387)	260,935	0.47 %
Services						
Financial intermediation	1,490,280	1,261	1,491,541	(31,471)	1,460,070	2.65 %
Real estate activities	2,288,248	20,357	2,308,605	(54,339)	2,254,266	4.10 %
Consulting, scientific and technical activities	919,492	9,527	929,019	(41,900)	887,119	1.65 %
Administrative and support services activities	536,095	5,103	541,198	(13,584)	527,614	0.96 %
Public sector	459,978	8,075	468,053	(4,037)	464,016	0.83 %
Education	116,598	368	116,966	(2,068)	114,898	0.21 %
Health and collective service activities	390,519	1,606	392,125	(5,400)	386,725	0.70 %
Artistic, sports and recreational activities	186,308	1,017	187,325	(5,568)	181,757	0.33 %
Other services	263,029	3,953	266,982	(66,808)	200,174	0.47 %
Consumer loans	7,342,366	240,119	7,582,485	(446,454)	7,136,031	13.46 %
Mortgage loans	29,240,087	103,932	29,344,019	(187,498)	29,156,521	52.08 %
Other domestic activities	1,162	4	1,166	(543)	623	0.00 %
Other international activities	389,841	2,236	392,077	(8,387)	383,690	0.70 %
	55,743,543	602,274	56,345,817	(1,322,353)	55,023,464	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 loans	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 item Loans and advances to customers, split by stage according with IFRS 9, is analysed as follows:

(Thousands of euros)

	30 June 2025	31 December 2024
Stage 1		
Gross amount	48,005,836	46,683,551
Impairment	(241,442)	(240,621)
	47,764,394	46,442,930
Stage 2		
Gross amount	6,768,255	6,891,393
Impairment	(255,099)	(265,533)
	6,513,156	6,625,860
Stage 3		
Gross amount	1,571,725	1,818,847
Impairment	(825,811)	(980,579)
	745,914	838,268
Net amount	55,023,464	53,907,058

The exposure and impairment of the above table also includes the operations classified as POCI as detailed in note 54.

The analysis of the exposure covered by collaterals associated with loans and advances to customers' portfolio, by stage according with IFRS 9, considering the collaterals' fair value, is as follows:

(Thousands of euros)

	30 June 2025	31 December 2024
Stage 1		
Securities and other financial assets	1,384,059	1,413,424
Residential real estate	26,734,812	26,221,230
Other real estate	3,836,106	3,501,937
Other guarantees	9,051,305	8,632,995
	41,006,282	39,769,586
Stage 2		
Securities and other financial assets	185,498	179,566
Residential real estate	2,919,305	2,890,023
Other real estate	783,730	851,129
Other guarantees	1,058,701	1,266,171
	4,947,234	5,186,889
Stage 3		
Securities and other financial assets	14,507	17,158
Residential real estate	395,021	455,773
Other real estate	182,603	181,136
Other guarantees	249,542	275,656
	841,673	929,723
	46,795,189	45,886,198

The balance Other guarantees include first-demand guarantees issued by the Bank and other entities, with an internal risk rating of 108 or better; personal guarantees, when the guarantors are classified with internal risk grade 108 or better. This balance also includes pledges, assets subject to financial leasing operations and personal guarantees, among others.

Considering the policy of risk management of the Group (note 54), the amounts presented do not include the fair value of the personal guarantees provided by customers with lower risk rating. When considered, the fair value of the personal guarantees corresponds to the guaranteed amount.

The Group is applying physical collaterals and financial guarantees as instruments to mitigate the credit risk. The physical collaterals are mainly mortgages on residential buildings for the mortgage portfolio and other mortgages on other types of buildings related to other types of loans. To reflect the market value, these collaterals are regularly reviewed based on independent and certified valuation entities or through the application of revaluation coefficients that reflect the market trends for each specific type of building and geographical area. The financial guarantees are reviewed based on the market value of the respective assets, when available, with the subsequent application of haircuts that reflect the volatility of their prices. The Group continued to negotiate additional physical and financial collaterals with its customers.

The loans and advances 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)

	30 June 2025			31 December 2024		
	Restructured loans	Impairment (*)	Net amount	Restructured loans	Impairment (*)	Net amount
Agriculture and forestry	12,543	(3,269)	9,274	10,656	(3,355)	7,301
Fisheries	5,342	(99)	5,243	540	(23)	517
Mining	595	(311)	284	2,421	(1,867)	554
Food, beverage and tobacco	13,795	(7,833)	5,962	12,299	(6,785)	5,514
Textiles	10,784	(3,643)	7,141	8,176	(2,318)	5,858
Wood and cork	5,752	(1,558)	4,194	3,688	(504)	3,184
Paper, printing and publishing	2,933	(839)	2,094	1,290	(953)	337
Chemicals	20,743	(7,643)	13,100	18,869	(7,813)	11,056
Machinery, equipment and basic metallurgical	21,180	(8,627)	12,553	16,718	(5,461)	11,257
Electricity and gas	22,760	(320)	22,440	23,007	(325)	22,682
Water	221	(85)	136	247	(35)	212
Construction	16,685	(5,964)	10,721	61,430	(46,455)	14,975
Retail business	12,549	(2,013)	10,536	14,059	(2,479)	11,580
Wholesale business	32,227	(10,287)	21,940	30,457	(8,330)	22,127
Restaurants and hotels	20,223	(2,987)	17,236	117,672	(10,704)	106,968
Transports	5,301	(2,973)	2,328	5,334	(3,002)	2,332
Post offices	58	(26)	32	43	(13)	30
Telecommunications	954	(877)	77	4,213	(2,225)	1,988
Services						
Financial intermediation	93,252	(2,512)	90,740	8,610	(328)	8,282
Real estate activities	56,675	(25,146)	31,529	56,397	(14,015)	42,382
Consulting, scientific and technical activities	22,878	(3,956)	18,922	161,308	(132,149)	29,159
Administrative and support services activities	18,536	(2,963)	15,573	26,654	(8,869)	17,785
Public sector	56,948	(920)	56,028	65,172	(753)	64,419
Education	1,655	(241)	1,414	1,661	(90)	1,571
Health and collective service activities	6,797	(155)	6,642	7,589	(286)	7,303
Artistic, sports and recreational activities	5,828	(1,641)	4,187	7,764	(2,070)	5,694
Other services	10,332	(703)	9,629	8,236	(1,192)	7,044
Consumer loans	239,290	(115,183)	124,107	257,104	(119,696)	137,408
Mortgage loans	527,330	(74,787)	452,543	573,978	(75,614)	498,364
Other domestic activities	1	—	1	3	—	3
Other international activities	260	(159)	101	340	(201)	139
	1,244,427	(287,720)	956,707	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 described in point ii. of the section "Additional measures with impact on the Impairment level" of note 54.

The breakdown of the restructured loans as at 30 June 2025, by restructuring measure, is as follows:

(Thousands of euros)

	30 June 2025					
	Number of operations	Outstanding loans	Overdue loans	Gross amount	Impairment (*)	Net amount
Extension of the repayment term	38,548	246,630	81,651	328,281	(135,926)	192,355
Introduction of the grace period for capital and / or interest	6,971	290,224	25,244	315,468	(63,414)	252,054
Interest rate reduction	3,067	125,703	10,026	135,729	(15,284)	120,445
Payment plan change	6,713	131,315	13,522	144,837	(17,865)	126,972
Debt relief	21	434	459	893	(730)	163
Debt-asset swaps	2	17	14	31	(2)	29
Other restructured loans	6,275	296,738	22,450	319,188	(54,499)	264,689
	61,597	1,091,061	153,366	1,244,427	(287,720)	956,707

The breakdown of the restructured loans as at 31 December 2024, by restructuring measure, is as follows:

(Thousands of euros)

	31 December 2024					
	Number of operations	Outstandin g loans	Overdue loans	Gross amount	Impairment (*)	Net amount
Extension of the repayment term	41,619	316,318	77,407	393,725	(133,152)	260,573
Introduction of the grace period for capital and / or interest	6,811	287,481	33,107	320,588	(118,007)	202,581
Interest rate reduction	2,318	114,282	1,841	116,123	(8,155)	107,968
Payment plan change	6,930	296,183	9,248	305,431	(147,568)	157,863
Debt relief	31	450	480	930	(742)	188
Debt-asset swaps	3	18	15	33	(12)	21
Other restructured loans	5,088	341,437	27,668	369,105	(50,274)	318,831
	62,800	1,356,169	149,766	1,505,935	(457,910)	1,048,025

(*) The impairment presented in the tables does not include the amounts of impairment calculated using the overlays methodology described in point ii. of the section "Additional measures with impact on the Impairment level" of note 54.

The restructured loans are also subject to an impairment analysis resulting from the revaluation of expectation to meet new cash flows inherent to the new contract terms and considering new collaterals.

The Group has implemented a process for marking operations restructured due to customers' financial difficulties. This marking is part of the credit analysis process, being in charge of the respective decision-making bodies, according to the corresponding competencies, established in the regulations in force.

The information on operations restructured due to financial difficulties is available in the Group's information systems, having a relevant role in the processes of credit analysis, in the marking of customers in default and in the process of determining impairment. In particular:

- there are several default triggers related to restructuring due to financial difficulties (restructuring with loss of value, recidivism of restructuring, default on customers with restructured operations);

- in the process of individual impairment analysis, in addition to the existence of operations restructured due to financial difficulties, being a reason for customer selection, the loss inherent to the change in the conditions resulting from the restructuring is determined.

An operation marked as restructured due to financial difficulties, can only be unmarked at least 2 years after the date of marking, provided that a set of conditions exist that allow to conclude by the improvement of the financial condition of the customer. In the case of credits marked as Non-Performing Exposure (NPE), this 2-year period will only start on the date of classification of the credit as performing.

The definition of Non-Performing Loans for more than 90 days (NPL > 90) incorporates total credit (past due plus outstanding) associated with past due operations for more than 90 days. The amount calculated is EUR 786,320,000 (31 December 2024: EUR 791,051,000).

All customers who check at least one of the following conditions are marked in default and therefore as NPE:

- Material payment delay of more than 90 days in the amounts of principal, interest or unpaid commissions on the due date that, cumulatively, represent: more than EUR 100 (retail) or more than EUR 500 (non-retail); and more than 1% of the total debt (direct liabilities).

- Indications of low probability of payment:

a) Credit restructuring due to financial difficulties with loss of value; b) Delay after restructuring due to financial difficulties; c) Recurrence of restructuring due to financial difficulties; d) Credit with signs of impairment (or Stage 3 of IFRS 9); e) Insolvency or equivalent process; f) Litigation; g) Guarantees of operations in default; h) Loss of credit sales; i) Credit fraud; j) Unpaid credit status; k) Breach of covenants in a credit agreement; l) Contagion of default in an economic group; m) Cross default in the BCP Group.

The NPE associated with Loans and advances customers at amortised cost amounts to EUR 1,571,726,000 (31 December 2024: EUR 1,818,847,000).

The changes occurred in Loans impairment are analysed as follows:

(Thousands of euros)

	30 June 2025	31 December 2024
Balance as at 1 January	1,486,734	1,582,650
Charge for the period in net income interest	13,262	37,861
Other transfers	(225,976)	(992)
Impairment charge for the period (note 11)	352,819	804,883
Reversals for the period (note 11)	(256,299)	(550,457)
Loans charged-off		
Write-offs	(19,201)	(97,731)
Credit assignments	(29,930)	(301,290)
Exchange rate differences	944	11,810
Balance at the end of the period	1,322,353	1,486,734

According to note 38, regarding the proceedings related to foreign currency-indexed mortgages of Bank Millennium the amount of EUR 1,136,145,000 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)

	30 June 2025	31 December 2024
Agriculture and forestry	99	1,880
Fisheries	4	1
Mining	14	138
Food, beverage and tobacco	49	226
Textiles	345	363
Wood and cork	48	194
Paper, printing and publishing	106	75
Chemicals	1,523	374
Machinery, equipment and basic metallurgical	2,633	1,216
Electricity and gas	—	51
Water	10	49
Construction	1,540	3,922
Retail business	775	1,050
Wholesale business	1,284	3,211
Restaurants and hotels	438	5,848
Transports	1,284	2,101
Post offices	27	61
Telecommunications	8	1,090
Services		
Financial intermediation	573	(15,097)
Real estate activities	3,745	1,130
Consulting, scientific and technical activities	200	23,911
Administrative and support services activities	177	(33,921)
Education	12	217
Health and collective service activities	60	165
Artistic, sports and recreational activities	12	5,525
Other services	662	4,575
Consumer loans	2,235	59,729
Mortgage loans	1,079	3,089
Other domestic activities	3	387
Other international activities	256	26,171
	19,201	97,731

According to 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 Write-offs, by type of credit, is as follows:

(Thousands of euros)

	30 June 2025	31 December 2024
Asset-backed loans	5,507	4,268
Other guaranteed loans	2,612	5,670
Unsecured loans	9,230	52,733
Foreign loans	—	21,873
Finance leases	1,852	13,187
	19,201	97,731

The analysis of recovered loans and interest occurred during the first half of 2025 and 2024, by sector of activity, is as follows:

(Thousands of euros)

	30 June 2025	30 June 2024
Agriculture and forestry	68	3
Food, beverage and tobacco	34	557
Textiles	7	17
Wood and cork	405	27
Chemicals	163	542
Machinery, equipment and basic metallurgical	9	19
Water	7	—
Construction	769	138
Retail business	141	524
Wholesale business	77	1,185
Restaurants and hotels	42	9
Transports	198	600
Post offices	1	—
Telecommunications	19	5
Services		
Financial intermediation	903	12
Real estate activities	196	80
Consulting, scientific and technical activities	2	29
Administrative and support services activities	48	11
Health and collective service activities	—	29
Artistic, sports and recreational activities	—	1
Other services	3	1
Consumer loans	3,839	5,389
Mortgage loans	526	381
Other domestic activities	—	15
Other international activities	28	46,721
	7,485	56,295

The analysis of recovered loans and interest occurred during the first half of 2025 and 2024, by type of credit, is as follows:

(Thousands of euros)

	30 June 2025	30 June 2024
Asset-backed loans	1,342	537
Other guaranteed loans	526	892
Unsecured loans	5,203	7,474
Foreign loans	3	46,674
Finance leases	411	718
	7,485	56,295

The balance Loans and advances to customers includes the effect of traditional securitization transactions made through Special Purpose Entities (SPE) consolidated following the application of IFRS 10, in accordance with accounting policy 1 B and synthetic securitization. The characterization of these operations is described in note 1 D.

Traditional securitizations

The traditional securitization transaction engaged by the BCP and still ongoing, refers to mortgage loans portfolios and are set through securitization funds and special purpose entities (SPEs). As referred in accounting policy 1 B, when the substance of the relationships with the referred SPEs indicates that the Group holds control of its activities, those are consolidated by the full method.

Magellan Mortgages No. 3

On 24 June 2005, the Bank transferred, through securitization funds, an owned mortgage loans portfolio to the SPE “Magellan Mortgages No. 3 PLC”. Considering that, by having acquired part of the subordinated tranche of the bonds issued by that SPE, the Bank holds the control of the referred assets, the SPE is consolidated in the Group’s Financial Statements, as established in the accounting policy 1.B. As at 30 June 2025, the SPE's credit portfolio associated with this operation amounts to EUR 129,429,000 (31 December 2024: EUR 139,770,000) and bonds issued with different subordination levels amount to EUR 98,250,000 (this amount excludes bonds hold by the Group in the amount of EUR 44,219,000) and the most subordinated tranche amounts to EUR 44,000 (this amount excludes bonds already acquired by the Group in the amount EUR 206,000).

Synthetic securitizations

BCP has four operations in progress which form structures of synthetic securitization with similar characteristics, with reference to credit portfolios granted by the Bank mainly to Small and Medium Enterprises (SMEs).

Caravela SME No. 3

Caravela SME No.3, supports an operation started on 28 June 2013, based on a medium and long term loans portfolio of current accounts and authorised overdrafts. The legal maturity date of the operation is 25 March of 2036 and the operation amounts to EUR 99,388,000 as at 30 June 2025 (31 December 2024: EUR 116,142,000). The fair value of the relative Credit Default Swap (CDS) is recorded as a positive amount of EUR 175,668,000 (31 December 2024: positive amount of EUR 172,886,000) and the respective gain recorded in first half of 2025 amounts to EUR 4,799,000 (31 December 2024: gain of EUR 7,927,000).

Caravela SME No. 4

Caravela SME No. 4 is a similar operation, initiated on 5 June 2014, which portfolio contains car, real estate and equipment leasing. The legal maturity date is 21 September of 2043 and, as at 30 June 2025, the operation amounts to EUR 258,172,000 (31 December 2024: EUR 297,990,000). The fair value of the relative CDS is recorded as a positive amount of EUR 62,879,000 (31 December 2024: positive amount of EUR 61,758,000) and the respective gain recorded in first half of 2025 amounts to EUR 1,696,000 (31 December 2024: gain of EUR 3,388,000).

Caravela SME No. 5

Caravela SME No. 5, initiated on 20 December 2022, is supported by a portfolio of medium and long-term loans, leasing contract and commercial paper programmes. The legal maturity date is 26 September of 2035 and, as at 30 June 2025, the operation amounts to EUR 849,448,000 (31 December 2024: EUR 1,047,392,000). The fair value of the relative CDS is recorded as a negative amount of EUR 13,028,000 (31 December 2024: negative amount EUR 30,540,000) and the respective cost recorded in first half of 2025 amounts to EUR 6,284,000 (31 December 2024: cost of EUR 14,839,000).

Caravela SME No. 6

Caravela SME No. 6, initiated on 28 February 2024, is supported by a credit portfolio of short-term exposures to Portuguese SME and Corporate customers, in the form of current accounts overdrafts, authorised overdrafts and confirming agreements. The legal maturity date is 26 March of 2028 and as at 30 June 2025, the operation amounts to Euros 850,000,000 (31 December 2024: EUR 850,000,000). The fair value of the relative CDS is recorded as a negative amount of EUR 17,073,000 (31 December 2024: negative amount of EUR 20,330,000) and the respective cost recorded in first half of 2025 amounts to EUR 4,104,000 (31 December 2024: cost of EUR 7,107,000).

In any of these transactions, the Bank contracted a Credit Default Swap (CDS) with a Special Purpose Entity (SPE), purchasing from it form, credit risk protection on the referenced portfolio. In the case of synthetic structures, in the of this same CDS the risk of the respective portfolios was subdivided into 3 tranches: senior, mezzanine and equity. In this case of Caravela SME no. 3 and no. 4 operations, the mezzanine tranche and part of equity (20%) were placed on the market through the issuance, by the SPE, of Credit Linked Notes (CLN's) subscribed by investors, while in Caravela SME no. 5 and no. 6 has been placed on the market for the entire mezzanine tranche. In turn, the Bank retained the risk of the tranche senior and the remaining part of the equity tranche (80%) in the case of Caravela operations no. 3 and no. 4, and the whole of the equity tranche in the case of Caravela SME no. 5 and no. 6. The proceeds of the issuance of the CLNs were applied by the SPE in the constitution of a deposit which fully collateralises its liabilities to its creditors in connection with the transaction, including BCP.

These operations allowed the Bank to reduce the risk-weighted assets associated with the credit portfolios supporting the operations, but the Bank did not transfer to third parties most of the rights and obligations arising from the credits included in the respective portfolios, thus not meeting the derecognition criteria in the accounting policy presented in note 1 C1.3.

22. Debt securities

The balance Debt securities is analysed as follows:

(Thousands of euros)

	30 June 2025	31 December 2024
Debt securities held associated with credit operations		
Portuguese public issuers		
Bonds (*)	620,899	—
Other Portuguese issuers		
Bonds (*)	856,947	93,734
Commercial paper	2,368,527	1,681,923
Foreign issuers		
Commercial paper	35,199	26,224
	3,881,572	1,801,881
Overdue securities - over 90 days	4,449	4,449
	3,886,021	1,806,330
Impairment	(53,337)	(7,308)
	3,832,684	1,799,022
Debt securities held not associated with credit operations		
Bonds issued by public entities (*)		
Portuguese issuers	1,343,188	3,135,453
Foreign issuers	19,339,736	15,228,401
Bonds issued by public companies and other entities		
Portuguese issuers	—	695,257
Foreign issuers	549,307	539,011
	21,232,231	19,598,122
Impairment	(63,945)	(51,973)
	21,168,286	19,546,149
	25,000,970	21,345,171

(*) Includes the negative amount of EUR 230,641,000 (31 December 2024: negative amount of EUR 289,655,000) related to adjustments resulting from the application of fair value hedge accounting.

During the first half of 2025, the Bank began to present a set of debt securities, due to their characteristics, associated with credit operations of Portuguese public issuers amounting to EUR 445,756,000 (31 December 2024: EUR 451,563,000) and Other Portuguese issuers amounting to EUR 702,467,000 (31 December 2024: EUR 695,257,000).

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 Group'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 30 June 2025 amounts to EUR 14,146,362,000 (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)

	30 June 2025	31 December 2024
Debt securities held associated with credit operations		
Agriculture and forestry	11,527	2,484
Mining	104,547	98,541
Food, beverage and tobacco	163,226	118,851
Textiles	46,031	37,557
Wood and cork	23,352	25,811
Paper, printing and publishing	4,472	6,781
Chemicals	221,262	211,807
Machinery, equipment and basic metallurgical	91,921	67,948
Electricity and gas	327,791	201,886
Water	35,000	35,012
Construction	11,481	8,996
Retail business	47,510	40,359
Wholesale business	151,779	36,583
Restaurants and hotels	13,939	8,946
Transports	90,843	29,659
Services		
Financial intermediation	431,110	124,411
Real estate activities	45,639	59,793
Consulting, scientific and technical activities	1,317,480	626,336
Administrative and support services activities	22,213	17,422
Health and collective service activities	4,992	4,960
Artistic, sports and recreational activities	10,915	6,618
Other services	—	2,037
Other international activities	35,198	26,224
	3,212,228	1,799,022
Government and Public securities	620,456	—
	3,832,684	1,799,022
Debt securities held not associated with credit operations		
Machinery, equipment and basic metallurgical	—	24,035
Electricity and gas	—	100,225
Wholesale business	—	100,170
Services		
Financial intermediation	549,307	559,873
Consulting, scientific and technical activities	—	447,813
	549,307	1,232,116
Government and Public securities	20,618,979	18,314,033
	21,168,286	19,546,149
	25,000,970	21,345,171

The analysis of restructured debt securities portfolio, by sector of activity, is analysed as follows:

(Thousands of euros)

	30 June 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	8,869	(189)	8,680	9,279	(205)	9,074
Textiles	303	(14)	289	354	(17)	337
Chemicals	4,449	(4,412)	37	4,449	(3,234)	1,215
Services						
Real estate activities	32,099	(30,009)	2,090	—	—	—
Consulting, scientific and technical activities	20,423	(11,235)	9,188	—	—	—
Administrative and support services activities	7,201	—	7,201	10,007	(84)	9,923
	73,344	(45,859)	27,485	24,089	(3,540)	20,549

The changes occurred in impairment of debt securities are analysed as follows:

(Thousands of euros)

	30 June 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	45	48
Transfers	45,250	—
Charge for the period (note 11)	1,187	1,691
Reversals for the period (note 11)	(452)	(3,099)
Exchange rate differences	(1)	—
Balance at the end of the period	53,337	7,308
Debt securities held not associated with credit operations		
Balance as at 1 January	51,973	16,720
Other transfers	(1,430)	940
Charge for the period (note 11)	24,841	35,485
Reversals for the period (note 11)	(5,855)	(2,571)
Amounts charged-off	—	(293)
Exchange rate differences	(5,584)	1,692
Balance at the end of the period	63,945	51,973

The balances Loans and advances to customers and Debt securities not associated to credit operations, include a net reversal of charge recorded in BIM - Banco Internacional de Moçambique, S.A., in the amount of EUR 5,574,000 (30 June 2024: EUR 2,915,000) and EUR 17,569,000 (30 June 2024: negative amount of EUR 1,157,000), respectively. resulting from the downgrade of Mozambique's public debt, as referred to in note 55.

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)

	30 June 2025	31 December 2024
Financial assets at fair value through profit or loss		
Financial assets held for trading		
Repurchase agreement transaction	79,084	—
Debt instruments	982,911	1,259,178
Equity instruments	146,255	117,151
Trading derivatives	402,863	387,073
	1,611,113	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	288	427
Debt instruments	243,441	236,346
Equity instruments	100,765	118,438
	344,494	355,211
Financial assets designated at fair value through profit or loss		
Debt instruments	37,221	33,894
	37,221	33,894
Financial assets at fair value through other comprehensive income		
Debt instruments	13,722,378	12,872,637
Equity instruments	27,038	26,329
	13,749,416	12,898,966
	15,742,244	15,051,473

The balances of Financial assets Held for trading - Repurchase agreement transaction and Financial assets not held for trading mandatorily at fair value through profit or loss - Loans and advances to customers at fair value are analysed as follows:

(Thousands of euros)

	30 June 2025		31 December 2024	
	Held for trading	Not held for trading mandatorily at fair value through profit or loss	Held for trading	Not held for trading mandatorily at fair value through profit or loss
Asset-backed loans	79,084	—	—	—
Unsecured loans	—	251	—	371
	79,084	251	—	371
Overdue loans - less than 90 days	—	23	—	24
Overdue loans - Over 90 days	—	14	—	32
	79,084	288	—	427

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 30 June 2025, is analysed as follows:

(Thousands of euros)

	30 June 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	9,466	—	37,221	534,114	580,801
Foreign issuers	170,815	—	—	8,738,027	8,908,842
Bonds issued by public companies and other entities					
Portuguese issuers	48	—	—	580,821	580,869
Foreign issuers	55	—	—	1,569,425	1,569,480
Treasury bills (Public Issuers and Central Banks)					
Portuguese issuers	704,213	—	—	—	704,213
Foreign issuers	98,314	—	—	2,299,991	2,398,305
Shares of foreign companies (a)	—	15,120	—	—	15,120
Investment units (b)	—	228,321	—	—	228,321
	982,911	243,441	37,221	13,722,378	14,985,951
Equity instruments					
Shares					
Portuguese companies	42,429	—	—	16,296	58,725
Foreign companies	31	28,661	—	10,742	39,434
Investment units (c)	—	72,104	—	—	72,104
Other securities (d)	103,795	—	—	—	103,795
	146,255	100,765	—	27,038	274,058
Trading derivatives	402,863	—	—	—	402,863
	1,532,029	344,206	37,221	13,749,416	15,662,872
Level 1	1,129,167	—	37,221	11,625,475	12,791,863
Level 2	132,445	—	—	2,083,761	2,216,206
Level 3	270,417	344,206	—	40,180	654,803

(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 units are considered as debt instruments because they do not fall within the definition of equity instruments provided by IAS 32.
(c) These investment units were considered as equity instruments in accordance with the terms provided in IAS 32.
(d) Includes the amount of EUR 103,795,000 in Exchange Traded Funds (ETFs).

The portfolios are recorded at fair value in accordance with the accounting policy described in note 1 C. As referred in IFRS 13, financial instruments are measured according to the levels of valuation described in note 49.

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 55,000 (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 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 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
Level 1	1,375,875	—	33,894	10,513,297	11,923,066
Level 2	109,695	—	—	2,278,581	2,388,276
Level 3	277,832	354,784	—	107,088	739,704

(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 units are considered debt instruments because they do not fall within the definition of equity instruments provided by IAS 32.
(c) These investment 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)

	30 June 2025	31 December 2024
Balance as at 1 January	1,169	1,150
Transfers to changes in fair value (note 43)	(1,721)	(10,549)
Impairment through profit or loss (note 12)	2,496	10,255
Reversals through profit or loss (note 12)	(775)	(42)
Exchange rate differences	9	355
Balance at the end of the period	1,178	1,169

The accumulated impairment related to credit risk associated with the financial assets at fair value through other comprehensive income amounts to EUR 10,008,000 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 30 June 2025, is analysed as follows:

(Thousands of euros)

	30 June 2025			
	Amortised cost (a)	Fair value hedge adjustments (note 43)	Fair value adjustments (note 43)	Total
Debt instruments				
Bonds issued by public entities				
Portuguese issuers	586,949	(47,339)	(5,496)	534,114
Foreign issuers	8,692,766	15,223	30,038	8,738,027
Bonds issued by public companies and other entities				
Portuguese issuers	575,515	3,059	2,247	580,821
Foreign issuers	1,572,973	(8,381)	4,833	1,569,425
Treasury bills (Public Issuers and Central Banks)				
Foreign issuers	2,297,582	—	2,409	2,299,991
	13,725,785	(37,438)	34,031	13,722,378
Equity instruments				
Shares				
Portuguese companies	22,102	—	(5,806)	16,296
Foreign companies	5,989	—	4,753	10,742
	28,091	—	(1,053)	27,038
	13,753,876	(37,438)	32,978	13,749,416

(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 43)	Fair value adjustments (note 43)	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 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 30 June 2025, is as follows:

(Thousands of euros)

	30 June 2025			
	Bonds and Treasury bills	Shares	Other Financial Assets	Total
Agriculture and forestry	5,066	—	—	5,066
Mining	—	8	—	8
Paper, printing and publishing	49,082	—	—	49,082
Chemicals	17,631	4	—	17,635
Machinery, equipment and basic metallurgical	—	2	—	2
Electricity and gas	199,247	—	—	199,247
Water	18,277	—	—	18,277
Construction	4,972	2	—	4,974
Wholesale business	7,362	283	—	7,645
Transports	45,889	—	—	45,889
Telecommunications	58,943	4,413	—	63,356
Services				
Financial intermediation	3,366,392	60,049	404,220	3,830,661
Consulting, scientific and technical activities	68,324	42,600	—	110,924
Administrative and support services activities	24,722	5,895	—	30,617
Public sector	49,389	—	—	49,389
Health and collective service activities	10,491	—	—	10,491
Other services	—	23	—	23
	3,925,787	113,279	404,220	4,443,286
Government and Public securities	10,816,723	—	—	10,816,723
	14,742,510	113,279	404,220	15,260,009

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

The analysis of trading derivatives, by maturity, as at 30 June 2025, is as follows:

(Thousands of euros)

	30 June 2025					
	Notional (remaining term)				Fair value	
	Up to 3 months	3 months to 1 year	Over 1 year	Total	Assets	Liabilities (note 36)
Interest rate derivatives:						
OTC Market:						
Forward rate agreement	—	23,574	—	23,574	—	10
Interest rate swaps	650,896	1,189,205	4,529,471	6,369,572	82,692	63,941
Interest rate options (purchase)	8,251	81,385	279,333	368,969	1,104	177
Interest rate options (sale)	8,251	81,385	279,334	368,970	—	915
	667,398	1,375,549	5,088,138	7,131,085	83,796	65,043
Stock Exchange transactions:						
Interest rate futures	24,300	—	—	24,300	—	—
	24,300	—	—	24,300	—	—
Currency derivatives:						
OTC Market:						
Forward contracts	314,836	211,835	74,294	600,965	10,563	9,323
Currency swaps	2,271,512	684,191	15,116	2,970,819	14,836	55,386
Other spot contracts	84,245	—	—	84,245	—	—
	2,670,593	896,026	89,410	3,656,029	25,399	64,709
Currency and interest rate swaps:						
OTC Market:						
Currency and interest rate swaps:	—	—	108,981	108,981	801	889
	—	—	108,981	108,981	801	889
Shares/indexes:						
OTC Market:						
Shares/indexes swaps	407,346	1,501,077	92,710	2,001,133	13,328	11,154
Shares/indexes options (purchase)	74,632	114,017	137,327	325,976	31,690	—
Shares/indexes options (sale)	2,052	2,964	320,955	325,971	—	32,107
	484,030	1,618,058	550,992	2,653,080	45,018	43,261
Stock exchange transactions:						
Shares futures	1,200,922	—	—	1,200,922	—	—
	1,200,922	—	—	1,200,922	—	—
Commodity derivatives:						
Stock Exchange transactions:						
Commodities futures	6	—	—	6	—	—
	6	—	—	6	—	—
Credit derivatives:						
OTC Market:						
Credit default swaps (CDS)	—	—	298,623	298,623	247,849	—
	—	—	298,623	298,623	247,849	—
Total derivatives traded in:						
OTC Market	3,822,021	3,889,633	6,136,144	13,847,798	402,863	173,902
of which: Embedded derivatives	—	—	319,724	319,724	—	31,547
Stock Exchange	1,225,228	—	—	1,225,228	—	—
	5,047,249	3,889,633	6,136,144	15,073,026	402,863	173,902

The analysis of trading derivatives, by maturity, as at 31 December 2024, is as follows:

(Thousands of euros)

	31 December 2024					
	Notional (remaining term)				Fair value	
	Up to 3 months	3 months to 1 year	Over 1 year	Total	Assets	Liabilities (note 36)
Interest rate derivatives:						
OTC Market:						
Interest rate swaps	350,270	1,432,771	4,307,176	6,090,217	75,859	63,771
Interest rate options (purchase)	—	243,825	75,915	319,740	1,651	—
Interest rate options (sale)	—	243,825	75,916	319,741	1	1,651
	350,270	1,920,421	4,459,007	6,729,698	77,511	65,422
Stock Exchange transactions:						
Interest rate futures	10,700	—	—	10,700	—	—
	10,700	—	—	10,700	—	—
Currency derivatives:						
OTC Market:						
Forward contracts	192,023	148,382	10,523	350,928	1,179	5,572
Currency swaps	1,925,303	234,745	3,629	2,163,677	26,173	7,469
Other spot contracts	78,230	—	—	78,230	—	—
	2,195,556	383,127	14,152	2,592,835	27,352	13,041
Currency and interest rate swaps:						
OTC Market:						
Currency and interest rate swaps:	—	—	100,030	100,030	505	229
	—	—	100,030	100,030	505	229
Shares/indexes:						
OTC Market:						
Shares/indexes swaps	742,820	845,128	314,517	1,902,465	3,498	10,772
Shares/indexes options (purchase)	74,661	128,104	165,284	368,049	42,679	—
Shares/indexes options (sale)	2,808	3,149	362,070	368,027	—	43,489
	820,289	976,381	841,871	2,638,541	46,177	54,261
Stock exchange transactions:						
Shares futures	1,190,125	—	—	1,190,125	—	—
	1,190,125	—	—	1,190,125	—	—
Commodity derivatives:						
Stock Exchange transactions:						
Commodities futures	3	—	—	3	—	—
	3	—	—	3	—	—
Credit derivatives:						
OTC Market:						
Credit default swaps (CDS)	—	—	329,356	329,356	235,528	2,067
	—	—	329,356	329,356	235,528	2,067
Total derivatives traded in:						
OTC Market	3,366,115	3,279,929	5,744,416	12,390,460	387,073	135,020
of which: Embedded derivatives	—	—	360,586	360,586	—	42,477
Stock Exchange	1,200,828	—	—	1,200,828	—	—
	4,566,943	3,279,929	5,744,416	13,591,288	387,073	135,020

24. Hedging derivatives

This balance is analysed, by hedging instruments, as follows:

(Thousands of euros)

	30 June 2025		31 December 2024	
	Assets	Liabilities	Assets	Liabilities
Swaps	85,860	52,184	69,349	39,041

Hedging derivatives are measured in accordance with internal valuation techniques considering observable market inputs and, when not available, on information prepared by the Group by extrapolation of market data. In accordance with the hierarchy of the valuation sources, as referred in IFRS 13, these derivatives are classified in level 2. The Group resources to derivatives to hedge interest and exchange rate exposure risks. The accounting method depends on the nature of the hedged risk, namely if the Group is exposed to changes in fair value, variability in cash flows or highly probable forecast transactions.

As allowed by IFRS 9, the Group opted to continue to apply the hedge accounting requirements in accordance with IAS 39, using mainly interest rate and exchange rate derivatives. The fair value hedge model is adopted for debt securities, loans granted at fixed rate and money market loans and deposits, securities and combined hedge of variable rate financial assets and fixed rate financial liabilities. The cash flows hedge model is adopted for future transactions in foreign currency to cover dynamic changes in cash flows from loans granted and variable rate deposits in foreign currency, and for mortgages in foreign currency.

The relationships that follow the fair value hedge model recorded ineffectiveness of a negative amount of EUR 5,191,000 (31 December 2024: negative amount of EUR 1,583,000) while hedging relationships that follow the cash flow hedge model did not recorded any ineffectiveness as at 30 June 2025 (31 December 2024: negative ineffectiveness amount of EUR 52,000).

Associated with hedge losses, the amount of EUR 192,590,000 (31 December 2024: EUR 344,971,000) was reclassified from fair value reserves to interest and similar income, relating to cash flow hedge accounting. The accumulated adjustment on financial risks covered performed on the assets and liabilities which includes hedged items is detailed in note 54.

The analysis of hedging derivatives portfolio, by maturity, as at 30 June 2025, is as follows:

(Thousands of euros)

	30 June 2025					
	Notional (remaining period)				Fair value	
	Up to 3 months	3 months to 1 year	Over 1 year	Total	Assets	Liabilities
Fair value hedging derivatives related to interest rate risk changes						
OTC Market						
Interest rate swaps	70,721	687,160	37,518,005	38,275,886	84,755	21,194
Fair value hedging derivatives related to currency risk changes						
OTC Market						
Currency and interest rate swap (CIRS)	217,317	115,050	87,307	419,674	—	26,772
Cash flow hedging derivatives related to interest rate risk changes						
OTC Market						
Interest rate swaps	1,320,000	4,926,975	6,075,000	12,321,975	1,105	4,218
Total derivatives traded by						
OTC Market	1,608,038	5,729,185	43,680,312	51,017,535	85,860	52,184

The analysis of hedging derivatives portfolio, by maturity, as at 31 December 2024, is as follows:

(Thousands of euros)

	31 December 2024					
	Notional (remaining period)				Fair value	
	Up to 3 months	3 months to 1 year	Over 1 year	Total	Assets	Liabilities
Fair value hedging derivatives related to interest rate risk changes						
OTC Market						
Interest rate swaps	463,500	201,596	23,133,077	23,798,173	47,629	8,759
Fair value hedging derivatives related to currency risk changes						
OTC Market						
Currency and interest rate swap (CIRS)	96,576	280,071	—	376,647	19,312	—
Cash flow hedging derivatives related to interest rate risk changes						
OTC Market						
Interest rate swaps	1,205,000	2,107,537	8,188,530	11,501,067	2,408	6,724
Cash flow hedging derivatives related to currency risk changes						
OTC Market						
Currency and interest rate swap (CIRS)	81,633	—	—	81,633	—	23,558
Total derivatives traded by						
OTC Market	1,846,709	2,589,204	31,321,607	35,757,520	69,349	39,041

25. Investments in associates

This balance is analysed as follows:

(Thousands of euros)

	30 June 2025	31 December 2024
Portuguese credit institutions	50,973	50,153
Foreign credit institutions	120,004	128,829
Other Portuguese companies	252,474	253,146
Other foreign companies	40,831	42,746
	464,282	474,874
Impairment	(42,160)	(45,451)
	422,122	429,423

The balance Investments in associates, as at 30 June 2025, is analysed as follows:

(Thousands of euros)

	30 June 2025		
	Global value of investment	Impairment of investments in associates	Book value of investment
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A.	106,322	—	106,322
Banco Millennium Atlântico, S.A.	67,676	(24,149)	43,527
Banque BCP, S.A.S.	52,328	—	52,328
SIBS, S.G.P.S, S.A.	78,040	—	78,040
Unicre - Instituição Financeira de Crédito, S.A.	50,973	—	50,973
Fidelidade Moçambique - Companhia de Seguros S.A.	12,371	—	12,371
Lusofundo - Fundo de Investimento Imobiliário Fechado (in liquidation)	16,711	—	16,711
Fundo Especial de Investimento Imobiliário Fechado Eurofundo (in liquidation)	3,162	—	3,162
Fundo Turismo Algarve FCR	41,020	—	41,020
Europa Millennium Financial Services Sp. z o.o.	10,376	—	10,376
Nexponor - Sociedade de Investimento Coletivo Imobiliário Fechado, S.A. (in liquidation)	7,219	—	7,219
TIICC S.A.R.L.	73	—	73
Webspectator Corporation	18,011	(18,011)	—
	464,282	(42,160)	422,122

These investments refer to entities whose shares are not listed on the stock exchange.. 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 58, 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)

	30 June 2025	31 December 2024
Balance as at 1 January	45,451	46,355
Exchange rate differences	(3,291)	(904)
Balance at the end of the period	42,160	45,451

In accordance with the requirements of IFRS 12 and considering their relevance, the movements occurred in the investment held in Banco Millennium Atlântico, S.A., is analysed as follows:

(Thousands of euros)

	30 June 2025	31 December 2024
Ownership held by BCP on equity of the associate as at 1 January	47,442	47,086
Application of IAS 29 for the period:		
Net non-monetary assets of BMA		
Effect of exchange rate variations (note 43)	(523)	(150)
Amortization of the effect of IAS 29 application calculated as at 31 December 2018 (note 15)	(56)	(182)
Goodwill of the investment in BMA		
Effect of exchange rate variations (note 43)	(1,359)	(373)
Appropriation of the net income of the associates (note 15)	1,868	4,101
Other comprehensive income attributable to BCP	(80)	(2,167)
Exchange rate differences		
Effect on BMA's equity	(5,451)	(1,323)
Goodwill of the investment in BMA	(1,654)	(454)
Impairment of investments in associates (note 43)	3,291	904
Others	49	—
Investment held at the end of the period	43,527	47,442

The following table presents the financial statements of Banco Millennium Atlântico, S.A, prepared in accordance with IFRS, modified by the consolidation adjustments:

(Thousands of euros)

	30 June 2025	31 December 2024
Net income for the period	8,215	18,041
Other comprehensive income	(352)	(9,532)
Total comprehensive income attributable to Shareholders of the associate	7,863	8,509
Application of IAS 29 (*)	(246)	(802)
Attributable to Shareholders of the associates adjusted to BCP GAAP	7,617	7,707
Attributable to the BCP Group	1,732	1,752
Balance sheet		
Financial assets	1,627,262	1,797,788
Non-financial assets	236,135	250,391
Financial liabilities	(1,659,111)	(1,824,397)
Non-financial liabilities	(20,634)	(24,236)
Equity attributable to Shareholders of the associates	183,652	199,546
Application of IAS 29 (*)	16,758	19,301
Equity attributable to Shareholders of the associates adjusted to BCP GAAP	200,410	218,847
Equity attributable to the BCP Group	45,562	49,754
Goodwill of the merge	22,114	25,128
Impairment of investments in associates	(24,149)	(27,440)
Equity attributable to the BCP Group adjusted of consolidation items	43,527	47,442

(*) The impact of the IAS 29 adoption was calculated from the date of the merger (April 2016).

The amounts presented do not include adjustments arising from the application of IAS 29. Based on the requirements of IAS 29, Angola was considered a hyperinflationary economy until 31 December 2018, for the purpose of presenting the consolidated financial statements, as described in accounting policy 1 B6. This classification ceased to be applied on 1 January 2019.

In accordance with the requirements of IFRS 12 and considering their relevance, the movements occurred in the investment held in Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A., is analysed as follows:

(Thousands of euros)

	30 June 2025	31 December 2024
Appropriation of equity of the associate as at 1 January (restated)	106,675	105,675
Appropriation of net income for the period from associates (note 15)	18,411	28,360
Other comprehensive income attributable to BCP	12,596	13,009
Dividends received	(31,360)	(40,369)
Investment held at the end of the period	106,322	106,675

The following table presents the financial statements of Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A., prepared in accordance with IFRS, modified by the consolidation adjustments:

(Thousands of euros)

	30 June 2025	31 December 2024
Net income for the period	37,573	61,462
Correction of net income from previous periods	—	(3,584)
Other comprehensive income	25,706	26,549
Total comprehensive income attributable to Shareholders of the associate	63,279	84,427
Total comprehensive income attributable to the BCP Group (49%)	31,007	41,369
Balance sheet		
Financial assets	8,103,143	7,856,087
Non-financial assets	435,469	435,735
Financial liabilities	(4,153,927)	(4,172,992)
Non-financial liabilities	(3,904,393)	(3,638,209)
Total equity	480,292	480,621
Equity attributable to non-controlling interests	10,821	10,430
Equity attributable to Shareholders of the associates	469,471	470,191
Adjustments of intra-group transactions (*)	378,415	378,415
Equity attributable to Shareholders of the associate adjusted to BCP GAAP	847,886	848,606
Equity attributable to the BCP Group (49%)	415,464	415,817
Reversal of the initial gain in 2004 allocated to the BCP Group	(309,142)	(309,142)
Equity attributable to the BCP Group adjusted of consolidation items	106,322	106,675

(*) Adjustment related to the cancellation in the BCP Group consolidated accounts of the VOBA recorded by Millenniumbcp Ageas Grupo Segurador, S.G.P.S, S.A., upon initial registration of this investment. VOBA corresponds to the estimated current value of the future cash flows of the contracts in force at the date of acquisition under IFRS 4. With the implementation of IFRS 17, this concept was cancelled in the consolidated accounts of Millenniumbcp Ageas having no impact on the Group 's consolidated accounts as it is not recognised in the investment.

26. Non-current assets held for sale

This balance is analysed as follows:

(Thousands of euros)

	30 June 2025			30 June 2024		
	Gross value	Impairment	Net value	Gross value	Impairment	Net value
Real estate						
Assets arising from recovered loans	75,237	(17,974)	57,263	37,643	(12,151)	25,492
Assets belong to investments funds and real estate companies	5,045	(1,417)	3,628	5,528	(1,900)	3,628
Assets for own use (closed branches)	967	(255)	712	1,980	(820)	1,160
Equipment and other	4,183	(717)	3,466	4,462	(755)	3,707
Other assets (*)	15,977	(5,727)	10,250	16,985	(5,727)	11,258
	101,409	(26,090)	75,319	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. Additional information on these assets is presented in note 54.

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.

This balance includes properties for which the Group has already entered sales contracts in the gross amount of EUR 4,437,000 (31 December 2024: EUR 20,244,000). The impairment associated with these contracts amounts to EUR 2,475,000 (31 December 2024: EUR 9,201,000).

The changes occurred in Impairment of non-current assets held for sale are analysed as follows:

(Thousands of euros)

	30 June 2025	31 December 2024
Balance as at 1 January	21,353	52,196
Transfers from / (to) other assets	13,456	—
Other transfers	729	8,575
Charge for the period (note 13)	1,196	5,722
Reversals for the period (note 13)	(1,048)	(1,398)
Amounts charged-off	(9,361)	(43,808)
Exchange rate differences	(235)	66
Balance at the end of the period	26,090	21,353

27. Investment property

The balance Investment property corresponds to real estate valued in accordance with the accounting policy presented in note 1 N, based on independent assessments and compliance with legal requirements.

The rents received related to these assets amounted to EUR 526,000 (31 December 2024: EUR 1,028,000).

The changes occurred in this balance are analysed as follows:

(Thousands of euros)

	30 June 2025	31 December 2024
Balance as at 1 January	24,183	39,100
Transfers from / (to) to others assets	(695)	(14,695)
Transfers from / (to) other tangible assets	(2,787)	—
Revaluations	(2,578)	(222)
Acquisitions	(721)	—
Balance at the end of the period	17,402	24,183

28. Other tangible assets

This balance is analysed as follows:

(Thousands of euros)

	30 June 2025	31 December 2024
Real estate	664,846	675,021
Equipment		
Computer equipment	321,851	321,858
Security equipment	64,269	63,919
Facilities	136,966	137,412
Machinery	47,584	47,297
Furniture	75,908	76,733
Vehicles	37,823	38,920
Other equipment	33,200	33,492
Right of use		
Real estate	437,347	430,349
Assets under construction	26,996	28,846
Other tangible assets	12	15
	1,846,802	1,853,862
Accumulated depreciation		
Relative to the current period (note 9)	(52,739)	(102,125)
Relative to the previous periods	(1,207,974)	(1,132,398)
	(1,260,713)	(1,234,523)
Impairment	—	(193)
	586,089	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 corresponds to real estate (branches and central buildings) 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 are analysed as follows:

(Thousands of euros)

	2025					
	Balance as at 1 January	Acquisitions / Charge	Disposals / Write-off	Transfers	Exchange rate differences	Balance as at 30 June
Real estate	675,021	15	(4,047)	3,063	(9,206)	664,846
Equipment:						
Computer equipment	321,858	5,370	(2,180)	2,228	(5,425)	321,851
Security equipment	63,919	105	(182)	1,339	(912)	64,269
Facilities	137,412	656	(208)	1,227	(2,121)	136,966
Machinery	47,297	100	(559)	987	(241)	47,584
Furniture	76,733	205	(487)	252	(795)	75,908
Vehicles	38,920	2,980	(3,061)	180	(1,196)	37,823
Other equipment	33,492	27	(1,164)	642	203	33,200
Right of use						
Real estate	430,349	13,270	(3,267)	—	(3,005)	437,347
Assets under construction	28,846	11,319	(1,339)	(11,092)	(738)	26,996
Other tangible assets	15	—	—	—	(3)	12
	1,853,862	34,047	(16,494)	(1,174)	(23,439)	1,846,802
Accumulated depreciation						
Real estate	(420,458)	(7,316)	3,106	639	3,034	(420,995)
Equipment:						
Computer equipment	(253,376)	(10,359)	2,128	(1)	4,272	(257,336)
Security equipment	(59,879)	(649)	154	—	620	(59,754)
Facilities	(120,356)	(1,725)	176	3	1,361	(120,541)
Machinery	(39,578)	(821)	430	(220)	166	(40,023)
Furniture	(72,796)	(1,084)	422	237	616	(72,605)
Vehicles	(19,690)	(3,149)	2,643	6	792	(19,398)
Other equipment	(26,773)	(1,109)	1,113	45	(156)	(26,880)
Right of use						
Real estate	(221,605)	(26,527)	2,846	—	2,117	(243,169)
Other tangible assets	(12)	—	—	—	—	(12)
	(1,234,523)	(52,739)	13,018	709	12,822	(1,260,713)
	619,339	(18,692)	(3,476)	(465)	(10,617)	586,089

The changes occurred in Other tangible assets are analysed as follows:

(Thousands of euros)

	2024					
	Balance as at 1 January	Acquisitions / Charge	Disposals / Write-off	Transfers	Exchange rate 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)

	30 June 2025	31 December 2024
Balance as at 1 January	193	—
Charge for the period (note 13)	—	184
Reversals for the period (note 13)	(52)	—
Amounts charged-off	(121)	—
Exchange rate differences	(20)	9
Balance at the end of the period	—	193

29. Goodwill and intangible assets

This balance is analysed as follows:

(Thousands of euros)

	30 June 2025	31 December 2024
Goodwill - Differences arising on consolidation		
Bank Millennium, S.A. (Poland)	113,293	112,374
Euro Bank, S.A. (Poland)	45,291	44,924
Others	10,155	10,193
	168,739	167,491
Impairment		
Bank Millennium, S.A. (Poland)	(113,293)	(112,374)
Others	(9,880)	(9,880)
	(123,173)	(122,254)
	45,566	45,237
Intangible assets		
Software	299,752	291,642
Software - in progress	76,070	71,726
Other intangible assets	50,185	49,797
	426,007	413,165
Accumulated amortisation		
Charge for the period (note 9)	(24,047)	(42,675)
Charge for the previous periods	(165,878)	(139,757)
	(189,925)	(182,432)
	236,082	230,733
	281,648	275,970

According to the accounting policy described in note 1 B, the recoverable amount of the Goodwill is annually assessed in the second half of each year or whenever there are indications of eventual loss of value. In accordance with IAS 36 the recoverable amount of goodwill resulting from the consolidation of the subsidiaries, should be the greater between its value in use (the present value of the future cash flows expected from its use) and its fair value less costs to sell. Based on these criteria, the Group made in 2024, valuations of their investments for which there is goodwill recognised considering among other factors:

(i) an estimate of future cash flows generated by each cash generating unit;

(ii) an expectation of potential changes in the amounts and timing of cash flows;

(iii) the time value of money;

(iv) a risk premium associated with the uncertainty by holding the asset; and

(v) other factors associated with the current situation of financial markets.

The valuations are based on reasonable and sustainable assumptions representing the best estimate of the Executive Committee on the economic conditions that affect each subsidiary, the budgets and the latest forecasts approved for those subsidiaries and their extrapolation to future periods. The assumptions made for these valuations might vary with the change in economic conditions and in the market.

In the first half of 2025, there were no factors pointing to the deterioration of the value of those financial participations that could lead to impairment charges in respect of goodwill.

Euro Bank, S.A. goodwill in Bank Millennium, S.A. (Poland) accounts

As a result of the purchase by Bank Millennium of 99.787% of shares of Euro Bank S.A. from SG Financial Services Holdings, a 100% subsidiary of Société Générale S.A., and the subsequent merger with the above-mentioned entity in 2019, the difference in the fair value of the acquired assets and liabilities as at the acquisition date to the purchase price was determined and, in accordance with the provisions of IFRS 3.32, was recognized as goodwill in intangible assets (assigned to retail activities).

With respect to goodwill, an impairment test is performed at least once a year, regardless of any indication that impairment may have occurred.

The input data for the goodwill test include the result on retail assets and liabilities allocated to related activities. To determine the amount of capital, an estimate of risk-weighted assets and a capital adequacy ratio that meets regulatory minimums for the business were used. The test is performed by comparing the present value of cash flows generated by the listed assets with the estimated amount of capital. Cash flow forecasts have been prepared based on management's assumptions about all the conditions that will occur over the remaining useful lives of the assets. They are consistent with the medium-term financial plan adopted by the Bank for 2025-2028 and the Bank's Strategy. Data for subsequent years after 2024 are the result of extrapolation of forecasts assuming continued changes in the balance sheet and income statement. To discount the flows, the cost of capital index was used, consisting of the sum of the market rate and the risk premium.

The test, executed as at the end of 2024, showed a surplus of the current value of cash flows over the net book value of the cash-generating unit and therefore no impairment was found for this unit.

The changes occurred in Goodwill and intangible assets are analysed as follows:

(Thousands of euros)

	2025					
	Balance as at 1 January	Acquisitions / Charge	Disposals / Write-off	Transfers	Exchange rate differences	Balance as at 30 June
Goodwill - Differences arising on consolidation	167,491	—	—	—	1,248	168,739
Impairment	(122,254)	—	—	—	(919)	(123,173)
	45,237	—	—	—	329	45,566
Intangible assets						
Software	291,642	8,182	(13,620)	18,237	(4,689)	299,752
Software - in progress	71,726	22,630	(143)	(18,237)	94	76,070
Other intangible assets	49,797	7	—	(14)	395	50,185
	413,165	30,819	(13,763)	(14)	(4,200)	426,007
Accumulated amortisation						
Software	(149,965)	(20,438)	13,606	145	3,180	(153,472)
Other intangible assets	(32,467)	(3,609)	—	(145)	(232)	(36,453)
	(182,432)	(24,047)	13,606	—	2,948	(189,925)
	230,733	6,772	(157)	(14)	(1,252)	236,082
	275,970	6,772	(157)	(14)	(923)	281,648

The changes occurred in Goodwill and intangible assets are analysed as follows:

(Thousands of euros)

	2024					
	Balance as at 1 January	Acquisitions / Charge	Disposals / Write-off	Transfers	Exchange rate differences	Balance as at 31 December
Goodwill - Differences arising on consolidation	165,043	—	—	—	2,448	167,491
Impairment	(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)

	30 June 2025			31 December 2024		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Deferred taxes not depending on the future profits (a)						
Impairment losses (b)	779,014	—	779,014	802,998	—	802,998
Employee benefits	461,153	—	461,153	539,415	—	539,415
	1,240,167	—	1,240,167	1,342,413	—	1,342,413
Deferred taxes depending on the future profits						
Impairment losses (b)	412,851	(2,856)	409,995	458,636	—	458,636
Tax losses carried forward	152,546	—	152,546	148,155	—	148,155
Employee benefits	62,375	(66,664)	(4,289)	61,212	(36,601)	24,611
Financial assets at fair value through other comprehensive income	270,209	(93,140)	177,069	348,396	(86,072)	262,324
Derivatives	—	(7,034)	(7,034)	—	(8,208)	(8,208)
Intangible assets	1,028	—	1,028	1,012	—	1,012
Other tangible assets	9,414	(2,991)	6,423	9,395	(3,065)	6,330
Others (c)	165,879	(179,789)	(13,910)	155,658	(144,908)	10,750
	1,074,302	(352,474)	721,828	1,182,464	(278,854)	903,610
Total deferred taxes	2,314,469	(352,474)	1,961,995	2,524,877	(278,854)	2,246,023
Offset between deferred tax assets and deferred tax liabilities	(345,600)	345,600	—	(271,420)	271,420	—
Net deferred taxes	1,968,869	(6,874)	1,961,995	2,253,457	(7,434)	2,246,023
Current taxes (d)	24,280	(81,001)	—	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 impairment will be deductible in the tax periods in which the legal conditions required for their tax deductibility are met.
(c) Includes EUR 66,415,000 (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 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 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 1,057,741,000 (31 December 2024: EUR 1,152,769,000), of which EUR 767,672,000 relate to impairment losses on credits (31 December 2024: EUR 790,087,000) and EUR 290,069,000 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 authorisation), deferred tax assets covered by the Special Regime are converted into tax credits, in part or in full. 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 61/2014, of 26 August, is not dependent on future profits.

The above-mentioned legal framework was densified by Ordinance 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 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 45-A/2024, of 31 December, 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:

	30 June 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 30 June 2025 is 20% (31 December 2024: 20%).

The average deferred tax rate associated with temporary differences of Banco Comercial Português, S.A. as at 30 June 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 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 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 impairment 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 the impairment losses for credit risk relating to exposures analysed on an individual or on a collective basis, the provisions for guarantees and other commitments, and the impairment losses on debt instruments at amortised cost or at fair value through Other Comprehensive Income, 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.

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 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 income before taxes 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 Strategic Plan. 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 stabilisation 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 normalisation 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;

- stabilisation of cost of risk at levels in line with the Group'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 realisation 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. With reference to 30 June 2025, this analysis and conclusions remain valid.

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)

	30 June 2025	31 December 2024
Temporary differences	1,072	1,072
Tax losses carried forward		
2014	154,196	154,196
2015	2	2
2016	253,717	265,652
2017	2,641	2,347
2018	92,394	92,394
2019	25,500	25,500
2020	17,988	19,481
2021	172,783	172,782
2022	15,031	18,569
2023	2,842	3,851
2024	23,277	17,661
2025	11,570	—
Total	771,941	772,435

The amount of unrecognised deferred taxes relating to tax losses per expiry year is analysed as follows:

(Thousands of euros)

	30 June 2025	31 December 2024
2025	12,725	14,558
2026	132	131
2027	11,263	11,565
2028	887	1,008
2029	18,913	21,503
2030	11,558	—
No expiry date	716,463	723,670
Total	771,941	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 unrecognised 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 30 June 2025, is analysed as follows:

(Thousands of euros)

	30 June 2025		
	Net income for the period	Reserves	Exchange rate differences
Deferred taxes not depending on the future profits			
Impairment losses	(23,984)	—	—
Employee benefits	(77,270)	(992)	—
	(101,254)	(992)	—
Deferred taxes depending on the future profits			
Impairment losses	(50,539)	(447)	2,345
Tax losses carried forward (a)	3,476	863	52
Employee benefits	3,505	(32,452)	47
Financial assets at fair value through other comprehensive income	—	(78,424)	(6,831)
Derivatives	1,248	—	(74)
Intangible assets	7	—	9
Other tangible assets	97	—	(4)
Others	(29,589)	(1,561)	6,490
	(71,795)	(112,021)	2,034
	(173,049)	(113,013)	2,034
Current taxes			
Current period	(64,515)	(2)	—
Correction of previous periods	19,159	—	—
	(45,356)	(2)	—
	(218,405)	(113,015)	2,034

(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 30 June 2024, is analysed as follows:

(Thousands of euros)

	30 June 2024		
	Net income for the period	Reserves	Exchange rate differences
Deferred taxes not depending on the future profits			
Impairment losses	(24,472)	—	—
Employee benefits	(108,237)	—	—
	(132,709)	—	—
Deferred taxes depending on the future profits			
Impairment losses	80,341	(1,572)	1,444
Tax losses carried forward (a)	(6,009)	—	86
Employee benefits	(9,580)	11,773	46
Financial assets at fair value through other comprehensive income	—	(32,202)	(1,717)
Derivatives	—	—	4,430
Intangible assets	35	—	8
Other tangible assets	2,790	—	(1)
Others	(1,377)	(1,675)	(3,337)
	66,200	(23,676)	959
	(66,509)	(23,676)	959
Current taxes			
Current period	(81,058)	(751)	—
Correction of previous periods	9,793	—	—
	(71,265)	(751)	—
	(137,774)	(24,427)	959

(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)

	30 June 2025	30 June 2024
Income before taxes	788,922	679,860
Current tax rate (%)	30.5%	31.5%
Tax at the applicable tax rate	(240,621)	(214,156)
Non-deductible impairment and provisions (a)	(18,363)	(17,637)
Mandatory contributions on the banking sector (b)	(20,907)	(14,597)
Results of companies accounted by the equity method	9,245	9,946
Interests on other equity instruments (c)	4,956	5,473
Effect of the tax rate difference (d)	37,533	15,207
Effect of recognition/derecognition net of deferred taxes (e)	(7,209)	68,575
Non-deductible costs and other corrections	5,656	1,514
Correction of previous periods	6,785	4,303
Impact of the special regime for the taxation of groups of companies	4,774	3,947
Autonomous taxation	(254)	(349)
Total	(218,405)	(137,774)
Effective rate (%)	27.7%	20.3%

(a) In 2025 includes the negative amount of EUR 21,651,000 (2024: negative EUR 22,415,000) related to the impact of the non-deductibility for tax purposes of the provisions related to legal risks associated with the mortgages portfolio granted in foreign currency by Bank Millennium.
(b) Relates with contribution to banking sector in Poland in the amount of EUR 14,072,000 (30 June 2024: EUR 4,203,000) an in Portugal in the amount of EUR 6,835,000 (30 June 2024: EUR 10,394,000), that includes the tax impact in the amount EUR 6,151,000 related with the Additional Solidarity on the Banking Sector paid by the Bank in 2021 and it was received in July 2025 in the sequence of constitutional court judgement no. 478/2025 issued on 3 June 2025, that declared unconstitutionality with mandatory general legal enforcement of Additional Solidarity on the Banking Sector Regime.
(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 9,182,000 (2024: EUR 9,529,000) related with the effect of the taxation of 20% tax on interests of Mozambique's public debt securities and the amount of EUR 24,768,000 (2024: EUR 7,149,000) related to the effect of the difference in the tax rate on taxable profits in Poland, which is 19%, on a income before taxes.
(e) In 2025, includes the negative amount of EUR 11,558,000 relating to the non-recognition of deferred tax assets on the 2025 tax loss of Banco Internacional de Moçambique and EUR 6,900,000 of deferred taxes assets recognised by BCP relating to tax losses.
In 2024, it includes the recognition of deferred tax assets of EUR 51,621,000 by Bank Millennium relating to future adjustments of income (interest, commissions and exchange gains) obtained on foreign currency-indexed mortgages and mortgage contracts granted in foreign currency (in particular in Swiss francs) subject to legal disputes for their cancellation, EUR 21,504,000 relating to the additional recognition of deferred tax assets by Banco Comercial Português relating to credit impairment not deducted for tax purposes in previous years.

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 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)

	30 June 2025	31 December 2024
Deposit account applications	57,228	58,404
Shareholder Loans	123,998	121,188
Surplus in the post-employment benefits	259,951	148,229
Debtors for futures and options transactions	204,534	151,776
Real estate and other assets arising from recovered loans	237,412	293,150
Debtors		
Residents		
Receivables from real estate, transfers of assets and other securities	54,303	57,446
Prosecution cases / agreements with the Bank	8,764	8,795
SIBS	2,202	2,770
Others	22,935	34,182
Non-residents	25,008	23,890
Amounts due for collection	62,907	113,333
Interest and other amounts receivable	83,331	84,653
Amounts receivable on trading activity	173,647	1,584
Amounts due from customers	13,669	103,144
Artistic assets	28,795	28,796
Prepaid expenses	28,393	26,716
Subsidies receivables	17,494	14,908
Other taxes recoverable	13,594	7,878
Gold and other precious metals	3,668	3,693
Capital supplementary contributions	165	165
Associates	221	489
Others	611,592	455,953
	2,033,811	1,741,142
Impairment for other assets	(266,578)	(276,896)
	1,767,233	1,464,246

The balance Deposit account applications includes the amount of EUR 30,638,000 (31 December 2024: EUR 30,638,000) relating to the collateral constituted in compliance with the assumption of irrevocable payment commitments to Single Resolution Fund, as referred in note 6.

As referred in note 47, as at 30 June 2025, the balance Shareholder Loans includes the amount of EUR 116,644,000 (31 December 2024: EUR 113,840,000) arising from the transfers of assets to Specialized recovery funds for which there is an impairment loss of the same amount.

The balance Amounts receivable on trading activity corresponds to operations awaiting financial settlement.

Considering the nature of these transactions and the age of the amounts of these items, the Group's procedure is to periodically assess the collectability of these amounts and whenever impairment is identified, an impairment loss is recorded in the income statement.

The detail of the item Real estate and other assets arising from recovered loans is analysed as follows:

(Thousands of euros)

	30 June 2025			31 December 2024		
	Gross value	Impairment	Net value	Gross value	Impairment	Net value
Real estate						
Assets arising from recovered loans	66,718	(36,469)	30,249	118,564	(49,917)	68,647
Assets belong to investments funds and real estate companies	136,544	(77,357)	59,187	137,598	(77,518)	60,080
Assets for own use (closed branches)	13,029	(5,097)	7,932	12,328	(4,817)	7,511
Equipment	13,013	(8,765)	4,248	14,792	(9,204)	5,588
Other assets (*)	8,108	—	8,108	9,868	(19)	9,849
	237,412	(127,688)	109,724	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)

	30 June 2025	31 December 2024
Balance as at 1 January	135,421	184,992
Other transfers	193	(113)
Charge for the period (note 13)	6,087	18,407
Reversals for the period (note 13)	(2,388)	(5,339)
Amounts charged-off	(77)	(62,825)
Exchange rate differences	(346)	299
Balance at the end of the period	138,890	135,421

The changes occurred in impairment for Real Estate and other assets arising from recovered loans, are analysed as follow:

(Thousands of euros)

	30 June 2025	31 December 2024
Balance as at 1 January	141,475	136,840
Transfers from / (to) Non-current assets held for sale (note 26)	(13,456)	—
Other transfers	(729)	(8,461)
Charge for the period (note 13)	5,235	33,875
Reversals for the period (note 13)	(223)	(407)
Amounts charged-off	(1,345)	(21,891)
Exchange rate differences	(3,269)	1,519
Balance at the end of the period	127,688	141,475

32. Deposits from credit institutions and other funds

This balance is analysed as follows:

(Thousands of euros)

	30 June 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	—	208,776	208,776	—	116,330	116,330
Deposits from credit institutions in Portugal and other funds						
Very short-term deposits	—	25,570	25,570	—	30,908	30,908
Sight deposits	80,966	—	80,966	80,839	—	80,839
Term Deposits	—	75,237	75,237	—	187,655	187,655
Other	—	2	2	—	—	—
	80,966	100,809	181,775	80,839	218,563	299,402
Deposits from credit institutions abroad and other funds						
Very short-term deposits	—	29,912	29,912	—	—	—
Demand deposits	75,118	—	75,118	65,217	—	65,217
Term deposits	—	148,396	148,396	—	139,446	139,446
Loans obtained	—	2,756	2,756	—	817	817
CIRS and IRS operations collateralised by deposits (*)	80,727	—	80,727	105,027	—	105,027
Sales operations with repurchase agreement	—	118	118	—	45,414	45,414
Other	—	44,142	44,142	—	6,066	6,066
	155,845	225,324	381,169	170,244	191,743	361,987
	236,811	534,909	771,720	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)

	30 June 2025			31 December 2024		
	Non-interest bearing	Interest bearing	Total	Non-interest bearing	Interest bearing	Total
Deposits from customers						
Repayable on demand	49,139,066	930,111	50,069,177	47,313,543	598,911	47,912,454
Term deposits	—	28,335,990	28,335,990	—	29,300,652	29,300,652
Saving accounts	—	4,643,577	4,643,577	—	4,063,719	4,063,719
Cheques and orders to pay	625,188	—	625,188	469,282	—	469,282
	49,764,254	33,909,678	83,673,932	47,782,825	33,963,282	81,746,107
Corrections to the liabilities value subject to hedging operations			155,014			158,201
Interests payable			139,045			180,379
			83,967,991			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 11/94 of the Banco de Portugal.

34. Non-subordinated debt securities issued

This balance is analysed as follows:

(Thousands of euros)

	30 June 2025	31 December 2024
Bonds	578,478	393,113
Medium term notes (MTN)	3,495,313	2,995,028
Securitisations	98,249	106,331
	4,172,040	3,494,472
Corrections to the liabilities value subject to hedging operations	1,810	(5,507)
Deferred costs / (gains)	(10,524)	(10,403)
Interests payable	102,459	50,148
	4,265,785	3,528,710

On 24 June 2025, the Bank carried out a new issue under the MTN program in the amount of EUR 500 million with a maturity of 6 years, as refer in note 48.

35. Subordinated debt

This balance is analysed as follows:

(Thousands of euros)

	30 June 2025	31 December 2024
Bonds		
Non-Perpetual	1,380,527	1,407,796
Corrections to the liabilities value subject to hedging operations	(2,425)	(17,808)
Deferred costs / (income)	(1,870)	(1,142)
Interests payable	22,257	38,513
	1,398,489	1,427,359

As at 30 June 2025, the subordinated debt issues are analysed as follows:

(Thousands of euros)

	30 June 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	90,173	42,307
BCP Tier 2 Subord Callable Notes Due May 2032 - MTN 858	November, 2021	May, 2032	See reference (ii)	300,000	290,647	290,647
BCP2022 Tier 2 Sub Callable Notes Due 2 June 2033 MTN 860	December, 2022	March, 2033	See reference (iii)	133,700	138,554	138,555
BCP2025 Tier2 Sub Callable Notes Due 20 March 2037 MTN 863	March, 2025	March, 2037	See reference (iv)	500,000	511,068	510,558
Bank Millennium						
Bank Millennium - BKMO_071227R	December, 2017	December, 2027	7.30%	165,017	165,776	37,216
Bank Millennium - BKMO_300129W	January, 2019	January, 2029	8.11%	195,662	202,227	44,128
Magellan No. 3						
Magellan No. 3 Series 3 Class F	June, 2005	May, 2058	-	44	44	—
					1,398,489	1,063,411

(*) 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 years: 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) Rate of 4.75% per annum during the first 7 years; 8th year and following years: mid-swap rate in force at the beginning of this period + 2.15%.

As described in note 48, Banco Comercial Português, S.A. has exercised 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").

As at 31 December 2024, the subordinated debt issues are analysed as follows:

(Thousands of euros)

Issue	31 December 2024					
	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	8.08%	163,678	164,548	43,384
Bank Millennium - BKMO_300129W	January, 2019	January, 2029	8.17%	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 years: 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)

	30 June 2025	31 December 2024
Short sales	78,142	44,607
Trading derivatives (note 23)		
FRA	10	—
Swaps	131,370	84,308
Options	33,199	45,140
of which: Embedded derivatives	31,547	42,477
Forwards	9,323	5,572
	173,902	135,020
	252,044	179,627
Level 2	141,781	91,526
Level 3	110,263	88,101

As referred in IFRS 13, financial instruments are measured according to the levels of valuation described in note 49. The balance Financial liabilities held for trading includes, as at 30 June 2025, the embedded derivatives valuation separated from the host contracts in accordance with the accounting policy presented in note 1 C5. in the amount of EUR 31,547,000 (31 December 2024: EUR 42,477,000). This note should be analysed together with note 23.

37. Financial liabilities designated at fair value through profit or loss

This balance is analysed as follows:

(Thousands of euros)

	30 June 2025	31 December 2024
Deposits from customers (*)	1,981,646	1,956,851
Certificates	1,371,601	1,292,006
	3,353,247	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)

	30 June 2025	31 December 2024
Provision for guarantees and other commitments	114,482	118,039
Other provisions for liabilities and charges	1,107,574	967,819
	1,222,056	1,085,858

Changes in Provisions for guarantees and other commitments are analysed as follows:

(Thousands of euros)

	30 June 2025	31 December 2024
Balance as at 1 January	118,039	121,574
Transfers	—	(1,105)
Charge for the period (note 14)	19,434	34,826
Reversals for the period (note 14)	(22,959)	(37,481)
Exchange rate differences	(32)	225
Balance at the end of the period	114,482	118,039

Changes in Other provisions for liabilities and charges are analysed as follows:

(Thousands of euros)

	30 June 2025	31 December 2024
Balance as at 1 January	967,819	631,529
Transfers	(1,117)	(9,801)
Charge for the period (note 14)	258,421	588,351
Reversals for the period (note 14)	(3,917)	(4,672)
Amounts charged-off	(6,787)	(74,968)
Allocation to loan's portfolio (note 21)	(110,232)	(172,078)
Exchange rate differences	3,387	9,458
Balance at the end of the period	1,107,574	967,819

The balance Other provisions for liabilities and charges - Charge for the period refers essentially to provisions for legal risk accounted for by Bank Millennium, related to foreign currency-indexed mortgage loans, as described in note 57, which amounted to EUR 241,458,000 (31 December 2024: EUR 506,195,000).

The Other provisions for liabilities and charges were based on the probability of occurrence of certain contingencies related to risks inherent to the Group's activity, being reviewed at each reporting date in order to reflect the best estimate of the amount and respective probability of payment.

This balance includes provisions for lawsuits, frauds and tax contingencies. The provisions constituted to cover tax contingencies amounted to EUR 50,868,000 (31 December 2024: EUR 55,927,000).

Additionally, there are provisions for liabilities and charges recorded for corporate restructuring funds and carved-out assets of the Project Crow.

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 57 "Legal risk related to foreign currency mortgage loans in Bank Millennium (Poland)".

As at 30 June 2025, the Loans and advances to customers portfolio in CHF has a gross amount of EUR 1,376,501,000 (31 December 2024: EUR 1,642,802,000).

As at 30 June 2025, the provisions estimated by Bank Millennium to address the legal risk related to foreign currency-indexed mortgage loans amount to EUR 1,925,741,000 (PLN 8,168,994,000), of which EUR 1,136,145,000 (PLN 4,819,527,000) are presented under assets, as a deduction from the gross amount of the loan portfolio in CHF (note 21) and EUR 789,596,000 (PLN 3,349,467,000) 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 57.

39. Other liabilities

This balance is analysed as follows:

(Thousands of euros)

	30 June 2025	31 December 2024
Interests and other amounts payable	212,150	193,967
Operations to be settled - foreign, transfers and deposits	198,223	240,727
Credit insurance received and to accrued	12,305	26,675
Holidays, subsidies and other remuneration payable	57,865	59,576
Transactions on securities to be settled	204,542	2,757
Public sector	57,514	53,902
Creditors		
Rents to pay	195,536	209,110
Deposit account and other applications	108,932	124,872
Suppliers	28,925	56,896
From factoring operations	32,623	21,882
For futures and options transactions	30,685	13,533
Liabilities not covered by the Group Pension Fund - amounts payable by the Group	6,964	8,780
Associates	12	14
Other creditors		
Residents	32,354	45,016
Non-residents	72,539	71,290
Deferred income	11,993	12,065
Other administrative costs payable	4,620	3,447
Other liabilities	422,649	291,236
	1,690,431	1,435,745

The balance Liabilities not covered by the Group Pension Fund - amounts payable by the Group includes the amount of EUR 3,886,000 (31 December 2024: EUR 4,559,000) related to the actual value of benefits attributed associated with mortgage loans to employees, retirees and former employees.

The balance Amounts payable on trading activity corresponds to transactions awaiting financial settlement.

The Group has several operating leases for properties, being recorded in the item Rents to pay the amount of lease liabilities recognised under IFRS 16, as described in the accounting policy 1 H. The analysis of this balance, by maturity, is as follows:

(Thousands of euros)

	30 June 2025	31 December 2024
Until 1 year	21,385	21,994
1 to 5 years	79,502	87,401
Over 5 years	120,031	128,796
	220,918	238,191
Accrued costs recognised in Net interest income	(25,382)	(29,081)
	195,536	209,110

40. Share capital, Share premium and Other equity instruments

As at 30 June 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 30 June 2025, 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 30 June 2025, 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.

As at 30 June 2025, the shareholders who hold, individually or jointly, 5% or more of the Bank's capital, are the following:

Shareholder	number of shares	% share capital	% voting rights
Chiado (Luxembourg) S.à.r.l. (Fosun Group)	3,027,936,381	20.03%	20.03%
Sonangol - Sociedade Nacional de Combustíveis de Angola, EP	2,946,353,914	19.49%	19.49%
Total Qualified Shareholdings	5,974,290,295	39.52%	39.52%

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 2024 financial year approved at the General Shareholders' Meeting held on 22 May 2025, the Bank increased its legal reserves in the amount of EUR 80,257,000, thus, as at 30 June 2025 the Legal Reserves amount to EUR 464,659,000 (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 43).

42. Treasury shares

This balance is analysed as follows:

	30 June 2025		
	Net book value (EUR '000)	Number of securities	Average book value (Euros)
Banco Comercial Português, S.A. shares	127,551	208,526,461	0.612

On 8 April 2025, the Bank approved a share buyback programme in the total amount of EUR 200,000,000, equivalent to approximately 2,683% of BCP's market capitalisation (the "Buy-Back Programme").

The objective of the Buy-Back Programme, for the purposes of Article 5(2)(a) of Regulation (EU) 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) 596/2014, as supplemented by Delegated Regulation (EU) 2016/1052, taking into consideration the terms and conditions described below, 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.

In this context, the Programme will be carried out in accordance with the following terms and conditions:

- Maximum number of shares to be acquired under the Buy-Back Programme: up to 755,699,497 ordinary shares of BCP, corresponding to up to 5% of the total shares representing its share capital. This is the maximum number of shares that may be cancelled in the context of the Buy-Back Programme, under the terms of a resolution to be adopted by the General Meeting.

- Maximum pecuniary amount of the Buy-Back Programme: up to EUR 200,000,000;

- Duration of the Buy-Back Programme: the Buy-Back Programme will start on 14 April 2025 and end on 14 October 2025 (inclusive), without prejudice, namely, of the possibility of ending earlier following a decision by the Bank or should the maximum number of shares to be acquired or the maximum pecuniary amount of the Buy-Back Programme be reached.

- Forms of acquisition under the Buy-Back Programme: acquisitions of shares or rights to acquire or allocate shares, for consideration, in trading sessions on the Euronext Lisbon regulated market, in compliance with the principle of shareholder equality as required by law, according to criteria whereby any shareholder status is not considered a relevant factor.

Until 30 June of 2025, the Bank acquired 208,526,461 BCP shares at a average unit cost of 0.612 euros, for a total amount of EUR 127,551,000.

The own shares held by the companies included in the consolidation perimeter are within the limits established by the Bank's by-laws and by the Commercial Companies Code.

As at 30 June 2025, in compliance with the provisions of Article 324(1)(b) of the Commercial Companies Code, the Bank maintains a reserve of a equivalent amount of its own shares, of EUR 127,551,000 recognised under the heading of Other Reserves and Retained Earnings (note 43).

43. Reserves and retained earnings

This balance is analysed as follows:

(Thousands of euros)

	30 June 2025	31 December 2024
Changes in fair value - Gross amount		
Financial assets at fair value through other comprehensive income (note 23)		
Debt instruments (*)	34,031	409
Equity instruments	(1,053)	(1,051)
Of associates and other changes	19,476	5,556
Cash-flow hedge	(652,486)	(876,708)
From financial liabilities designated at fair value through profit or loss related to changes in own credit risk	186	(660)
	(599,846)	(872,454)
Changes in Fair value - Tax		
Financial assets at fair value through other comprehensive income		
Debt instruments	(8,653)	440
Equity instruments	665	655
Cash-flow hedge	197,548	265,315
From financial liabilities designated at fair value through profit or loss related to changes in own credit risk	(56)	200
	189,504	266,610
	(410,342)	(605,844)
Exchange rate differences arising on consolidation		
Bank Millennium, S.A.	(14,776)	(21,946)
BIM - Banco Internacional de Moçambique, S.A.	(171,815)	(128,243)
Banco Millennium Atlântico, S.A.	(188,620)	(181,875)
Others	1,662	1,591
	(373,549)	(330,473)
Application of IAS 29		
Effect on equity of Banco Millennium Atlântico, S.A.	52,374	50,964
Others	(3,965)	(3,965)
	48,409	46,999
Other reserves and retained earnings	3,718,941	3,276,910
	2,983,459	2,387,592

(*) Includes the effects arising from the application of hedge accounting.

The changes in fair value 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.

As at 30 June 2025, in compliance with the provisions of Article 324(1)(b) of the Commercial Companies Code, the Bank maintains a reserve in a equivalent amount of its own shares (note 42) of EUR 127,551,000 recognised under the heading of Other Reserves and Retained Earnings.

During the first half of 2025, the changes occurred in changes in fair value - Gross amount, excluding the effect of hedge accounting and changes in own credit risk associated with financial liabilities designated at fair value through profit or loss, are analysed as follows:

(Thousands of euros)

	2025					
	Balance as at 1 January	Changes in fair value	Fair value hedge adjustment	Impairment in profit or loss	Disposals	Balance as at 30 June
Financial assets at fair value through other comprehensive income (note 23)						
Debt instruments						
Debt securities - Portuguese public issuers	(12,007)	(124)	5,049	(485)	2,071	(5,496)
Others	12,416	52,784	(20,957)	2,206	(6,922)	39,527
	409	52,660	(15,908)	1,721	(4,851)	34,031
Equity instruments	(1,051)	(18)	—	—	16	(1,053)
Associates and other changes						
Millenniumbcp Ageas	(3,044)	12,597	—	—	(1,704)	7,849
Other associates and other changes	8,600	3,027	—	—	—	11,627
	5,556	15,624	—	—	(1,704)	19,476
	4,914	68,266	(15,908)	1,721	(6,539)	52,454

During 2024 the changes occurred in Changes in fair value - Gross amount, excluding the effect of hedge accounting and changes in own credit risk associated with financial liabilities designated at fair value through profit or loss, are analysed as follows:

(Thousands of euros)

	2024					
	Balance as at 1 January	Changes in fair value	Fair value hedge adjustment	Impairment in profit or loss	Disposals	Balance as at 31 December
Financial assets at fair value through other comprehensive income (note 23)						
Debt instruments						
Debt securities - Portuguese public issuers	(42,645)	53,336	(36,266)	(790)	14,358	(12,007)
Others	(32,681)	77,199	(40,597)	11,003	(2,508)	12,416
	(75,326)	130,535	(76,863)	10,213	11,850	409
Equity instruments	(3,747)	1,243	—	—	1,453	(1,051)
Associates and other changes						
Millenniumbcp Ageas	(10,267)	13,106	—	—	(5,883)	(3,044)
Other associates and other changes	8,539	61	—	—	—	8,600
	(1,728)	13,167	—	—	(5,883)	5,556
	(80,801)	144,945	(76,863)	10,213	7,420	4,914

The item Disposals refers to the derecognition of debt securities and equity instruments at fair value through other comprehensive income.

44. Non-controlling interests

This balance is analysed as follows:

(Thousands of euros)

	30 June 2025	31 December 2024
Chandes in fair value		
Debt instruments	7,711	(7,277)
Equity instruments	4,101	4,059
Cash-flow hedge	(1,364)	(2,889)
Other	5	4
	10,453	(6,103)
Deferred taxes		
Debt instruments	(1,165)	1,922
Equity instruments	(789)	(783)
Cash-flow hedge	259	549
	(1,695)	1,688
	8,758	(4,415)
Exchange rate differences arising on consolidation	(125,995)	(111,335)
Actuarial losses (net of taxes)	(152)	(156)
Other reserves and retained earnings	1,281,792	1,213,620
	1,164,403	1,097,714

The balance Non-controlling interests is analysed as follows:

(Thousands of euros)

	Balance Sheet		Income Statement	
	30 June 2025	31 December 2024	30 June 2025	30 June 2024
Bank Millennium Group	988,719	906,757	60,415	41,313
BIM - Banco Internacional de Moçambique Group	164,297	179,502	7,893	15,577
Other subsidiaries	11,387	11,455	(67)	(86)
	1,164,403	1,097,714	68,241	56,804

The following table presents a summary of financial information for the main subsidiaries included in this balance, prepared in accordance with IFRS. The information is presented before inter-company eliminations:

(Thousands of euros)

	Bank Millennium Group		BIM - Banco International de Moçambique Group	
	30 June 2025	30 June 2024	30 June 2025	30 June 2024
Net income for the period	121,072	82,791	23,693	46,757
Adjusted net income	121,072	82,791	23,693	46,757
Net income attributable to shareholders	60,657	41,478	15,800	31,180
Net income attributable to non-controlling interests	60,415	41,313	7,893	15,577
Other comprehensive income attributable to shareholders	21,651	17,541	(46,136)	11,497
Other comprehensive income attributable to non-controlling interests	21,563	17,470	(23,050)	5,743
Total comprehensive income	164,286	117,802	(45,493)	63,997
	30 June 2025	31 December 2024	30 June 2025	31 December 2024
Balance sheet				
Financial assets	33,657,631	31,723,336	2,571,055	2,866,807
Non-financial assets	864,201	851,022	190,981	210,258
Financial liabilities	(31,028,658)	(29,494,494)	(2,188,025)	(2,450,663)
Non-financial liabilities	(1,511,684)	(1,262,661)	(81,956)	(88,858)
Equity:	1,981,490	1,817,203	492,055	537,544
attributable to shareholders	992,771	910,446	328,129	358,464
attributable to non-controlling interests	988,719	906,757	163,926	179,080
Cash flows arising from:				
operating activities	1,459,069	2,902,209	303	139,827
investing activities	(1,847,743)	(4,484,735)	(6,807)	(22,366)
financing activities	129,222	568,988	(1,718)	(96,770)
Increase / (decrease) in cash and cash equivalents	(259,452)	(1,013,538)	(8,222)	20,691
Dividends paid during the period:				
attributable to shareholders	—	—	—	57,503
attributable to non-controlling interests	—	—	—	28,727
	—	—	—	86,230

45. Guarantees and other commitments

This balance is analysed as follows:

(Thousands of euros)

	30 June 2025	31 December 2024
Guarantees granted		
Guarantees	3,848,060	3,958,506
Stand-by letter of credit	75,456	90,380
Open documentary credits	253,037	219,509
Bails and indemnities	9,842	9,865
	4,186,395	4,278,260
Commitments to third parties		
Irrevocable commitments		
Term deposit contracts	28	81
Irrevocable credit facilities	5,093,109	5,359,955
Securities subscription	12,281	14,949
Other irrevocable commitments	106,907	109,004
Revocable commitments		
Revocable credit facilities	6,244,914	6,488,735
Bank overdraft facilities	938,389	1,022,545
Other revocable commitments	191,454	131,243
	12,587,082	13,126,512
Guarantees received	26,723,151	27,329,443
Commitments from third parties	12,077,018	11,715,068
Securities and other items held for safekeeping	92,475,742	86,897,547
Securities and other items held under custody by the Securities Depository Authority	95,499,814	89,014,967
Other off-balance sheet accounts	160,772,102	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.

As at 30 June 2025 and 31 December 2024, the balance Irrevocable commitments - Other irrevocable commitments includes the amount of EUR 30,638,000 relating to the collateral constituted in compliance with the assumption of irrevocable payment commitments to Single Resolution Fund, as referred in note 6.

This balance also includes the amount of EUR 47,595,000 (31 December 2024: EUR 47,595,000) corresponding to irrevocable commitments for cumulative payments assumed with the Deposit Guarantee Fund, as referred in note 6.

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.

Guarantees granted, Irrevocable credit facilities and revocable commitments portfolio detailed by stage according with IFRS 9, is analysed as follows:

(Thousands of euros)

	30 June 2025	31 December 2024
Stage 1		
Gross amount	14,919,451	15,758,607
Impairment	(13,239)	(13,831)
	14,906,212	15,744,776
Stage 2		
Gross amount	1,430,601	1,197,262
Impairment	(14,118)	(15,261)
	1,416,483	1,182,001
Stage 3		
Gross amount	304,209	324,869
Impairment	(87,125)	(88,947)
	217,084	235,922
	16,539,779	17,162,699

46. Assets under management and custody

Asset management activity is governed by the framework established in Decree-Law 27/2023, of 28 April, and by the Portuguese Securities Code as well. The aforementioned framework determines, namely, the obligations to which fund management companies and depositaries are subject to. The total value of funds managed by the Group companies is analysed as follows:

(Thousands of euros)

	30 June 2025	31 December 2024
Banco Comercial Português, S.A.	3,786,170	3,783,799
Interfundos - Sociedade Gestora de Organismos de Investimento Coletivo, S.A.	559,761	545,340
Millennium TFI S.A.	2,136,786	1,778,846
	6,482,717	6,107,985

The Group provides custody, asset management, investment management and advisory services to third parties, which involve the Group making allocation and purchase and sale decisions in relation to a wide range of financial instruments. For certain services are set objectives and levels of return for assets under management and custody. There is no capital or profitability guaranteed by the Bank in these assets. Those assets under management are not included in the financial statements.

The assets under management and custody are analysed as follows:

(Thousands of euros)

	30 June 2025	31 December 2024
Assets under deposit	85,583,627	79,903,257
Wealth management (*)	3,786,170	3,783,799
Investment funds	2,696,547	2,324,186
	92,066,344	86,011,242

(*) Corresponds to the assets portfolio that are currently monitored and controlled by the business area as being managed by the Bank.

47. Transfers of assets

The Group performed a set of transactions of sale of financial assets (namely loans and advances to customers) for Funds specialised 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 specialised funds in credit recovery that acquired the financial assets are closed funds, in which the holders of the investment units have no possibility to request the repayment of its investment units throughout the useful life of the fund. These investment 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 (investment 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 half of 2025 and in the financial year 2024, no credits were sold to corporate restructuring funds.

The amounts accumulated as at 30 June 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 (in liquidation) (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 (in liquidation) (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 30 June 2025 and 31 December 2024, the assets received under the scope of these operations are comprised of:

(Thousands of euros)

	30 June 2025		
	Fair value of Investment fund units (note 23)	Shareholder Loans (note 31)	Total
Fundo Recuperação FCR (in liquidation)	3,381	—	3,381
Fundo Aquarius FCR	68,723	—	68,723
Discovery Real Estate Fund	176,795	—	176,795
Fundo Vega FCR	32,874	—	32,874
	281,773	—	281,773

(Thousands of euros)

	31 December 2024		
	Fair value of Investment fund units (note 23)	Shareholder Loans (note 31)	Total
Fundo Recuperação FCR (in liquidation)	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 30 June 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.

It is also important to mention the following aspects: (i) these are Funds whose latest Audit Reports available as at 31 December 2024 do not include reserves, with the exception of the Fundo Recuperação FCR – In liquidation, whose Audit Report includes a reserve; (ii) the funds are subject to supervision by the competent authorities.

The balance Shareholder Loans in the gross amount of EUR 116,644,000 (31 December 2024: EUR 113,840,000) is fully provisioned, as referred in note 31.

The detail of the commitments of subscribed and unpaid capital for each of the corporate restructuring funds is analysed as follows:

(Thousands of euros)

	30 June 2025			31 December 2024		
Corporate restructuring funds	Subscribed capital	Paid up capital realized	Subscribed and unpaid capital	Subscribed capital	Paid up capital realized	Subscribed and unpaid capital
Fundo Recuperação FCR	156,685	156,682	3	162,149	162,146	3
Fundo Aquarius FCR	78,713	70,165	8,548	97,739	87,125	10,614
Discovery Real Estate Fund	158,991	158,991	—	158,991	158,991	—
Fundo Vega FCR	45,439	44,169	1,270	45,439	43,825	1,614
	439,828	430,007	9,821	464,318	452,087	12,231

There are additional subscription commitments for the fund Discovery, in the amount of EUR 1,107,000 (31 December 2024: EUR 1,107,000).

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)

	30 June 2025	31 December 2024
Investments in associates (note 25)		
Fundo Turismo Algarve, FCR	41,020	41,045
Lusofundo - Fundo de Investimento Imobiliário Fechado (in liquidation)	16,711	19,175
Fundo Especial de Investimento Imobiliário Fechado Eurofundo (in liquidation)	3,162	4,305
	60,893	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.

48. Relevant events occurred during first half of 2025

Banco Comercial Português, S.A. informed about issue of senior preferred debt securities eligible for MREL

On 16 June 2025, Banco Comercial Português, S.A. ("Bank") hereby informed that it has set the terms for a new issue of senior preferred debt securities eligible for MREL (Minimum Requirement for own funds and Eligible Liabilities), under its Euro Note Programme.

The issue, in the amount of EUR 500 million, will have a tenor of 6 years, with the option of early redemption by the Bank at the end of year 5, an issue price of 99.631% and an annual interest rate of 3.125% during the first 5 years (corresponding to a spread of 0.95% over the 5-year mid-swap rate). The interest rate for the year 6 was set at 3-month Euribor plus a 0.95% spread.

Bank Millennium Minimum requirements for own funds and liabilities subject to write down or conversion (MREL)

Bank Millennium manages MREL indicators in a manner analogous to capital adequacy management.

In terms of the MREL-TREA and MREL-TEM requirements, Bank Millennium Group has a surplus compared to the minimum required levels as at 30 June 2025, and also meets the MREL-TREA Requirement after the inclusion of the Combined Buffer Requirement.

MREL	30.06.2025	31.12.2024
MREL-TREA ratio	**25.27 %**	28.06 %
Minimum required level MREL-TREA	15.36 %	18.03 %
Surplus(+) / Deficit(-) of MREL-TREA (p.p.)	9.91 p.p.	10.03 p.p.
Minimum required level including Combined Buffer Requirement (CBR)	18.11 %	20.78 %
Surplus(+) / Deficit(-) of MREL-TREA+CBR (p.p.)	7.16 p.p.	7.28 p.p.
MREL-TEM ratio	**8.56 %**	**8.71 %**
Minimum required level of MREL-TEM	5.91 %	5.91 %
Surplus(+) / Deficit(-) of MREL-TEM (p.p.)	2.65 p.p.	2.80 p.p.

In May 2025, Bank Millennium received a letter from the Bank Guarantee Fund regarding the joint decision of the Single Resolution Board (SRB) and the BFG requiring that the Bank meet the communicated MREL-TREA requirements in the amount of 15.36% (previously 18.03% in the decision received June 2023) including 14.15% in subordinated instruments and MREL-TEM requirements in the amount of 5.91% (as in the decision received in 2024) including 5.54% in subordinated instruments.

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 net income 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 capitalisation[1] was approved today. The objective of the Buy-Back Programme, for the purposes of Article 5(2)(a) of Regulation (EU) 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) 596/2014, as supplemented by Delegated Regulation (EU) 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'.

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.

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

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, S&P further downgraded its long-term government debt rating by 1 notch from CCC to CCC-, due to liquidity challenges and apparent delays in payments to domestic creditors.

On 21 March 2025, S&P downgraded the rating of Mozambique's long-term local currency sovereign debt again from CCC- to SD (Selective Default).

The reasons given by S&P for this rating are:

- Two debt swaps between October 2024 and March 2025, for issues with a lower interest rate and longer term, while participation in auctions as decreased. These swaps were considered operations in financial difficulties, equivalent to a default;
- The absence of tax adjustments and the significant volume of payments to be made between 2025 and 2026 increase the risk of default and of a broader restructuring of domestic debt. In addition, the national financial sector is already significantly exposed to public debt, with more than 20% of the total assets of the banking system in government securities;
- Mozambique's weak tax position, as pressure on spending continues to grow.

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 authorisation from the European Central Bank to exercise her functions and will be submitted for ratification at the Bank's next General Meeting.

49. Fair value

Fair value is based on market prices, whenever these are available. If market prices are not available, as occurs regarding many products sold to customer, fair value is estimated through internal models based on cash-flow discounting techniques. Cash-flows for the different instruments sold are calculated according to its financial characteristics and the discount rates used include both the market interest rate curve and the current conditions of the Group's pricing policy.

Thus, the fair value obtained is influenced by the parameters used in the evaluation model that have some degree of judgment and reflects exclusively the value attributed to different financial instruments. However, it does not consider prospective factors, as the future business evolution. Therefore, the values presented cannot be understood as an estimate of the economic value of the Group.

The main methods and assumptions used in estimating the fair value for the financial assets and financial liabilities are presented as follows:

Cash and deposits at Central Banks and Loans and advances to credit institutions repayable on demand

Considering the short term of these financial instruments, the amount in the balance sheet is a reasonable estimate of its fair value.

Loans and advances to credit institutions, Deposits from credit institutions and other funds and Assets with repurchase agreements

The fair value of these financial instruments is calculated discounting the expected principal and interest future cash flows for these instruments, considering that the payments of the instalments occur in the contractually defined dates. This update is made based on the prevailing market rate for the term of each cash flow plus the average spread of the production of the most recent 3 months of the same. For the elements with signs of impairment, the net impairment of these operations is considered as a reasonable estimate of their fair value, considering the economic valuation that is realised in the determination of this impairment.

For Deposits from Central Banks and other funds, it was considered that the book value is a reasonable estimate of its fair value, given the nature of operations and the associated short-term.

For the remaining loans and advances and deposits, the discount rate used reflects the current conditions applied by the Group on identical instruments for each of the different residual maturities (rates from the monetary market or from the interest rate swap market).

Loans and advances to customers without defined maturity date

Considering the short maturity of these financial instruments, the conditions of the portfolio are similar to conditions used at the date of the report. Therefore, the amount in the balance sheet is a reasonable estimate of its fair value (this class incorporates among other, factoring operations, current account credit, credit cards and overdrafts in demand deposits).

Loans and advances to customers with defined maturity date

The fair value of these instruments is calculated by discounting the expected principal and interest future cash flows for these instruments, considering that the payments of the instalments occur in the contractually defined dates. For loans with signs of impairment (Stage 3 loans), the net impairment of these operations is considered as a reasonable estimate of their fair value, considering the economic valuation that is realised in the determination of this impairment.

The discount rate used is the one that reflects the current rates of the Group for each of the homogeneous classes of this type of instruments and with similar residual maturity. The discount rate includes the market rates for the residual maturity date (rates from the monetary market or from the interest rate swap market) and the spread used at the date of the report, which was calculated from the average production of the three most recent months compared to the reporting date.

Deposits from customers and other funds

The fair value of these financial instruments is calculated by discounting the expected principal and interest future cash flows for the referred instruments, considering that payments occur in the contractually defined dates. The discount rate used reflects the current conditions applied by the Group in similar instruments with a similar maturity. The discount rate includes the market rates of the residual maturity date (rates of monetary market or the interest rate swap market, at the end of the period) and the actual spread of the Group. This was calculated from the average production of the three most recent months compared to the reporting date.

As in the case of credits without defined maturity, also for the Deposits from customers without defined maturity (demand deposits) it is considered that given the potential short term of the same, possibility of their liquidation at any time, the book value of these liabilities is a reasonable estimate of their fair value.

The average discount rates for Loans and advances to credit institutions, Loans and advances to customers, Deposits from credit institutions and other funds and Deposits from customers and other funds are analysed as follows:

	Loans and advances to credit institutions		Loans and advances to customers		Deposits from credit institutions and other funds		Deposits from customers and other funds	
	30 June 2025	31 December 2024	30 June 2025	31 December 2024	30 June 2025	31 December 2024	30 June 2025	31 December 2024
EUR	2.44%	3.39%	4.47%	4.42%	2.39%	3.30 %	2.37%	3.24%
AUD	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	4.05%	4.70%
CAD	n.a.	n.a.	n.a.	n.a.	n.a.	3.48 %	2.95%	3.46%
CHF	n.a.	n.a.	2.77%	2.69%	n.a.	n.a.	0.26%	0.65%
CNY	n.a.	n.a.	1.63%	3.50%	n.a.	n.a.	1.45%	3.55%
DKK	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	2.10%	2.62%
GBP	n.a.	n.a.	n.a.	n.a.	4.62%	5.28 %	4.47%	5.01%
HKD	n.a.	n.a.	2.61%	4.01%	n.a.	n.a.	0.74%	4.82%
MOP	n.a.	n.a.	2.72%	3.87%	n.a.	n.a.	1.39%	4.51%
MZN	12.33%	14.20%	18.26%	18.95%	n.a.	n.a.	9.71%	11.16%
NOK	n.a.	n.a.	7.34%	7.68%	n.a.	n.a.	4.61%	4.92%
PLN	5.16%	5.53%	8.48%	8.81%	5.62%	4.66 %	5.24%	5.78%
SEK	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	2.41%	2.86%
USD	4.69%	4.66%	5.41%	6.13%	4.83%	4.89 %	3.93%	4.02%
ZAR	n.a.	8.24%	12.10%	12.62%	n.a.	n.a.	4.43%	5.15%

Financial assets and liabilities measured at fair value through profit or loss (except derivatives) and financial assets at fair value through other comprehensive income

These financial instruments are accounted for at fair value. Fair value is based on market prices ("Bid-price"), whenever these are available. If market prices are not available, fair value is estimated through numerical models based on cash-flow discounting techniques, using the market interest rate curve adjusted for factors associated, predominantly credit risk and liquidity risk, determined in accordance with the market conditions and time frame. In this class of assets, the fair value corresponds to their book value.

Market interest rates are determined based on information released by the suppliers of financial content - Reuters and Bloomberg - more specifically because of prices of interest rate swaps. The values for the very short-term rates are obtained from similar sources but regarding interbank money market. The interest rate curve obtained is calibrated with the values of interest rate short-term futures. Interest rates for specific periods of the cash flows are determined by appropriate interpolation methods. The same interest rate curves are used in the forecast of the non-deterministic cash flows such as indexes.

When optionality is involved, the standard templates (Black-Scholes, Black, Ho and others) are used considering the volatility areas applicable. Whenever there are no references in the market of sufficient quality or that the available models do not fully apply to meet the characteristics of the financial instrument, specific quotations supplied by an external entity are applied, typically a counterparty of the business.

Financial assets measured at amortised cost - Debt instruments

These financial instruments are accounted at amortised cost net of impairment, as referred in the accounting policy described in note 1 C1.1.1. The fair value of this class of assets, is based on market prices, whenever these are available. If market prices are not available, fair value is estimated through numerical models based on cash-flow discounting techniques, using the market interest rate curve adjusted for factors associated, predominantly credit risk and liquidity risk, determined in accordance with the market conditions and time frame.

Hedging and trading derivatives

All derivatives are recorded at fair value. In case of derivative contracts that are quoted in organised markets their market prices are used. As for derivatives traded "Over-the-counter", it is applied methods based on numerical cash-flow discounting techniques and models for assessment of options considering variables of the market, particularly the interest rates on the instruments in question, and where necessary, their volatilities.

Market interest rates are determined based on information released by the suppliers of financial content - Reuters and Bloomberg - more specifically because of prices of interest rate swaps. The values for the very short-term rates are obtained from similar sources but regarding interbank money market. The interest rate curve obtained is calibrated with the values of interest rate short-term futures. Interest rates for specific periods of the cash flows are determined by appropriate interpolation methods. The same interest rate curves are used in the forecast of the non-deterministic cash flows such as indexes. The remaining market inputs, such as yield curves, credit, exchange rates, among others, are also made available by financial content providers.

Debt securities non-subordinated issued and subordinated debt

For these financial instruments the fair value was calculated for components for which fair value is not yet reflected in the balance sheet. Fixed rate remunerated instruments for which the Group adopts "hedge-accounting", the fair value related to the interest rate risk is already recognised. For the fair value calculation, other components of risk were considered, in addition to the interest rate risk already recorded, when applicable. The fair value is based on market prices, whenever these are available. If market prices are not available, fair value is estimated through numerical models based on cash-flow discounting techniques, using the market interest rate curve adjusted by associated factors, predominantly credit risk and trading margin, the latter only in the case of issues placed on non-institutional customers of the Group.

As original reference, the Group applies the curves resulting from the market interest rate swaps for each specific currency. The credit risk (credit spread) is represented by an excess from the curve of interest rate swaps established specifically for each term and class of instruments based on the market prices on equivalent instruments.

For own issued debts placed among non-institutional customers of the Group, one more differential was added (commercial spread), which represents the margin between the financing cost in the institutional market and the cost obtained by distributing the respective instrument in the owned commercial network.

The average of the reference rates of the yield curve obtained from the market prices of the different currencies used in the determination of the fair value of the issues is analysed as follows:

	30 June 2025		31 December 2024	
	EUR	PLN	EUR	PLN
Placed in the institutional market				
Subordinated	1.52 %	0.00 %	1.86 %	0.00 %
Placed in retail				
Senior and collateralised	0.02 %	0.04 %	0.02 %	0.05 %

For Non-subordinated debt securities issued, the fair value calculation focused on all the components of these instruments, as a result the difference determined is a positive amount of EUR 13,065,000 (31 December 2024: a positive amount of EUR 22,410,000) and includes a payable amount of EUR 31,547,000 (31 December 2024: a payable amount of EUR 42,477,000) which reflects the fair value of embedded derivatives and are recorded in financial assets and liabilities held for trading (note 23 and 36).

The following table presents the interest rates used in the definition of the interest rate curves of main currencies, namely EUR, USD, GBP and PLN used to determine the fair value of the financial assets and liabilities of the Group:

	30 June 2025				31 December 2024			
	EUR	USD	GBP	PLN	EUR	USD	GBP	PLN
1 day	1.98%	4.34%	4.25%	5.22%	2.98%	4.45%	4.87%	5.73%
7 days	1.98%	4.34%	4.25%	5.22%	2.98%	4.41%	4.86%	5.73%
1 month	1.97%	4.35%	4.25%	5.25%	2.95%	4.41%	4.80%	5.72%
2 months	1.98%	4.37%	4.23%	5.19%	2.89%	4.42%	4.78%	5.73%
3 months	2.00%	4.38%	4.21%	5.13%	2.81%	4.44%	4.78%	5.74%
6 months	2.02%	4.34%	4.20%	4.94%	2.59%	4.46%	4.79%	5.70%
9 months	2.06%	4.28%	4.20%	4.84%	2.49%	4.48%	4.81%	5.61%
1 year	2.00%	4.15%	4.20%	4.71%	2.33%	4.43%	4.82%	5.62%
2 years	2.00%	3.78%	3.87%	4.31%	2.19%	4.34%	4.51%	5.22%
3 years	2.09%	3.70%	3.85%	4.19%	2.19%	4.32%	4.40%	5.03%
5 years	2.26%	3.72%	3.91%	4.22%	2.24%	4.31%	4.29%	4.99%
7 years	2.42%	3.84%	4.03%	4.33%	2.29%	4.32%	4.26%	5.04%
10 years	2.60%	4.00%	4.23%	4.55%	2.36%	4.34%	4.31%	5.15%
15 years	2.78%	4.20%	4.50%	4.87%	2.42%	4.39%	4.43%	5.31%
20 years	2.81%	4.28%	4.63%	4.89%	2.36%	4.37%	4.49%	5.35%
30 years	2.76%	4.22%	4.68%	4.89%	2.15%	4.21%	4.46%	5.35%

The following table shows the fair value of financial assets and liabilities of the Group, as at 30 June 2025:

(Thousands of euros)

	30 June 2025				
	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Book value	Fair value
Assets					
Cash and deposits at Central Banks	—	—	3,043,654	3,043,654	3,043,654
Loans and advances to credit institutions repayable on demand	—	—	271,492	271,492	271,492
Financial assets at amortised cost					
Loans and advances to credit institutions	—	—	1,154,893	1,154,893	1,108,246
Loans and advances to customers (i)	—	—	55,023,464	55,023,464	54,386,900
Debt securities	—	—	25,000,970	25,000,970	24,960,157
Financial assets at fair value					
Loans and advances to customers	79,372	—	—	79,372	79,372
Bonds issued by public entities	217,502	9,272,141	—	9,489,643	9,489,643
Bonds issued by public companies and other entities	103	2,150,246	—	2,150,349	2,150,349
Treasury bills	802,527	2,299,991	—	3,102,518	3,102,518
Shares	86,241	27,038	—	113,279	113,279
Investment units	300,425	—	—	300,425	300,425
Other securities	103,795	—	—	103,795	103,795
Trading derivatives	402,863	—	—	402,863	402,863
Hedging derivatives (ii)	85,860	—	—	85,860	85,860
	2,078,688	13,749,416	84,494,473	100,322,577	99,598,553
Liabilities					
Financial liabilities at amortised cost					
Deposits from credit institutions and other funds	—	—	771,720	771,720	772,187
Deposits from customers and other funds	—	—	83,967,991	83,967,991	83,830,651
Non-subordinated debt securities issued (i)	—	—	4,265,785	4,265,785	4,278,850
Subordinated debt (i)	—	—	1,398,489	1,398,489	1,423,369
Financial liabilities at fair value					
Deposits from customers and other funds	1,981,646	—	—	1,981,646	1,981,646
Non-subordinated debt securities issued	1,371,601	—	—	1,371,601	1,371,601
Short selling securities	78,142	—	—	78,142	78,142
Trading derivatives	173,902	—	—	173,902	173,902
Hedging derivatives (ii)	52,184	—	—	52,184	52,184
	3,657,475	—	90,403,985	94,061,460	93,962,532

(i) The book value includes the effect of the adjustments resulting from the application of hedge accounting;
(ii) Includes a portion that is recognised in reserves in the application of accounting cash flow hedge.

The Group includes in the Book value column of the balance Financial assets at amortised cost - Debt securities the variation in the fair value of the hedged element attributable to the hedged risk (risk of interest rate) for securities to which the Group is applying fair value hedge accounting.

The following table shows the fair value of financial assets and liabilities of the Group, as at 31 December 2024:

(Thousands of euros)

	31 December 2024				
	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Book value	Fair value
Assets					
Cash and deposits at Central Banks	—	—	5,589,030	5,589,030	5,589,030
Loans and advances to credit institutions repayable on demand	—	—	251,157	251,157	251,157
Financial assets at amortised cost					
Loans and advances to credit institutions	—	—	797,535	797,535	787,632
Loans and advances to customers (i)	—	—	53,907,058	53,907,058	52,984,229
Debt securities	—	—	21,345,171	21,345,171	21,047,438
Financial assets at fair value					
Loans and advances to customers	427	—	—	427	427
Bonds issued by public entities	175,206	8,411,395	—	8,586,601	8,586,601
Bonds issued by public companies and other entities	413	1,970,392	—	1,970,805	1,970,805
Treasury bills	1,117,504	2,490,850	—	3,608,354	3,608,354
Shares	60,352	26,329	—	86,681	86,681
Investment units	323,969	—	—	323,969	323,969
Other securities	87,563	—	—	87,563	87,563
Trading derivatives	387,073	—	—	387,073	387,073
Hedging derivatives (ii)	69,349	—	—	69,349	69,349
	2,221,856	12,898,966	81,889,951	97,010,773	95,780,308
Liabilities					
Financial liabilities at amortised cost					
Deposits from credit institutions and other funds	—	—	777,719	777,719	781,443
Deposits from customers and other funds	—	—	82,084,687	82,084,687	81,945,936
Non-subordinated debt securities issued (i)	—	—	3,528,710	3,528,710	3,551,120
Subordinated debt (i)	—	—	1,427,359	1,427,359	1,490,881
Financial liabilities at fair value					
Deposits from customers and other funds	1,956,851	—	—	1,956,851	1,956,851
Non-subordinated debt securities issued	1,292,006	—	—	1,292,006	1,292,006
Short selling securities	44,607	—	—	44,607	44,607
Trading derivatives	135,020	—	—	135,020	135,020
Hedging derivatives (ii)	39,041	—	—	39,041	39,041
	3,467,525	—	87,818,475	91,286,000	91,236,905

(i) The book value includes the effect of the adjustments resulting from the application of hedge accounting;
(ii) Includes a portion that is recognised in reserves in the application of accounting cash flow hedge.

The Group classified the financial instruments recorded in the balance sheet at fair value in accordance with the hierarchy established in IFRS 13. The fair value of financial instruments is determined using quotations recorded in active and liquid markets, considering that a market is active and liquid whenever its stakeholders conduct transactions on a regular basis giving liquidity to the instruments traded. When it is verified that there are no transactions that regularly provide liquidity to the traded instruments, valuation methods and techniques are used to determine the fair value of the financial instruments.

Level 1 - With quotation in active market

In this category are included, in addition to financial instruments traded on a regulated market, bonds and units of investment funds valued based on the prices disclosed through trading systems.

The classification of the fair value of level 1 is used when:

i. there is a firm daily enforceable quotation for the financial instruments concerned, or;

ii. there is a quotation available in market information systems that aggregate multiple prices of various stakeholders.

Level 2 - Valuation methods and techniques based on market data

Financial instruments, when there are no regular transactions in the active and liquid markets (level 1), are classified in level 2, according to the following rules:

i. failure to comply with the rules defined for level 1, or;

ii. they are valued based on valuation methods and techniques that use mostly observable market data (interest rate or exchange rate curves, credit curves, etc.).

Level 2 includes over-the-counter derivative financial instruments contracted with counterparties with which the Group maintains collateral agreements (ISDAs with Credit Support Annex (CSA)). In addition, derivative financial instruments traded in the over-the-counter market, which, despite not having CSA agreements, the non-observable market data component (i.e., internal ratings, default probabilities determined by internal models, etc.) incorporated in the estimation of CVA/DVA is not significant in the overall value of the derivative. In order to assess the significance of this component, the Group defined a quantitative relevance criterion and performed a qualitative sensitivity analysis on the valuation component that includes unobservable market data.

Level 3 - Valuation methods and techniques based on data not observable in the market

If the level 1 or level 2 criteria are not met, financial instruments should be classified in level 3, as well as in situations where the fair value of financial instruments results from the use of information not observable in the market, such as:

- financial instruments which are not classified as level 1 and which are valued using evaluation methods and techniques without being known or where there is consensus on the criteria to be used, namely:

i. - those measured using comparative price analysis of financial instruments with risk and return profile, typology, seniority or other similar factors, observable in the active and liquid markets;

ii. - those measured using performance indicators of the underlying transactions (e.g. default probability rates of the underlying assets, delinquency rates, evolution of the ratings, etc.);

iii. - those measured taking as reference the NAV (Net Asset Value) disclosed by the management entities of securities/real estate/other investment funds not listed on a regulated market.

Level 3 includes over-the-counter derivative financial instruments that have been contracted with counterparties with which the Group does not maintain collateral exchange agreements, and whose unobservable market data component incorporated in the estimation of the value adjustment, such as those relating to synthetic securitisation operations carried out by the Group.

The following table shows, by valuation levels, the fair value of financial assets and liabilities of the Group as at 30 June 2025:

(Thousands of euros)

	30 June 2025			
	Level 1	Level 2	Level 3	Total
Assets				
Cash and deposits at Central Banks	3,043,654	—	—	3,043,654
Loans and advances to credit institutions repayable on demand	271,492	—	—	271,492
Financial assets at amortised cost				
Loans and advances to credit institutions	—	—	1,108,246	1,108,246
Loans and advances to customers	—	—	54,386,900	54,386,900
Debt securities	20,840,730	885,889	3,233,538	24,960,157
Financial assets at fair value				
Loans and advances to customers	—	—	79,372	79,372
Bonds issued by public entities	9,450,645	25,853	13,145	9,489,643
Bonds issued by public companies and other entities	1,995,750	154,599	—	2,150,349
Treasury bills	1,199,210	1,903,308	—	3,102,518
Shares	42,463	—	70,816	113,279
Investment units	—	—	300,425	300,425
Other securities	103,795	—	—	103,795
Trading derivatives	—	132,446	270,417	402,863
Hedging derivatives	—	85,860	—	85,860
	36,947,739	3,187,955	59,462,859	99,598,553
Liabilities				
Financial liabilities at amortised cost				
Deposits from credit institutions and other funds	—	—	772,187	772,187
Deposits from customers and other funds	—	—	83,830,651	83,830,651
Non-subordinated debt securities issued	—	—	4,278,850	4,278,850
Subordinated debt	—	—	1,423,369	1,423,369
Financial liabilities at fair value				
Deposits from customers and other funds	—	—	1,981,646	1,981,646
Non-subordinated debt securities issued	1,371,601	—	—	1,371,601
Short selling securities	—	—	78,142	78,142
Trading derivatives	—	141,781	32,121	173,902
Hedging derivatives	—	52,184	—	52,184
	1,371,601	193,965	92,396,966	93,962,532

The following table shows, by valuation levels, the fair value of financial assets and liabilities of the Group as at 31 December 2024:

(Thousands of euros)

	31 December 2024			
	Level 1	Level 2	Level 3	Total
Assets				
Cash and deposits at Central Banks	5,589,030	—	—	5,589,030
Loans and advances to credit institutions repayable on demand	251,157	—	—	251,157
Financial assets at amortised cost				
Loans and advances to credit institutions	—	—	787,632	787,632
Loans and advances to customers	—	—	52,984,229	52,984,229
Debt securities	17,779,491	462,939	2,805,008	21,047,438
Financial assets at fair value				
Loans and advances to customers	—	—	427	427
Bonds issued by public entities	8,539,158	26,198	21,245	8,586,601
Bonds issued by public companies and other entities	1,812,602	98,640	59,563	1,970,805
Treasury bills	1,454,611	2,153,743	—	3,608,354
Shares	29,587	—	57,094	86,681
Investment units	—	—	323,969	323,969
Other securities	87,108	—	455	87,563
Trading derivatives	—	109,695	277,378	387,073
Hedging derivatives	—	69,349	—	69,349
	35,542,744	2,920,564	57,317,000	95,780,308
Liabilities				
Financial liabilities at amortised cost				
Deposits from credit institutions and other funds	—	—	781,443	781,443
Deposits from customers and other funds	—	—	81,945,936	81,945,936
Non-subordinated debt securities issued	—	—	3,551,120	3,551,120
Subordinated debt	—	—	1,490,881	1,490,881
Financial liabilities at fair value				
Deposits from customers and other funds	—	—	1,956,851	1,956,851
Non-subordinated debt securities issued	1,292,006	—	—	1,292,006
Short selling securities	—	—	44,607	44,607
Trading derivatives	—	91,526	43,494	135,020
Hedging derivatives	—	39,041	—	39,041
	1,292,006	130,567	89,814,332	91,236,905

The changes that occurred during the first half of 2025 in financial assets and liabilities accounted for at fair value and classified at level 3, are detailed as follows:

(Thousands of euros)

	2025			
	Financial assets			
	held for trading	not held for trading mandatorily at fair value through profit or loss	at fair value through other comprehensive income	Financial liabilities held for trading (*)
Balance as at 1 January	277,832	355,211	107,088	43,494
Gains / (losses) recognised in profit or loss				
Net trading income	4,281	12,904	—	(10,980)
Net interest income	—	1,192	12	—
Transfers between levels	(54)	—	(59,463)	—
Capital increases (Investment units)	—	344	—	—
Capital reductions (Investment units)	—	(24,474)	—	—
Purchases	6,026	41	6,280	263
Sales	(17,668)	(468)	(5,453)	(656)
Amortisations	—	(51)	(5,679)	—
Gains / (losses) recognised in reserves	—	—	(436)	—
Exchange rate differences	—	(205)	(2,681)	—
Accrued interest	—	—	512	—
Balance as at 30 June	270,417	344,494	40,180	32,121

(*) Do not include short sales in the amount of EUR 78,142,000 (note 36).

In first half of 2025, the unobservable inputs included in the valuation of two issues recorded in the portfolio of financial assets at fair value through other comprehensive income, in balance Transfers between levels, lost relevance and, therefore, the securities were classified as level 2 in the fair value hierarchy.

The changes that occurred during 2024 in financial assets and liabilities accounted for at fair value and classified at level 3, are detailed as follows:

(Thousands of euros)

	2024			
	Financial assets			
	held for trading	not held for trading mandatorily at fair value through profit or loss	at fair value through other comprehensive income	Financial liabilities held for trading (*)
Balance as at 1 January	332,705	433,603	101,427	97,994
Gains / (losses) recognised in profit or loss				
Net trading income	6,569	1,827	—	(52,808)
Net interest income	31	763	88	—
Impairment	—	(73,891)	—	—
Transfers between portfolios	54	—	—	—
Transfers between levels	—	621	—	—
Capital increases (Investment units)	—	(25,567)	—	—
Capital reductions (Investment units)	14,077	7,873	67,586	695
Purchases	(75,604)	(15,991)	(544)	(2,387)
Sales	—	—	(65,604)	—
Amortisations	—	—	3,600	—
Gains / (losses) recognised in reserves	—	—	992	—
Exchange rate differences	—	960	(457)	—
Accrued interest	—	25,013	—	—
Balance as at 31 December	277,832	355,211	107,088	43,494

(*) Do not include short sales in the amount of EUR 44,607,000 (note 36).

The balance Transfer between portfolios in the amount of EUR 73,891,000 refers to the classification of Fundo Turismo Algarve, FCR as associate at the end of 2024.

In 2024, there were no relevant transfers relating to the measurement of financial instruments with respect to valuation levels.

The Group prepared a sensitivity analysis of the variation in the probability of default by 1 percentage point (2 percentage points for the Caravela 6 operation) at the fair value of the credit default swaps recognised by level 3, with an estimated impact of around EUR 49,000.

The remaining unlisted instruments classified at level 3 are essentially venture capital funds with recognised valuation based on the information provided by the management entities. The variation of 1% in the quotation value of these assets impacts the balance sheet value of the same magnitude.

50. Post-employment benefits and other long-term benefits

The Group assumed the liability to pay to their employees' pensions on retirement or disability and other obligations, in accordance with the accounting policy described in note 1 R.

The number of participants in the Pension Fund of Banco Comercial Português covered by this pension plan and other benefits is analysed as follows:

Number of participants	30 June 2025	31 December 2024
Retirees and pensioners	17,117	17,135
Former participants with acquired rights	3,359	3,395
Employees	6,312	6,288
	26,788	26,818

In accordance with the accounting policy described in note 1 R, the Group's retirement pension liabilities and other benefits and the respective coverage, based on the Projected Unit Credit method are analysed as follows:

(Thousands of euros)

	30 June 2025	31 December 2024
Actual amount of the past services		
Retirees and pensioners	2,354,808	2,431,591
Former participants with acquired rights	170,611	185,748
Employees	527,461	585,913
	3,052,880	3,203,252
Pension fund value	(3,312,831)	(3,351,481)
Net (assets) / liabilities in balance sheet (note 31)	(259,951)	(148,229)
Actuarial deviations and effect of change in assumptions recognised in Other comprehensive income	3,512,541	3,623,005

In 2017, following the authorisation of the Insurance and Pension Funds Supervisory Authority, the BCP group's pension fund agreement was amended. The main purpose of this process was to incorporate into the pension fund the changes made to the Group's Collective Labour Agreement (CLA) in terms of retirement benefits and to pass on to the pension fund the responsibilities that were directly in charge by the companies (extra-fund liabilities). The pension fund has a share exclusively related to the financing of these liabilities, which under the scope of the fund is called an Additional Complement, which as at 30 June 2025 amounts to EUR 176,581,000 (31 December 2024: EUR 185,960,000). The End of Career Premium also came to be borne by the pension fund under the basic pension plan.

As at 30 June 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 2 January 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 23 December 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.

The change in the projected benefit obligations is analysed as follows:

(Thousands of euros)

	30 June 2025	31 December 2024
Balance as at 1 January	3,203,252	3,079,575
Service cost	(4,845)	(9,738)
Interest expense / (income)	54,268	108,234
Actuarial (gains) / losses		
Not related to changes in assumptions	34,408	78,644
Related to changes in assumptions	(153,356)	90,836
Payments	(86,763)	(161,897)
Early retirement programmes and terminations by mutual agreement	2,362	10,478
Contributions of employees	3,554	7,120
Balance at the end of the period	3,052,880	3,203,252

The pensions paid by the Fund, including the Additional Complement, amounts to EUR 86,763,000 (31 December 2024: EUR 161,897,000).

The liabilities with health benefits are fully covered by the Pension Fund and correspond to EUR 249,908,000 (31 December 2024: EUR 261,862,000).

Additionally, regarding the coverage of some benefit obligations related to pensions, the Group contracted with Ocidental Vida the acquisition of perpetual annuities for which the total liability amounts to EUR 31,121,000 (31 December 2024: EUR 31,864,000), in order to pay:

i) pensions of former Group's Board Members in accordance with the Bank's Board Members Retirement Regulation;

ii) pensions and complementary pensions to pensioners in accordance with the Pension Fund of the BCP Group employees established in 28 December 1987, as also to pensioners, in accordance with other Pension Funds, that were incorporated after on the BCP Group Pension Fund and which were planed that the retirement benefits should be paid through the acquisition of insurance policies, in accordance with the Decree - Law 12/2006.

Ocidental Vida is 100% owned by Ageas Group and Ageas Group is 49% owned by the BCP Group.

In the first half of 2025 and during the financial year of 2024, the changes occurred in the plan's assets value is analysed as follows:

(Thousands of euros)

	30 June 2025	31 December 2024
Balance as at 1 January	3,351,481	3,469,833
Employees' contributions	3,554	7,120
Actuarial gains / (losses)	(8,484)	(78,110)
Payments	(86,763)	(161,897)
Expected return on plan assets	53,043	114,535
Balance at the end of the period	3,312,831	3,351,481

The elements of the Pension Fund's assets are analysed as follows:

(Thousands of euros)

	30 June 2025			31 December 2024		
Asset class	Assets with market price in active market	Remaining	Total Portfolio	Assets with market price in active market	Remaining	Total Portfolio
Shares	47,747	1,309	49,056	99,659	1,315	100,974
Bonds and other fixed income securities	1,740,587	—	1,740,587	1,988,476	—	1,988,476
Investment units in securities funds	—	750,321	750,321	—	515,838	515,838
Investment units in real estate funds	—	318,900	318,900	—	313,945	313,945
Properties	—	264,968	264,968	—	264,968	264,968
Loans and advances to credit institutions and others	—	188,999	188,999	—	167,280	167,280
	1,788,334	1,524,497	3,312,831	2,088,135	1,263,346	3,351,481

The balance Properties includes buildings booked in the Fund's financial statements and used by the Group's companies which amount to EUR 227,346,000 (31 December 2024: EUR 227,346,000).

The securities issued by Group's companies accounted in the portfolio of the Fund are analysed as follows:

(Thousands of euros)

	30 June 2025	31 December 2024
Bonds and other fixed income securities	26,288	7,195
Loans and advances to credit institutions and others	67,633	8,191
	93,921	15,386

The evolution of net (assets) / liabilities in the balance sheet is analysed as follows:

(Thousands of euros)

	30 June 2025	31 December 2024
Balance as at 1 January	(148,229)	(390,258)
Recognised in the income statement:		
Service cost	(4,845)	(9,738)
Interest expense / (income) net of the balance liabilities coverage	1,225	(6,301)
Cost with early retirement programmes	2,362	10,478
	(1,258)	(5,561)
Recognised in the statement of comprehensive income:		
Actuarial (gains) / losses		
Not related to changes in assumptions		
Difference between the estimated and the actual income of the fund	8,484	78,110
Difference between expected and effective liabilities	34,408	78,644
Arising from changes in assumptions	(153,356)	90,836
	(110,464)	247,590
Balance at the end of the period	(259,951)	(148,229)

In accordance with IAS 19, the Group accounted for (income)/costs with post-employment benefits, which is analysed as follows:

(Thousands of euros)

	30 June 2025	30 June 2024
Current service cost	(4,845)	(4,880)
Net interest expense /(income) in the liability coverage balance	1,225	(3,273)
Cost with early retirement programmes	2,362	2,410
(Income) / Expense of the period	(1,258)	(5,743)

Within the framework of the three-party agreement between the Government, the Banking and the Trade Unions, the bank's employees in activity as at 31 December 2010 under the CAFEB/CLA regime were integrated into the General Social Security System (RGSS) with effect from 1 January 2011. The integration led to an effective decrease in the present value of the total benefits reported at the retirement age to be borne by the Pension Fund, and this effect is recorded on a straight-line basis over the average period of active life 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 with reference to 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".

Board of Directors Plan

As the Board of Directors Retirement Regulation establish that the pensions are subjected to an annual update, and as it is not common in the insurance market the acquisition of perpetual annuities including variable updates in pensions, the Bank determined, the liability to be recognised on the financial statements related to that update, taking into consideration current actuarial assumptions.

In accordance with the remuneration policy of the Board Members, the Group has the responsibility of supporting the cost with: i) the retirement pensions of former Group's Executive Board Members; and ii) the Complementary Plan for these members in accordance with the applicable rules funded through the Pension Fund, Extra-fund and perpetual annuities.

In order to cover liabilities with pensions to former members of the Executive Board of Directors, under the Bank's Board of Directors Retirement Regulation the Group contracted with Ocidental Vida to purchase immediate life annuity insurance policies.

Assumptions used in the liability's assessment

Considering the market indicators, particularly the inflation rate estimates and the long-term interest rate for Euro Zone, as well as the demographic characteristics of its employees, the Group considered the following actuarial assumptions for calculating the liabilities with pension obligations:

	30 June 2025	31 December 2024
Salary growth rate (c)	1.9% in 2026 and 1.15% in the following years	2.9% in 2025; 1.9% in 2026 and 1.15% in the following years
Pension's growth rate (c)	1.5% in 2026 and 0.75% in the following years	2.5% in 2025; 1.5% in 2026 and 0.75% in the following years
Discount rate / Projected Fund's rate of return	3.90%	3.48%
Mortality tables		
Men	TV 88/90 less a year	TV 88/90 less a year
Women (a)	TV 99/01 less 2 years	TV 99/01 less 2 years
Disability rate	Non applicable	Non applicable
Turnover rate	Non applicable	Non applicable
Normal retirement age (b)	66 years and 7 months	66 years and 4 months
Total salary growth rate for Social Security purposes	1.75 %	1.75 %
Revaluation rate of wages / pensions of Social Security	1 %	1 %

a) The mortality table considered for women corresponds to TV 99/01 adjusted in less than 2 years (which implies an increase in hope life expectancy compared to that which would be considered in relation to their effective age).

b) Retirement age is variable. The normal retirement age increases one month for each civil year and cannot be higher than the normal retirement age in force in the General Social Security Regime (RGSS). The normal retirement age in the RGSS is variable and depends on the evolution of the average life expectancy at 65 years of age.

In 2025 the retirement age was 66 years and 7 months (2024: 66 years and 4 months). For 2026, the normal retirement age in the RGSS is 66 years and 9 months. For the forecast of life expectancy's increment, it was considered an increase of one year in every 10 years, with the maximum retirement age being set at 67 years and 2 months.

c) This rate refers to the growth for the years following the reporting year.

The assumptions used on the calculation of the actuarial value of the liabilities are in accordance with the requirements of IAS 19 and are determined based on the references of the entities under common control. No disability decreases are considered in the calculation of the liabilities.

The discount rate used to update the Group'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 specialised 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). As at 30 June 2025, the Group used a discount rate of 3.90% (31 December 2024: 3.48%).

The Actuarial gains are related to the difference between the actuarial assumptions used for the estimation of the liabilities and the values verified and the change in actuarial assumptions, are analysed as follows:

(Thousands of euros)

	Actuarial (gains) / losses			
	30 June 2025		31 December 2024	
	Values effectively verified in %	Amount of deviations	Values effectively verified in %	Amount of deviations
Deviation between expected and actual liabilities		34,408		78,644
Changes in the assumptions:				
Discount rate		(153,356)		18,454
Salary and pensions growth rate		—		72,382
Deviation between expected income and income from funds	1.58%	8,484	1.22 %	78,110
		(110,464)		247,590

In accordance with IAS 19, the sensitivity analysis to changes in assumptions, is as follows:

(Thousands of euros)

	Impact resulting from changes in financial assumptions			
	30 June 2025		31 December 2024	
	-0.25%	0.25%	-0.25%	0.25%
Discount rate	90,421	(84,537)	100,232	(93,560)
Pension's increase rate	(95,857)	100,088	(109,962)	114,880
Salary growth rate	(23,806)	25,445	(26,411)	28,356

(Thousands of euros)

	Impact resulting from changes in demographic assumptions			
	30 June 2025		31 December 2024	
	- 1 year	+ 1 year	- 1 year	+ 1 year
Changes in mortality table (*)	99,250	(99,524)	108,226	(108,415)

(*) The impact of 1 year reduction in the mortality table implies an increase in the average life expectancy

Defined contribution plan

According to what is described in accounting policy 1 R3, in the scope of the Defined Contribution Plan provided for the BCP Pension Fund of the BCP Group for employees who have been admitted until 1 July 2009, it was accounted for a cost, in the first half of 2025, of EUR 1,106,000 (31 December 2024: EUR 2,148,000) as an estimated contribution given that the Group estimates that the following requirements will be met, cumulatively: (i) the previous year BCP'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.

For employees who have been admitted after 1 July 2009, are made monthly contributions equal to 1.5% of the monthly remuneration received by employees in the current month, either by themselves or by the Group and 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. The Group accounted for staff costs in 30 June 2025 the amount of EUR 266,000 (30 June 2024: EUR 222,000) related to this contribution.

51. Related parties

As defined by IAS 24, the companies detailed in note 59 - List of subsidiary and associates of Banco Comercial Português Group, the post-employment benefit plans, the members of the Board of Directors and the key management members are considered related parties of the Group. The key management members are the first line Directors. Beyond the members of the Board of Directors and key management members, are also considered related parties, people who are close to them (family relationships) and entities controlled by them or in whose management they have significant influence.

As the transactions with subsidiaries are eliminated in consolidation, these are not included in the notes to the Group's consolidated financial statements.

According to Portuguese law, namely under Article 109 of the Legal Framework of Credit Institutions and Financial Companies and also in accordance with Article 33 of Notice 3/2020 of the Banco de Portugal, are considered related parties as well, the qualified shareholders of Banco Comercial Português, S.A. and the entities controlled by them or with which they are in a group relationship. The list of the qualified shareholders is detailed in note 40.

A) Balances and transactions with qualified shareholders

The balances reflected in assets of consolidated balance sheet with qualified shareholders, are analysed as follows:

(Thousands of euros)

	30 June 2025	31 December 2024
Assets		
Financial assets at amortised cost		
Loans and advances to customers	113,310	110,193
Debt securities	39,141	38,996
	152,451	149,189
Liabilities		
Deposits from customers and other funds	121,891	58,992
Financial liabilities at fair value through profit or loss		
Financial liabilities held for trading	526	879
	122,417	59,871

The values of Financial assets at amortised cost are net of impairment in the amount of EUR 896,000 (31 December 2024: EUR 2,834,000) for Loans and advances to customers and for Debt securities the amount of EUR 14,000 (31 December 2024: EUR 164,000).

The transactions with qualified shareholders, reflected in the consolidated income statement items, are as follows:

(Thousands of euros)

	30 June 2025	30 June 2024
Income		
Interest and similar income	3,186	5,941
Commissions	465	556
	3,651	6,497
Costs		
Interest and similar expense	38	259
Commissions	142	136
	180	395

The balances with qualified shareholders, reflected in the guarantees granted and revocable and irrevocable credit facilities, are as follows:

(Thousands of euros)

	30 June 2025	31 December 2024
Guarantees granted	2,994	3,771
Revocable credit facilities	12,986	7,801
	15,980	11,572

The Group has accounted for provisions for guarantees granted the amount of EUR 1,000 (31 December 2024: EUR 10,000) and provisions for revocable credit facilities the amount of EUR 4,000 (31 December 2024: EUR 199,000).

B) Balances and transactions with members of the Board of Directors and key management members

The balances with related parties discriminated in the following table, included on the consolidated balance sheet, are analysed as follows:

(Thousands of euros)

	Loans and advances to customers		Deposits from customers and other funds	
	30 June 2025	31 December 2024	30 June 2025	31 December 2024
Board of Directors				
Non-executive directors	22	37	11,750	9,335
Executive Committee (*)	11	9	4,319	2,425
Closely related people	511	494	2,397	2,768
Controlled entities	2	4	133	337
Key management personnel				
Key management personnel	4,258	4,581	10,002	11,961
Closely related people	3,027	2,356	4,754	4,441
Controlled entities	1,594	2,881	4,590	5,456
	9,425	10,362	37,945	36,723

(*) The item Loans to Customers corresponds to mortgages granted prior to the respective election and to the amount used from private credit cards which must be settled on the maturity date.

In accordance with Article 85 (9) of RGICSF, as at 30 June 2025 mortgages were granted to Closely related people in the amount of EUR 476,000 (31 December 2024: EUR 479,000) and consumer loans in the amount of EUR 5,000 in 2024.

The transactions with related parties discriminated in the following table, included in income items of the consolidated income statement, are as follows:

(Thousands of euros)

	Interest and similar income		Commissions income	
	30 June 2025	30 June 2024	30 June 2025	30 June 2024
Board of Directors				
Non-executive directors	—	—	15	14
Executive Committee	—	—	6	5
Closely related people	—	—	2	2
Controlled entities	—	—	1	—
Key management personnel				
Key management personnel	82	124	16	13
Closely related people	41	45	15	10
Controlled entities	41	26	14	12
	164	195	69	56

The transactions with related parties discriminated in the following table, included in cost items of the consolidated income statement, are as follows:

(Thousands of euros)

	Interest and similar expense		Commissions' expense	
	30 June 2025	30 June 2024	30 June 2025	30 June 2024
Board of Directors				
Non-executive directors	111	116	—	—
Executive Committee (*)	20	29	—	—
Closely related people	24	37	—	—
Controlled entities	—	1	—	—
Key management personnel				
Key management personnel	99	121	—	—
Closely related people	27	31	—	—
Controlled entities	25	31	—	1
	306	366	—	1

The revocable credit facilities granted by the Group to the following related parties are as follows:

	Guarantees granted		Revocable credit facilities	
	30 June 2025	31 December 2024	30 June 2025	31 December 2024
Board of Directors				
Non-executive directors	—	—	140	119
Executive Committee (*)	—	—	108	110
Closely related people	—	—	60	87
Controlled entities	8	9	25	25
Key management personnel				
Key management personnel	4	5	739	745
Closely related people	—	—	233	198
Controlled entities	—	—	992	41
	12	14	2,297	1,325

(*) Corresponds to the maximum authorized and unused limit of private credit cards and overdraft authorisation in a salary account under the same regime as all the Group's other employees.

The shareholder and bondholder position of members of the Board of Directors, Key management members and people closely related to the previous categories, as well as the movements occurred during the first half of 2025, are as follows:

Shareholders/Bondholders	Security	Number of securities		Acquisitions		Disposals		Date	Unit price Euros
		30 June 2025	31 December 2024						
MEMBERS OF BOARD OF DIRECTORS									
Altina de Fátima Sebastián González Villamarin	BCP Shares	0	0						
Ana Paula Alcobia Gray	BCP Shares	0	0						
Cidália Maria da Mota Lopes	BCP Shares	2,184	2,184						
Fernando da Costa Lima	BCP Shares	18,986	18,986						
João Nuno Oliveira Jorge Palma	BCP Shares	2,410,855	2,117,128	553,679	(a)	259,952	(b)	4/6/2025	0.6810
Jorge Manuel Baptista Magalhães Correia	BCP Shares	388,500	388,500						
	Bonds (i)	1	1						
	Bonds (ii)	1	1						
	Bonds (iv)	2	2						
José Miguel Bensliman Schorcht da Silva Pessanha	BCP Shares	2,134,661	1,865,924	506,384	(a)	237,647	(b)	4/6/2025	0.6810
José Pedro Rivera Ferreira Malaquias	BCP Shares	78,778	78,778						
Lingjiang Xu	BCP Shares	0	0						
Lingzi Yuan (Smilla Yuan)	BCP Shares	0	0						
Maria José Henriques Barreto de Matos de Campos	BCP Shares	2,954,452	2,554,839	499,515	(a)	99,902	(b)	4/6/2025	0.6810
Miguel de Campos Pereira de Bragança	BCP Shares	2,842,561	2,533,914	581,801	(a)	273,154	(b)	4/6/2025	0.6810
Miguel Maya Dias Pinheiro	BCP Shares	3,434,160	3,036,111	751,036	(a)	352,987	(b)	4/6/2025	0.6810
Nuno Manuel da Silva Amado	BCP Shares	2,525,388	2,525,388						
	Bonds (i)	2	2						
	Bonds (ii)	2	2						
	Bonds (iii)	3	3						
	Bonds (iv)	1	1						
Rui Manuel da Silva Teixeira	BCP Shares		1,498,863			1,000,000		28/2/2025	0.5400
		762,167		496,053	(a)	232,749	(b)	4/6/2025	0.6810
Valter Rui Dias de Barros	BCP Shares	0	0						
KEY MANAGEMENT MEMBERS									
Albino António Carneiro de Andrade	BCP Shares	64,275	59,078	5,197	(a)			24/4/2025	0.5430
Alexandre Manuel Casimiro de Almeida	BCP Shares	314,188	253,569	60,619	(a)			24/4/2025	0.5430
Américo João Pinto Carola	BCP Shares	222,049	187,904	62,513	(a)	28,368	(b)	24/4/2025	0.5430
Ana Maria Jordão F. Torres Marques Tavares	BCP Shares	387,088	320,424	66,664	(a)			24/4/2025	0.5430
Ana Patrícia Moniz Macedo	BCP Shares	124,036	76,217	47,819	(a)			24/4/2025	0.5430
António Augusto Amaral de Medeiros	BCP Shares	324,724	263,200	61,524	(a)			24/4/2025	0.5430
António Ferreira Pinto Júnior	BCP Shares	11,842	11,842						
António José Lindeiro Cordeiro	BCP Shares	110,904	102,898	14,108	(a)	6,102	(b)	24/4/2025	0.5430
António Luís Duarte Bandeira	BCP Shares	324,345	287,000	68,637	(a)	31,292	(b)	24/4/2025	0.5430
António Ricardo Fery Salgueiro Antunes	BCP Shares		114,793			64,000		5/1/2025	0.4700
		108,474		57,681	(a)			24/4/2025	0.5430
António Vítor Martins Monteiro	BCP Shares	3,872	3,872						

(i) - Fixed Rate Reset Perpetual Temporary Write Down Additional Tier 1 Capital Notes
(ii) - BCP Tier 2 Subordinated Callable Notes
(iii) - BCP 1.75% EUR 500M 6.5NC5.5 Social Senior Preferred Notes
(iv) - BCP/2023 - BCP Senior Preferred Fixed FLT OCT 2026
(a) - identifies the increment in shares during the first half of 2025 corresponding to the annual deferred variable compensation of previous years.
(b) - identifies the shares used in sell-cover in the first half of 2025 related to the increment of shares of variable compensation, intended to support the tax charges with the shares received.

Shareholders/Bondholders	Security	Number of securities 30 June 2025	31 December 2024	Acquisitions		Disposals		Date	Unit price Euros
Artur Frederico Silva Luna Pais	BCP Shares	543,887	526,608	17,279	(a)			24/4/2025	0.5430
Belmira Abreu Cabral	BCP Shares	208,297	175,247	60,478	(a)	27,428	(b)	24/4/2025	0.5430
Bernardo Roquette de Aragão de Portugal Collaço	BCP Shares	177,378	140,761	65,834	(a)	29,217	(b)	24/4/2025	0.5430
Chi Wai Leung (Timothy)	BCP Shares	43,768	43,768						
Constantino Alves Mousinho	BCP Shares		109,616	7,000				8/4/2025	0.4850
		118,062		1,446	(a)			24/4/2025	0.5430
Filipe Maria de Sousa Ferreira Abecasis	BCP Shares	263,176	225,660	69,104	(a)	31,588	(b)	24/4/2025	0.5430
Francisco António Caspa Monteiro	BCP Shares	256,374	218,716	69,187	(a)	31,529	(b)	24/4/2025	0.5430
Gonçalo Nuno Belo de Almeida Pascoal	BCP Shares	272,865	238,150	61,346	(a)	26,631	(b)	24/4/2025	0.5430
Hugo Miguel Martins Resende	BCP Shares	269,266	230,211	69,187	(a)	30,132	(b)	24/4/2025	0.5430
João Adriano Azevedo Seixas Vale	BCP Shares	43,222	43,222						
João Brás Jorge	BCP Shares	91,709	91,709						
João Manuel Taveira Pinto Santos Paiva	BCP Shares	421,578	352,982	68,596	(a)			24/4/2025	0.5430
Joaquim Lino Abreu Cavaco	BCP Shares	34,840	34,840						
Jorge Filipe Nogueira Freire Cortes Martins	BCP Shares	147,357	85,394	61,963	(a)			24/4/2025	0.5430
Jorge Manuel Machado de Sousa Góis	BCP Shares		272,432	58,648	(a)			24/4/2025	0.5430
		140,728				190,352		6/5/2025	0.5870
Jorge Manuel Magalhães Oliveira Pereira	BCP Shares	133,763	101,127	59,630	(a)	26,994	(b)	24/4/2025	0.5430
Jorge Manuel Nobre Carreteiro	BCP Shares		162,472			98,000		20/3/2025	0.5500
		122,748		58,276	(a)			24/4/2025	0.5430
José Carlos Benito Garcia de Oliveira	BCP Shares	37,941	37,941						
Liliana Marisa Catoja Costa Lemos	BIM Shares	400	400						
Luis Miguel Manso Correia dos Santos	BCP Shares	417,894	380,277	69,187	(a)	31,570	(b)	24/4/2025	0.5430
Luísa Maria Videira dos Santos	BCP Shares	25,220	24,420	1,438	(a)	638	(b)	24/4/2025	0.5430
Maria Constança C. Brandão Amado Fonseca G. Santos	BCP Shares	800	800						
Maria de Los Angeles Sanchez Sanchez	BCP Shares	63,463	62,419	1,044	(a)			24/4/2025	0.5430
Maria Helena Soledade Nunes Henriques	BCP Shares	350,493	316,161	62,868	(a)	28,536	(b)	24/4/2025	0.5430
Maria Manuela de Araújo Mesquita Reis	BCP Shares	310,715	275,831	61,524	(a)	26,640	(b)	24/4/2025	0.5430
Mário António Pinho Gaspar Neves	BCP Shares	220,165	187,895	58,982	(a)	26,712	(b)	24/4/2025	0.5430
Nelson Luís Vieira Teixeira	BCP Shares		130,270			38,000		6/3/2025	0.5420
		127,060		63,707	(a)	28,917	(b)	24/4/2025	0.5430
Nuno Alexandre Ferreira Pereira Alves	BCP Shares		277,058			3,750		24/1/2025	0.5162
		341,201		67,893	(a)			24/4/2025	0.5430
Nuno Miguel Nobre Botelho	BCP Shares	175,000	126,049	48,951	(a)			24/4/2025	0.5430
Pedro José Mora de Paiva Beija	BCP Shares	122,083	52,896	69,187	(a)			24/4/2025	0.5430
Pedro Manuel Francisco da Silva Dias	BCP Shares	314,748	246,098	68,650	(a)			24/4/2025	0.5430
Pedro Manuel Macedo Vilas Boas	BCP Shares	146,869	85,150	61,719	(a)			24/4/2025	0.5430
Pedro Manuel Rendas Duarte Turras	BCP Shares	231,172	195,194	63,790	(a)	27,812	(b)	24/4/2025	0.5430

(a) - identifies the increment in shares during the first half of 2025 corresponding to the annual deferred variable compensation of previous years.

(b) - identifies the shares used in sell-cover in the first half of 2025 related to the increment of shares of variable compensation, intended to support the tax charges with the shares received.

Shareholders/Bondholders	Security	Number of securities 30 June 2025	Number of securities 31 December 2024	Acquisitions		Disposals		Date	Unit price Euros
Ricardo Potes Valadares	BCP Shares	135,083	108,405	48,436	(a)	21,758	(b)	24/4/2025	0.5430
Ricardo Jorge da Graça Rodrigues de Almeida	BCP Shares		47,154			13,000		29/5/2025	0.6910
				17,077				17/6/2025	0.6830
		34,154				17,077		17/6/2025	0.6850
Rosa Maria Ferreira Vaz Santa Bárbara	BCP Shares		93,866	68,596	(a)			24/4/2025	0.5430
		68,596				93,866		7/5/2025	0.5880
Rui Emanuel Agapito Silva	BCP Shares	228,937	193,172	65,480	(a)	29,715	(b)	24/4/2025	0.5430
Rui Manuel Pereira Pedro	BCP Shares	545,866	483,521	62,345	(a)			24/4/2025	0.5430
Rui Miguel Alves Costa	BCP Shares	511,807	442,620	69,187	(a)			24/4/2025	0.5430
Rui Nelson Moreira de Carvalho Maximino	BCP Shares	183,121	167,569	15,552	(a)			24/4/2025	0.5430
Rui Pedro da Conceição Coimbra Fernandes	BCP Shares	239,537	172,218	67,319	(a)			24/4/2025	0.5430
Vânia Alexandra Machado Marques Correia	BCP Shares	300,874	242,226	58,648	(a)			24/4/2025	0.5430
PEOPLE CLOSELY RELATED TO THE PREVIOUS									
of: Cidália Maria da Mota Lopes									
Alexandre Miguel Martins Ventura	BCP Shares	2,184	2,184						
of: Maria José Henriques Barreto de Matos de Campos									
Ricardo Gil Monteiro Lopes de Campos	BCP Shares	(c)	(c)						
of: Rui Manuel da Silva Teixeira									
Maria Helena Espassandim Catão	BCP Shares	576	576						
of: Américo João Pinto Carola									
Ana Isabel Salgueiro Antunes	BCP Shares	29	29						
of: Ana Maria Jordão F. Torres Marques Tavares									
Álvaro Manuel Coreia Marques Tavares	BCP Shares	25,118	25,118						
Francisco Jordão Torres Marques Tavares	BCP Shares	1,016	1,016						
of: António Luís Duarte Bandeira									
Ana Margarida Rebelo A. M. Soares Bandeira	BCP Shares	2,976	2,976						
of: António Vítor Martins Monteiro									
Isabel Maria Vaz Leite Pinto Martins Monteiro	BCP Shares	3,104	3,104						
of: Francisco António Caspa Monteiro									
Ricardo Miranda Monteiro	BCP Shares	1,639	1,639						
Rita Miranda Monteiro	BCP Shares	1,639	1,639						
of: João Manuel Taveira Pinto Santos Paiva									
Ana Sofia Bessa Ribeiro	BCP Shares	432	432						
of: Maria Helena Soledade Nunes Henriques									
João Paulo Rodrigues Taborda Gonçalves	BCP Shares	130	130						
of: Maria Manuela de Araújo Mesquita Reis									
Luís Filipe da Silva Reis	BCP Shares	280,000	280,000						
of: José Pedro Rivera Ferreira Malaquias									
Maria Joana de Oliveira Monteiro Ferreira Malaquias	BCP Shares	(d)	(d)						

(a) - identifies the increment in shares during the first half of 2025 corresponding to the annual deferred variable compensation of previous years.
(b) - identifies the shares used in sell-cover in the first half of 2025 related to the increment of shares of variable compensation, intended to support the tax charges with the shares received.
(c) - solidary ownership in both securities accounts, with Mr. Ricardo Campos as the first holder and Ms. Maria José Campos as the second holder of the securities account.
(d) - solidary ownership in both securities accounts, with Mr. José Pedro Ferreira Malaquias as the first holder and Ms. Maria Joana Ferreira Malaquias as the second holder of the securities account.

C) Balances and transactions with associates

The balances with associates included in the consolidated balance sheet items, except for the item investments in associates, are as follows:

(Thousands of euros)

	30 June 2025	31 December 2024
Assets		
Loans and advances to credit institutions repayable on demand	26,643	8,328
Financial assets at amortised cost		
Loans and advances to credit institutions	214,588	225,644
Loans and advances to customers	61,353	59,454
Other assets	18,168	18,208
	320,752	311,634
Liabilities		
Financial liabilities at amortised cost		
Deposits from credit institutions and other funds	14,367	39,568
Deposits from customers and other funds	146,648	150,317
Non-subordinated debt securities issued	3,525	3,562
Other liabilities	624	626
	165,164	194,073

The transactions with associates included in the consolidated income statement items are as follows:

(Thousands of euros)

	30 June 2025	30 June 2024
Income		
Interest and similar income	5,978	6,973
Commissions	37,951	25,697
Gains on financial operations	—	16
Other operating income	2,204	2,297
	46,133	34,983
Costs		
Interest and similar expense	1,630	1,701
Commissions	2,633	742
Other administrative costs	1,972	1,185
Losses on financial operations	—	792
	6,235	4,420

The guarantees granted and revocable and irrevocable credit facilities by the Group over associates are as follows:

(Thousands of euros)

	30 June 2025	31 December 2024
Guarantees granted	1,537	2,633
Revocable credit facilities	15,923	17,050
Irrevocable credit facilities	1,354	—
	18,814	19,683

Under the scope of the Group's insurance mediation activities, the remuneration from services provided is analysed as follows:

(Thousands of euros)

	30 June 2025	30 June 2024
Life insurance		
Saving products	11,628	11,477
Mortgage and consumer loans	22,465	10,462
	34,093	21,939
Non-Life insurance		
Accidents and health	16,930	13,241
Motor	2,463	2,114
Multi-Risk Housing	6,296	4,589
Others	1,135	973
	26,824	20,917
	60,917	42,856

Remuneration from insurance intermediation services was received through bank transfers and resulted from insurance intermediation with Ocidental - Companhia Portuguesa de Seguros de Vida, S.A. and Ageas Portugal - Companhia de Seguros, S.A. (Millenniumbcp Ageas Group). The Group does not collect insurance premiums on behalf of Insurance Companies nor performs any movement of funds related to insurance contracts. Thus, there is no other asset, liability, income or expense to be reported related to the activity of insurance mediation exercised by the Group, other than those already disclosed.

The receivable balances from insurance intermediation activities, by nature, are analysed as follows:

(Thousands of euros)

	30 June 2025	31 December 2024
Funds receivable for payment of life insurance commissions	16,618	16,310
Funds receivable for payment of non-life insurance commissions	13,392	12,552
	30,010	28,862

The commissions received result from insurance mediation contracts and investment contracts, under the terms established in the contracts in force. The mediation commissions are calculated according to the nature of the contracts subject to mediation, as follows:

- insurance contracts – use of fixed rates on gross premiums issued;

- investment contracts – use of fixed rates on the responsibilities assumed by the insurance company under the commercialisation of these products.

D) Transactions with the Pension Fund

The balances with the Pension Fund included in items of the consolidated balance sheet are as follows:

(Thousands of euros)

	30 June 2025	31 December 2024
Liabilities		
Deposits from customers and other funds	75,635	10,191
Non-subordinated debt securities issued	31,355	10,655
	106,990	20,846

In the first half of 2025 and during the financial year of 2024, there were no transactions related to other financial instruments between the Group and the Pension Fund.

Income and expenses with the Pension Fund included in the items of the consolidated income statement are as follows:

(Thousands of euros)

	30 June 2025	30 June 2024
Income		
Commissions	498	518
Expenses		
Interest and similar expense	266	110
Other administrative costs	7,731	7,691
	7,997	7,801

The balance Other administrative costs corresponds to rents incurred under the scope of the Pension Fund's properties in which the tenant is the Group.

As at 30 June 2025, the guarantees granted by the Group to the Pension Fund amount to EUR 5,000 (31 December 2024: EUR 5,000) and in other revocable commitments amount to EUR 5,000,000 (31 December 2024: EUR 5,000,000).

52. Consolidated Balance sheet and Income statement by 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 Group'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 Group's intervention in the financial markets, providing commercial services for treasury and markets products and managing the financial risks inherent to the Group'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 centralised 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 specialised 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 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 30 June 2025. Information relating to prior periods is restated whenever changes occur in the internal organisation 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 for those segments, with the revenue presented in the consolidated financial position statement of the reporting entity for each reporting date on which is lodged a statement of financial position. Whenever applicable, historical figures may reflect specific restatements carried out to ensure the comparability of information across periods.

As at 30 June 2025, the net contribution of the main geographical areas, for the income statement, is analysed as follows:

(Thousands of euros)

	30 June 2025				
		International			
	Portugal	Poland	Mozambique	Others (*)	Consolidated
INCOME STATEMENT					
Net interest income	658,780	676,210	109,064	—	1,444,054
Net fees and commissions income	307,109	87,858	18,863	—	413,830
Other net income	(21,622)	(76,724)	728	—	(97,618)
Gains/(losses) on financial operations [1]	7,018	40,680	8,140	—	55,838
Dividends from equity instruments	—	841	—	—	841
Share of profit of associates under the equity method	28,499	—	696	1,812	31,007
Net operating income	979,784	728,865	137,491	1,812	1,847,952
Operating expenses	342,387	270,446	70,712	—	683,545
Results on modification [2]	—	(5,120)	—	—	(5,120)
Impairment for credit and financial assets [3]	(71,919)	(16,035)	(22,523)	—	(110,477)
Other impairment and provisions [4]	(2,437)	(252,192)	(5,259)	—	(259,888)
Net income before income tax	563,041	185,072	38,997	1,812	788,922
Income tax	(139,102)	(64,000)	(15,303)	—	(218,405)
Net income for the period	423,939	121,072	23,694	1,812	570,517
Non-controlling interests	68	(60,416)	(7,893)	—	(68,241)
Net income for the period attributable to Bank's Shareholders	424,007	60,656	15,801	1,812	502,276

(*) 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 mortgages 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 Portugal activity and Poland activity, by business areas, for the income statement, is analysed in the following table. Net contribution of Mozambique activity, which mostly comprises retail banking, is presented henceforth in this note only in an aggregated perspective (as presented in the previous table), given its relative weight in the consolidated activity of the Group.

(Thousands of euros)

	30 June 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	537,291	130,209	20,266	(28,986)	658,780	570,680	98,132	7,398	676,210
Net fees and commissions income	248,124	71,227	20,291	(32,533)	307,109	62,802	24,000	1,056	87,858
Other net income	4,827	4,228	70	(30,747)	(21,622)	5,249	931	(82,904)	(76,724)
Gains/(losses) on financial operations [1]	(136)	934	22	6,198	7,018	11,758	13,191	15,731	40,680
Dividends from equity instruments	—	—	—	—	—	—	—	841	841
Share of profit of associates under the equity method	—	—	—	28,499	28,499	—	—	—	—
Net operating income	790,106	206,598	40,649	(57,569)	979,784	650,489	136,254	(57,878)	728,865
Operating expenses	162,034	34,045	8,014	138,294	342,387	206,053	46,096	18,297	270,446
Results on modification [2]	—	—	—	—	—	(4)	(525)	(4,591)	(5,120)
Impairment for credit and financial assets [3]	(46,309)	(15,877)	(232)	(9,501)	(71,919)	(5,352)	(13,506)	2,823	(16,035)
Other impairment and provisions [4]	—	—	—	(2,437)	(2,437)	—	—	(252,192)	(252,192)
Net income before income tax	581,763	156,676	32,403	(207,801)	563,041	439,080	76,127	(330,135)	185,072
Income tax	(176,273)	(47,473)	(9,818)	94,462	(139,102)	(83,426)	(14,464)	33,890	(64,000)
Net income for the period	405,490	109,203	22,585	(113,339)	423,939	355,654	61,663	(296,245)	121,072
Non-controlling interests	—	—	—	68	68	—	—	(60,416)	(60,416)
Net income for the period attributable to Bank's Shareholders	405,490	109,203	22,585	(113,271)	424,007	355,654	61,663	(356,661)	60,656

(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 30 June 2025, the net contribution of the main geographical areas, for the balance sheet, is analysed as follows:

(Thousands of euros)

	30 June 2025				
		International			
	Portugal	Poland	Mozambique	Others (*)	Consolidated
BALANCE SHEET					
Cash and Loans and advances to credit institutions	1,698,209	1,376,448	1,395,382	—	4,470,039
Loans and advances to customers [1]	40,730,975	17,593,869	610,677	—	58,935,521
Financial assets [2]	21,687,931	14,676,940	552,234	(88)	36,917,017
Other assets	4,021,231	874,576	203,743	43,412	5,142,962
Total Assets	68,138,346	34,521,833	2,762,036	43,324	105,465,539
Deposits from other credit institutions [3]	671,602	94,878	5,240	—	771,720
Deposits from customers [4]	55,069,696	28,697,272	2,182,669	—	85,949,637
Debt securities issued [5]	3,981,222	1,656,164	—	—	5,637,386
Other financial liabilities [6]	1,122,257	580,345	115	—	1,702,717
Other liabilities [7]	1,406,721	1,511,684	81,957	—	3,000,362
Total Liabilities	62,251,498	32,540,343	2,269,981	—	97,061,822
Total Equity	5,886,848	1,981,490	492,055	43,324	8,403,717
Total Liabilities and Equity	68,138,346	34,521,833	2,762,036	43,324	105,465,539
Number of employees	6,224	6,909	2,663	0	15,796

(*) Includes the contribution associated with the investments held in Angola, in Banco Millennium Atlântico.

(1) Includes loans and advances 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 funds 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 amortised 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 Portugal activity and Poland activity, by business areas, for the balance sheet, is analysed as follows:

(Thousands of euros)

	30 June 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	15,468,335	1,187,213	2,717,699	(17,675,038)	1,698,209	9,692,306	3,574,584	(11,890,442)	1,376,448
Loans and advances to customers [1]	28,063,859	11,223,008	377,034	1,067,074	40,730,975	13,820,336	3,445,599	327,934	17,593,869
Financial assets [2]	—	—	—	21,687,931	21,687,931	—	—	14,676,940	14,676,940
Other assets	—	—	—	4,021,231	4,021,231	—	—	874,576	874,576
Total Assets	43,532,194	12,410,221	3,094,733	9,101,198	68,138,346	23,512,642	7,020,183	3,989,008	34,521,833
Deposits from other credit institutions [3]	218,385	1,463,026	—	(1,009,809)	671,602	—	—	94,878	94,878
Deposits from customers [4]	41,254,740	9,584,889	2,728,911	1,501,156	55,069,696	22,043,393	6,653,879	—	28,697,272
Debt securities issued [5]	1,030,011	1,994	339,596	2,609,621	3,981,222	—	—	1,656,164	1,656,164
Other financial liabilities [6]	—	—	—	1,122,257	1,122,257	—	—	580,345	580,345
Other liabilities [7]	—	—	—	1,406,721	1,406,721	—	—	1,511,684	1,511,684
Total Liabilities	42,503,136	11,049,909	3,068,507	5,629,946	62,251,498	22,043,393	6,653,879	3,843,071	32,540,343
Total Equity	1,029,058	1,360,312	26,226	3,471,252	5,886,848	1,469,249	366,304	145,937	1,981,490
Total Liabilities and Equity	43,532,194	12,410,221	3,094,733	9,101,198	68,138,346	23,512,642	7,020,183	3,989,008	34,521,833
Number of employees	3,365	316	104	2,439	6,224	5,584	1,043	282	6,909

(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 funds 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 amortised 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 30 June 2024 , the net contribution of the main geographical areas, for the income statement, is analysed as follows:

(Thousands of euros)

	30 June 2024				
		International			
	Portugal	Poland	Mozambique	Others (*)	Consolidated
INCOME STATEMENT					
Net interest income	673,283	623,312	100,953	—	1,397,548
Net fees and commissions income	287,768	90,490	19,591	—	397,849
Other net income	(25,276)	(48,325)	736	—	(72,865)
Gains/(losses) on financial operations [1]	(4,688)	(8,253)	7,578	—	(5,363)
Dividends from equity instruments	—	786	—	—	786
Share of profit of associates under the equity method	28,980	—	980	1,599	31,559
Net operating income	960,067	658,010	129,838	1,599	1,749,514
Operating expenses	315,629	238,345	64,803	—	618,777
Results on modification [2]	—	(60,976)	—	—	(60,976)
Impairment for credit and financial assets [3]	(60,841)	(40,528)	(802)	—	(102,171)
Other impairment and provisions [4]	(24,437)	(260,969)	(2,324)	—	(287,730)
Net income before income tax	559,160	57,192	61,909	1,599	679,860
Income tax	(148,219)	25,597	(15,152)	—	(137,774)
Net income for the period	410,941	82,789	46,757	1,599	542,086
Non-controlling interests	85	(41,312)	(15,577)	—	(56,804)
Net income for the period attributable to Bank's Shareholders	411,026	41,477	31,180	1,599	485,282

(*) 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) Results mainly from the amount associated to costs arising from the moratorium program in Poland (credit holidays). It's also 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 Portugal activity and Poland activity, by business areas, for the income statement, is analysed as follows:

(Thousands of euros)

	30 June 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	577,860	138,602	23,797	(66,976)	673,283	548,284	87,812	(12,784)	623,312
Net fees and commissions income	223,657	75,331	17,100	(28,320)	287,768	68,984	20,103	1,403	90,490
Other net income	6,821	6,422	46	(38,565)	(25,276)	(1,079)	1	(47,247)	(48,325)
Gains/(losses) on financial operations [1]	1,082	964	24	(6,758)	(4,688)	15,494	10,152	(33,899)	(8,253)
Dividends from equity instruments	—	—	—	—	—	—	—	786	786
Share of profit of associates under the equity method	—	—	—	28,980	28,980	—	—	—	—
Net operating income	809,420	221,319	40,967	(111,639)	960,067	631,683	118,068	(91,741)	658,010
Operating expenses	161,950	30,781	7,559	115,339	315,629	184,409	35,945	17,991	238,345
Results on modification [2]	—	—	—	—	—	(50,796)	(395)	(9,785)	(60,976)
Impairment for credit and financial assets [3]	(29,526)	(75,075)	(540)	44,300	(60,841)	(30,476)	(12,936)	2,884	(40,528)
Other impairment and provisions [4]	—	—	—	(24,437)	(24,437)	—	—	(260,969)	(260,969)
Net income before income tax	617,944	115,463	32,868	(207,115)	559,160	366,002	68,792	(377,602)	57,192
Income tax	(193,417)	(36,140)	(10,288)	91,626	(148,219)	(69,540)	(13,071)	108,208	25,597
Net income for the period	424,527	79,323	22,580	(115,489)	410,941	296,462	55,721	(269,394)	82,789
Non-controlling interests	—	—	—	85	85	—	—	(41,312)	(41,312)
Net income for the period attributable to Bank's Shareholders	424,527	79,323	22,580	(115,404)	411,026	296,462	55,721	(310,706)	41,477

(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) Results mainly from the amount associated to costs arising from the moratorium program in Poland (credit holidays). It's also 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)	38,633,527	17,531,311	684,977	—	56,849,815
Financial assets (2)	20,055,990	12,822,561	644,740	(55)	33,523,236
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 funds 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 amortised 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 Portugal activity and Poland activity, 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	1,387,683	2,567,308	(14,984,352)	3,756,273	9,536,064	2,598,098	(10,774,989)	1,359,173
Loans and advances to customers [1]	26,700,789	11,290,811	362,472	279,455	38,633,527	13,826,512	3,398,737	306,062	17,531,311
Financial assets [2]	—	—	—	20,055,990	20,055,990	—	—	12,822,561	12,822,561
Other assets	—	—	—	3,999,132	3,999,132	—	—	861,313	861,313
Total Assets	41,486,423	12,678,494	2,929,780	9,350,225	66,444,922	23,362,576	5,996,835	3,214,947	32,574,358
Deposits from other credit institutions [3]	245,109	1,710,080	—	(1,370,253)	584,936	—	—	120,296	120,296
Deposits from customers [4]	39,283,522	9,573,892	2,620,760	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	11,290,969	2,905,652	5,929,000	60,654,369	21,803,332	5,613,553	3,340,270	30,757,155
Total Equity	957,675	1,387,525	24,128	3,421,225	5,790,553	1,559,244	383,282	(125,323)	1,817,203
Total Liabilities and Equity	41,486,423	12,678,494	2,929,780	9,350,225	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 and advances 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 funds 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 amortised 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)

	30 June 2025	30 June 2024
Net contribution		
Retail banking in Portugal	405,490	424,527
Companies and Corporate	109,203	79,323
Private Banking	22,585	22,580
International business (continuing operations)	146,577	131,146
Non-controlling interests [1]	(68,308)	(56,889)
	615,547	600,687
Amounts not allocated to segments (presented under Others)		
Net interest income - bonds portfolio	243,128	248,400
Net interest income - others [2]	(272,114)	(315,378)
Foreign exchange activity	(41,995)	19,182
Gains / (losses) arising from sales of subsidiaries and other assets	18,878	13,043
Equity accounted earnings	28,499	28,980
Impairment and other provisions [3]	(11,938)	19,863
Operational costs	(138,294)	(115,339)
Gains on sale of Portuguese public debt	(12,182)	(887)
Gains on sale of foreign public debt	7,613	731
Mandatory contributions	(32,825)	(39,734)
Loans sale	5,107	(1,311)
Income from other financial assets not held for trading mandatorily at fair value through profit or loss [4]	1,027	5,363
Taxes [5]	94,462	91,626
Non-controlling interests	68	85
Others [6]	(2,705)	(70,029)
Total not allocated to segments (presented under Others)	(113,271)	(115,405)
Consolidated net income	502,276	485,282

(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 impairment 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.

53. 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 30 June 2025, are as follows:

2025 Minimum Capital Requirements				
		of which:		
BCP Consolidated	Total	Pilar 1	Pilar 2	Buffers (*)
CET1	9.58%	4.50%	1.27%	3.82%
T1	11.50%	6.00%	1.69%	3.82%
Total	14.07%	8.00%	2.25%	3.82%

(*) 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)

	30 June 2025	31 December 2024
Common equity tier 1 (CET1)		
Share capital	3,000,000	3,000,000
Share Premium	16,471	16,471
Ordinary own shares	(127,551)	—
Reserves and retained earnings	3,494,720	3,018,648
Non-controlling interests eligible to CET1	597,932	551,239
Regulatory adjustments to CET1	(296,211)	(23,119)
	6,685,361	6,563,239
Tier 1		
Equity instruments	400,000	400,000
Non-controlling interests eligible to AT1	90,165	93,372
Regulatory adjustments	(873)	—
	7,174,653	7,056,611
Tier 2		
Subordinated debt	982,576	992,236
Non-controlling interests eligible to Tier 2	201,563	219,321
Other	3,129	(2,483)
	1,187,268	1,209,074
Total own funds	8,361,921	8,265,685
RWA - Risk weighted assets		
Credit risk	32,826,514	33,909,206
Market risk	724,017	853,385
Operational risk	7,249,819	5,312,735
CVA	38,792	52,685
	40,839,142	40,128,011
Capital ratios		
CET1	16.4%	16.4%
Tier 1	17.6%	17.6%
Tier 2	2.9%	3.0%
Total own funds	20.5%	20.6%

The presented amounts include the accumulated net income.

54. Risk Management

The Group is subject to several risks during the course of its business. The risks from different companies of the Group are managed centrally, in coordination with the local departments and considering the specific risks of each business.

The Group's risk-management policy is designed to permanently ensure an adequate relationship between its own funds and the business it develops, as well as the corresponding evaluation of the risk/return profile by business line. Under this scope, the monitoring and control of the main types of financial risks (e.g., credit, market, operational) or non-financial risks (e.g., legal and compliance, reputational) to which the Group's business is subject to, including the impact of the ESG risk drivers (environmental, social and governance).

The Bank implemented a regular process for identifying and assessing the risks to which its activity is exposed, which conclusions are presented to the management bodies and influence the update of the Group's risk appetite and risk strategy.

Internal organisation

The Board of Directors of Banco Comercial Português is responsible for the definition of the risk strategy and policies, including the approval of the principles and rules of the highest level to be followed in risk management of the Group, as well as the guidelines dictating the allocation of capital to the business lines.

The Board of Directors, through the Audit Committee and Risk Assessment Committee, ensures the existence of adequate risk control and of risk-management systems at Group level and for each entity. The Board of Directors also approves the risk-tolerance level acceptable to the Group, proposed by its Executive Committee, hearing the Risk Assessment Committee.

The Risk Committee is responsible for monitoring the overall levels of risk incurred, ensuring that these are compatible with the goals and strategies approved for the business. Other commissions regularly monitor specific risks, namely the Compliance and Operational Risks Commission, the Credit and Non-performing Assets Monitoring Commission, the Pension Funds Risk Monitoring Commission, the Operational Resilience Commission (with a focus on information technologies and cybernetics) and the Sustainability Commission.

The Chief Risk Officer is responsible for the control of risks in all Group entities, for the identification of all risks to which the Group activity is exposed and for the proposal of measures to improve risks control. The Chief Risk Officer also ensures that risks are monitored on an overall basis and that there is alignment of concepts, practices and goals in risk management. The activity of every entity included within the Banco Comercial Português consolidation perimeter is governed by the principles and decisions established centrally by the Board of Directors and the main subsidiaries are provided with Risk Office structures which are established in accordance with the risks inherent to their activity. A Risk Control Commission has been set up at each relevant subsidiary, responsible for the control of risks at local level, in which the Chief Risk Officer takes part.

As Head of the Compliance Office, the Compliance Officer is responsible for ensuring that regulatory requirements are complied with, as well as the ethical values of the organization, fulfilling all the attributions that are legally conferred to it, ensuring the existence of an internal control culture, thus contributing to the mitigation of the risk of attributing sanctions or significant asset or reputational damages to the Group Entities, including the compliance with the regulatory framework on the prevention and combating money laundering and terrorism financing.

Risk assessment

Credit Risk

Credit granting is based on a prior classification of the customers' risk and on a thorough assessment of the level of protection provided by the underlying collateral. In order to do so, a single risk-notation system has been introduced, the Rating Master Scale, based on the expected probability of default, allowing greater discrimination in the assessment of the customers and better establishment of the hierarchies of the associated risk.

The Rating Master Scale also identifies those customers that show a worsening credit capacity and, in particular, those classified as being in default. All rating and scoring models used by the Group have been duly calibrated for the Rating Master Scale. The protection-level concept has been introduced as a crucial element of evaluation of the effectiveness of the collateral in credit-risk mitigation, leading to a more active collateralization of loans and to a better adequacy of pricing regarding the risk incurred.

The gross Group's exposure to credit risk (original exposure) is presented in the following table:

(Thousands of euros)

Risk items	30 June 2025	31 December 2024
Central Governments or Central Banks (*)	30,803,970	31,545,676
Regional Governments or Local Authorities	1,622,548	1,304,957
Administrative and non-profit Organisations	6,128,515	4,615,122
Multilateral Development Banks	300,788	290,669
Other Credit Institutions	3,098,251	2,947,599
Retail and Corporate customers	71,040,411	69,428,657
Other items	9,156,503	9,091,787
	122,150,986	119,224,467

Note: gross exposures of impairment and amortisation, in accordance with the prudential consolidation perimeter. Includes securitisation positions.
(*) In 2025 includes DTA's (EUR 1,715,812,790).

The evaluation of the risk associated to the loan portfolio and quantification of the respective losses expected considers the following methodological notes.

a) Collaterals and Guarantees

On the risk evaluation of an operation or of a group of operations, the mitigation elements of credit risk associated to those operations are considered in accordance with the rules and internal procedures that fulfil the requirements defined by the regulations in force, also reflecting the experience of the loan's recovery areas and the Legal Department opinions with respect to the entailment of the various mitigation instruments.

The collaterals and the relevant guarantees can be aggregated in the following categories:

- financial collaterals, real estate collaterals or other collaterals;
- receivables;
- first demand guarantees, issued by banks or other entities with Risk Grade 108 or better on the Rating Master Scale;
- personal guarantees when the persons are classified with Risk Grade 108 or better;
- credit derivatives.

The financial collaterals accepted are those that are traded in a recognised stock exchange, i.e., on an organized secondary market, liquid and transparent, with public bid-ask prices, located in countries of the European Union, United Kingdom, United States, Japan, Canada, Hong Kong or Switzerland.

In this context, it is important to refer that the Bank's shares are not accepted as financial collaterals of new credit operations and are only accepted for the reinforcement of guarantees of existing credit operations, or in restructuring process associated to credit recoveries.

Regarding guarantees and credit derivatives, it can be applied the substitution principle by replacing the Risk Grade of the client by the Risk Grade of the guarantor, (if the Risk of Grade Degree of the guarantor is better than the client's), when the protection is formalized through:

- State, Financial Institutions or Mutual Guarantee Societies guarantees exist;
- Personal guarantees (or, in the case of Leasing, there is a recovery agreement of the provider);
- Credit derivatives;
- Formalization of the clause of the contracting party in leasing contracts in which it is an entity that is in a relationship of dominion or group with the lessee.

An internal level of protection is attributed to all credit operations at the moment of the credit granting decision, considering the credit amount as well as the value and type of the collaterals involved. The protection level corresponds to the loss reduction in case of default that is linked to the various collateral types, considering their market value and the amount of the associated exposure.

In the case of financial collaterals, adjustments are made to the protection value by the use of a set of haircuts, in order to reflect the price volatility of the financial instruments.

In the case of real estate mortgages, the initial appraisal of the real estate value is done during the credit analysis and before decision process.

Either the initial evaluations or the subsequent reviews carried out are performed by external expert valuers and the ratification process is centralized in the Appraisals Unit, which is independent of the clients' areas.

In any case, they are the subject to a written report, in a standardized digital format, based on a group of predefined methods that are aligned with the sector practices – income, replacement cost and/or market comparative - mentioning the obtained value, for both the market value and for purposes of the mortgage guarantee, depending on the type of the real estate. The evaluations have a declaration/certification of an expert valuer since 2008, as requested by Regulation (EU) 575/2013 and Law 153/2015 of 14 September and are ratified by the Appraisals Unit.

Regarding residential real estate, after the initial valuation and in accordance with Notice 5/2006 of Banco de Portugal and e CRR 575/2013, the Group monitors the respective values through market indexes. If the index is lower than 0.9, the Group revaluates choosing one of the following two methods:

i) depreciation of the property by direct application of the index, if the amount owed does not exceed EUR 300,000;

ii) review of the property value by external valuators, depending on the value of the credit operation, and in accordance with the established standards from ECB and Banco de Portugal.

For all non-residential real estate, the Group also monitors its values through market indexes and to the regular valuation reviews with the minimum periodicities in accordance with the Regulation (EU) 575/2013, in the case of offices, commercial spaces, warehouses and industrial premises.

For all real estate (residential or non-residential) for which the monitoring result in significant devaluation of the real estate value (more than 10%), a valuation review is subsequently carried out by an expert valuer, preserving the referred i) above.

For the remaining real estate (land or countryside buildings for example) there are no market indexes available for the monitoring of appraisal values, after the initial valuations. Therefore, for these cases and in accordance with the minimum periodicity established for the monitoring and reviewing of this type of real estate, valuation reviews are carried out by expert valuers.

The indexes currently used are supplied to the Group by an external specialised entity that, for more than a decade, has been collecting and processing the data upon which the indexes are built.

In the case of financial collaterals, their market value is daily and automatically updated, through the IT connection between the collaterals management system and the relevant financial markets data.

b) Risk grades

Credit granting is based on the previous risk assessment of clients and also on a rigorous assessment of the protection level provided by the underlying collaterals. For this purpose, a single risk grading system is used - the Rating Master Scale - based on Probability of Default (PD), allowing for a greater discriminating power in clients' assessment and for a better hierarchy of the associated risk. The Rating Master Scale also allows to identify clients that show signs of degradation in their credit capacity and, in particular, those that are classified in a default situation. All rating systems and models used by the Group were calibrated for the Rating Master Scale.

Aiming at an adequate assessment of credit risk, the Group defined a set of macro segments and segments which are treated through different rating systems and models that relate the internal risk grades and the clients' PD, ensuring a risk assessment that considers the clients' specific features in terms of their respectively risk profiles.

The assessment made by these rating systems and models result in the risk grades of the Master Scale, that has eighteen grades, where the last three correspond to relevant downgrades of the clients' credit quality and are referred to by "procedural risk grades": 123, 124 and 125, that correspond, in this order, to situations of increased severity in terms default, as risk grade 125 is a Default situation.

The non-procedural risk grades are attributed by the rating systems through automatic decision models or by the Rating Division – a unit which is independent from the credit analysis and decision areas and bodies- and are reviewed/updated periodically or whenever this is justified by events.

The models within the various rating systems are regularly subject to validation, made by the Models Validation and Monitoring Office, which is independent from the units that are responsible for the development and maintenance of the rating models.

The conclusions of the validations by the Models Validation and Monitoring Office, as well the respective recommendations and proposal for changes and/or improvements, are analysed and ratified by a specific Validation Committee, composed in accordance to the type of model analysed. The proposals for models' changes originated by the Validation Committee are submitted to the approval of the Risk Committee.

The following table lists the equivalence between the internal rating levels (Rating Master Scale) and the external ratings of the international rating agencies:

	External ratings			
Internal risk grade (*)	Fitch	S&P	Moody's	DBRS
101	AAA	AAA	Aaa	AAA
102	AA+	AA+	Aa1	AA (high)
102	AA	AA	Aa2	AA
103	AA-	AA-	Aa3	AA (low)
103	A+	A+	A1	A (high)
104	A	A	A2	A
105	A-	A-	A3	A (low)
105	BBB+	BBB+	Baa1	BBB (high)
106	BBB	BBB	Baa2	BBB
107	BBB-	BBB-	Baa3	BBB (low)
108	BB+	BB+	Ba1	BB (high)
109	BB	BB	Ba2	BB
111	BB-	BB-	Ba3	BB (low)
112	B+	B+	B1	B (high)
114	B	B	B2	B
115	Lower B	Lower B	Lower B2	Lower B

(*) Customers with GR 110 and GR 113 correspond to BB- and B- from S&P, respectively, or another equivalent.

c) Impairment and Write-offs

The credit impairment calculation as at 30 June 2025 and 31 December 2024 integrates the general principles defined in International Financial Reporting Standards (IFRS 9) and the guidelines issued by the Banco de Portugal through Circular Letter CC/2018/00000062, in order to align the calculation process used in the Group with the best international practices in this area.

As at 30 June 2025, the financial instruments subject to impairment requirements under IFRS 9, (do not include equity instruments as accounting policy 1.C1.1.2), analysed by stage, are detailed in the following tables:

(Thousands of euros)

	30 June 2025				
	Gross exposure				
Category	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	Total
Financial assets at amortised cost					
Loans and advances to credit institutions (note 20)	1,155,092	—	—	—	1,155,092
Loans and advances to customers (note 21)	48,005,036	6,761,321	1,552,783	26,677	56,345,817
Debt instruments (note 22)	24,491,056	570,226	56,970	—	25,118,252
Debt instruments at fair value through other comprehensive income (note 23) (*)	13,722,378	—	1,178	—	13,723,556
Guarantees and other commitments (note 45) (**)	14,919,451	1,430,594	302,151	2,065	16,654,261
Total	102,293,013	8,762,141	1,913,082	28,742	112,996,978

(*) For financial assets at fair value through other comprehensive income, impairment is recorded in accordance with the requirements indicated in the accounting policy 1.C1.5.1.2.

(**) Includes the balances of guarantees granted, irrevocable credit facilities and revocable commitments

(Thousands of euros)

	30 June 2025				
	Impairment losses				
Category	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	Total
Financial assets at amortised cost					
Loans and advances to credit institutions (note 20)	199	—	—	—	199
Loans and advances to customers (note 21)	241,443	254,904	816,015	9,991	1,322,353
Debt instruments (note 22)	20,140	51,487	45,655	—	117,282
Debt instruments at fair value through other comprehensive income (note 23) (*)	—	—	1,178	—	1,178
Guarantees and other commitments (note 38)	13,239	14,118	87,125	—	114,482
Total	275,021	320,509	949,973	9,991	1,555,494

(Thousands of euros)

	30 June 2025				
	Net exposure				
Category	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	Total
Financial assets at amortised cost					
Loans and advances to credit institutions (note 20)	1,154,893	—	—	—	1,154,893
Loans and advances to customers (note 21)	47,763,593	6,506,417	736,768	16,686	55,023,464
Debt instruments (note 22)	24,470,916	518,739	11,315	—	25,000,970
Debt instruments at fair value through other comprehensive income (note 23) (*)	13,722,378	—	—	—	13,722,378
Guarantees and other commitments (note 45) (**)	14,906,212	1,416,476	215,026	2,065	16,539,779
Total	102,017,992	8,441,632	963,109	18,751	111,441,484

(*) For financial assets at fair value through other comprehensive income, impairment is recorded in accordance with the requirements indicated in the accounting policy 1.C1.5.1.2.
(**) Includes the balances of guarantees granted, irrevocable credit facilities and revocable commitments.

As at 31 December 2024, the financial instruments subject to impairment requirements under IFRS 9 (do not include equity instruments as accounting policy 1.C1.1.2), analysed by stage, are detailed in the following tables:

(Thousands of euros)

	31 December 2024				
	Gross exposure				
Category	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	Total
Financial assets at amortised cost					
Loans and advances to credit institutions (note 20)	797,647	—	—	—	797,647
Loans and advances to customers (note 21)	46,682,797	6,885,087	1,796,641	29,267	55,393,792
Debt instruments (note 22)	21,331,504	68,499	4,449	—	21,404,452
Debt instruments at fair value through other comprehensive income (note 23) (*)	12,872,637	—	1,169	—	12,873,806
Guarantees and other commitments (note 45) (**)	15,758,606	1,197,255	322,087	2,790	17,280,738
Total	97,443,191	8,150,841	2,124,346	32,057	107,750,435

(*) For financial assets at fair value through other comprehensive income, impairment is recorded in accordance with the requirements indicated in the accounting policy 1.C1.5.1.2.
(**) Includes the balances of guarantees granted, irrevocable credit facilities and revocable commitments.

(Thousands of euros)

	31 December 2024				
	Impairment losses				
Category	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	Total
Financial assets at amortised cost					
Loans and advances to credit institutions (note 20)	112	—	—	—	112
Loans and advances to customers (note 21)	240,621	265,341	969,138	11,634	1,486,734
Debt instruments (note 22)	55,407	641	3,233	—	59,281
Debt instruments at fair value through other comprehensive income (note 23) (*)	—	—	1,169	—	1,169
Guarantees and other commitments (note 38)	13,831	15,261	88,947	—	118,039
Total	309,971	281,243	1,062,487	11,634	1,665,335

(Thousands of euros)

	31 December 2024				
	Net exposure				
Category	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	Total
Financial assets at amortised cost					
Loans and advances to credit institutions (note 20)	797,535	—	—	—	797,535
Loans and advances to customers (note 21)	46,442,176	6,619,746	827,503	17,633	53,907,058
Debt instruments (note 22)	21,276,097	67,858	1,216	—	21,345,171
Debt instruments at fair value through other comprehensive income (note 23) (*)	12,872,637	—	—	—	12,872,637
Guarantees and other commitments (note 45) (**)	15,744,775	1,181,994	233,140	2,790	17,162,699
Total	97,133,220	7,869,598	1,061,859	20,423	106,085,100

(*) For financial assets at fair value through other comprehensive income, impairment is recorded in accordance with the requirements indicated in the accounting policy 1 C1.5.1.2.
(**) Includes the balances of guarantees granted, irrevocable credit facilities and revocable commitments

The maximum exposure to credit risk of financial assets not subject to impairment requirements is analysed as follows:

(Thousands of euros)

	30 June 2025	31 December 2024
Financial assets held for trading (note 23)		
Debt instruments	982,911	1,259,178
Derivatives	427,971	404,252
Financial assets designated at fair value through profit or loss - Debt instruments (note 23)	37,221	33,894
Financial assets not held for trading mandatorily at fair value through profit or loss		
Debt instruments (note 23)	243,441	236,346
Hedging derivatives (note 24)	85,860	69,349
Total	1,777,404	2,003,019

- In the case of financial assets, excluding derivatives, it is considered that its credit risk exposure is equal to its book value;

- In the case of derivatives, the maximum exposure to credit risk is its market value, plus its potential risk ("add-on").

As at 30 June 2025, financial assets at amortised cost, guarantees granted, irrevocable credit facilities and revocable commitments, analysed by segment and stage, are as follows:

(Thousands of euros)

	30 June 2025									
		Stage 2				Stage 3				
Segment	Stage 1	No delays	Days past due <= 30 days	Days past due > 30 days	Total	Days past due <= 90 days	Days past due > 90 days	Total	POCI	Total
Gross Exposure										
Individuals-Mortgages	26,045,322	2,533,533	183,262	76,836	2,793,631	262,547	149,616	412,163	9,261	29,260,377
Individuals-Other	9,621,352	1,148,420	116,723	48,451	1,313,594	210,229	340,470	550,699	9,983	11,495,628
Financial Companies	4,038,792	266,486	83	86	266,655	12,582	2,515	15,097	—	4,320,544
Non-financial companies - Corporate	11,041,854	966,373	3,591	150	970,114	169,956	35,272	205,228	1,666	12,218,862
Non-financial companies - SME-Corporate	9,184,821	1,549,443	26,865	5,127	1,581,435	316,500	127,145	443,645	4,296	11,214,197
Non-financial companies - SME-Retail	6,620,221	1,080,135	32,372	15,906	1,128,413	122,529	160,948	283,477	3,536	8,035,647
Non-financial companies - Other	432,740	18,285	—	—	18,285	—	457	457	—	451,482
Other loans	21,585,533	593,059	—	96,955	690,014	1,138	—	1,138	—	22,276,685
Total	88,570,635	8,155,734	362,896	243,511	8,762,141	1,095,481	816,423	1,911,904	28,742	99,273,422
Impairment losses										
Individuals-Mortgages	9,326	17,048	3,098	3,031	23,177	73,252	54,322	127,574	4,091	164,168
Individuals-Other	60,741	62,220	17,559	12,812	92,591	96,369	241,066	337,435	5,727	496,494
Financial Companies	22,818	5,389	6	8	5,403	12,169	832	13,001	—	41,222
Non-financial companies - Corporate	46,388	28,120	34	7	28,161	100,878	16,217	117,095	173	191,817
Non-financial companies - SME-Corporate	39,771	49,068	2,703	1,270	53,041	145,379	82,675	228,054	—	320,866
Non-financial companies - SME-Retail	79,048	59,012	2,680	2,681	64,373	49,282	75,735	125,017	—	268,438
Non-financial companies - Other	396	22	—	—	22	—	283	283	—	701
Other loans	16,533	51,895	—	1,846	53,741	336	—	336	—	70,610
Total	275,021	272,774	26,080	21,655	320,509	477,665	471,130	948,795	9,991	1,554,316
Net exposure										
Individuals-Mortgages	26,035,996	2,516,485	180,164	73,805	2,770,454	189,295	95,294	284,589	5,170	29,096,209
Individuals-Other	9,560,611	1,086,200	99,164	35,639	1,221,003	113,860	99,404	213,264	4,256	10,999,134
Financial Companies	4,015,974	261,097	77	78	261,252	413	1,683	2,096	—	4,279,322
Non-financial companies - Corporate	10,995,466	938,253	3,557	143	941,953	69,078	19,055	88,133	1,493	12,027,045
Non-financial companies - SME-Corporate	9,145,050	1,500,375	24,162	3,857	1,528,394	171,121	44,470	215,591	4,296	10,893,331
Non-financial companies - SME-Retail	6,541,173	1,021,123	29,692	13,225	1,064,040	73,247	85,213	158,460	3,536	7,767,209
Non-financial companies - Other	432,344	18,263	—	—	18,263	—	174	174	—	450,781
Other loans	21,569,000	541,164	—	95,109	636,273	802	—	802	—	22,206,075
Total	88,295,614	7,882,960	336,816	221,856	8,441,632	617,816	345,293	963,109	18,751	97,719,106
% of impairment coverage										
Individuals-Mortgages	0.04%	0.67%	1.69%	3.94%	0.83%	27.90%	36.31%	30.95%	44.17%	0.56%
Individuals-Other	0.63%	5.42%	15.04%	26.44%	7.05%	45.84%	70.80%	61.27%	57.37%	4.32%
Financial Companies	0.56%	2.02%	7.23%	9.30%	2.03%	96.72%	33.08%	86.12%	0.00%	0.95%
Non-financial companies - Corporate	0.42%	2.91%	0.95%	4.67%	2.90%	59.36%	45.98%	57.06%	10.38%	1.57%
Non-financial companies - SME-Corporate	0.43%	3.17%	10.06%	24.77%	3.35%	45.93%	65.02%	51.40%	0.00%	2.86%
Non-financial companies - SME-Retail	1.19%	5.46%	8.28%	16.86%	5.70%	40.22%	47.06%	44.10%	0.00%	3.34%
Non-financial companies - Other	0.09%	0.12%	0.00%	0.00%	0.12%	0.00%	61.93%	61.93%	0.00%	0.16%
Other loans	0.08%	8.75%	0.00%	1.90%	7.79%	29.53%	0.00%	29.53%	0.00%	0.32%
Total	0.31%	3.34%	7.19%	8.89%	3.66%	43.60%	57.71%	49.63%	34.76%	1.57%

As at 31 December 2024, financial assets at amortised cost, guarantees granted, irrevocable credit facilities and revocable commitments, analysed by segment and stage, are as follows:

(Thousands of euros)

	31 December 2024									
		Stage 2				Stage 3				
Segment	Stage 1	No delays	Days past due <= 30 days	Days past due > 30 days	Total	Days past due <= 90 days	Days past due > 90 days	Total	POCI	Total
Gross Exposure										
Individuals-Mortgages	25,410,533	2,531,556	198,053	85,589	2,815,198	284,617	162,464	447,081	10,005	28,682,817
Individuals-Other	9,297,921	1,181,727	126,969	52,644	1,361,340	239,235	327,737	566,972	11,793	11,238,026
Financial Companies	3,450,266	40,675	5	17	40,697	13,035	15	13,050	—	3,504,013
Non-financial companies - Corporate	11,151,305	716,267	6,363	49	722,679	159,996	39,604	199,600	5,226	12,078,810
Non-financial companies - SME-Corporate	9,034,618	1,762,243	22,710	9,089	1,794,042	499,686	122,876	622,562	1,605	11,452,827
Non-financial companies - SME-Retail	6,524,804	1,077,758	31,069	21,154	1,129,981	117,188	155,779	272,967	3,428	7,931,180
Non-financial companies - Other	548,529	21,754	—	—	21,754	—	500	500	—	570,783
Other loans	19,152,578	263,254	335	1,561	265,150	445	—	445	—	19,418,173
Total	84,570,554	7,595,234	385,504	170,103	8,150,841	1,314,202	808,975	2,123,177	32,057	94,876,629
Impairment losses										
Individuals-Mortgages	11,712	24,030	4,054	3,446	31,530	66,785	57,269	124,054	4,482	171,778
Individuals-Other	61,763	56,698	19,156	12,863	88,717	104,205	228,644	332,849	6,883	490,212
Financial Companies	21,558	2,072	1	2	2,075	12,448	9	12,457	—	36,090
Non-financial companies - Corporate	41,412	20,142	34	4	20,180	90,639	18,505	109,144	269	171,005
Non-financial companies - SME-Corporate	41,250	56,922	3,852	2,204	62,978	283,615	56,392	340,007	—	444,235
Non-financial companies - SME-Retail	79,907	64,710	3,220	3,252	71,182	72,307	70,111	142,418	—	293,507
Non-financial companies - Other	651	27	—	—	27	—	272	272	—	950
Other loans	51,718	4,260	14	280	4,554	117	—	117	—	56,389
Total	309,971	228,861	30,331	22,051	281,243	630,116	431,202	1,061,318	11,634	1,664,166
Net exposure										
Individuals-Mortgages	25,398,821	2,507,526	193,999	82,143	2,783,668	217,832	105,195	323,027	5,523	28,511,039
Individuals-Other	9,236,158	1,125,029	107,813	39,781	1,272,623	135,030	99,093	234,123	4,910	10,747,814
Financial Companies	3,428,708	38,603	4	15	38,622	587	6	593	—	3,467,923
Non-financial companies - Corporate	11,109,893	696,125	6,329	45	702,499	69,357	21,099	90,456	4,957	11,907,805
Non-financial companies - SME-Corporate	8,993,368	1,705,321	18,858	6,885	1,731,064	216,071	66,484	282,555	1,605	11,008,592
Non-financial companies - SME-Retail	6,444,897	1,013,048	27,849	17,902	1,058,799	44,881	85,668	130,549	3,428	7,637,673
Non-financial companies - Other	547,878	21,727	—	—	21,727	—	228	228	—	569,833
Other loans	19,100,860	258,994	321	1,281	260,596	328	—	328	—	19,361,784
Total	84,260,583	7,366,373	355,173	148,052	7,869,598	684,086	377,773	1,061,859	20,423	93,212,463
% of impairment coverage										
Individuals-Mortgages	0.05%	0.95%	2.05%	4.03%	1.12%	23.46%	35.25%	27.75%	44.80%	0.60%
Individuals-Other	0.66%	4.80%	15.09%	24.43%	6.52%	43.56%	69.76%	58.71%	58.37%	4.36%
Financial Companies	0.62%	5.09%	20.00%	11.76%	5.10%	95.50%	60.00%	95.46%	0.00%	1.03%
Non-financial companies - Corporate	0.37%	2.81%	0.53%	8.16%	2.79%	56.65%	46.73%	54.68%	5.15%	1.42%
Non-financial companies - SME-Corporate	0.46%	3.23%	16.96%	24.25%	3.51%	56.76%	45.89%	54.61%	0.00%	3.88%
Non-financial companies - SME-Retail	1.22%	6.00%	10.36%	15.37%	6.30%	61.70%	45.01%	52.17%	0.00%	3.70%
Non-financial companies - Other	0.12%	0.12%	0.00%	0.00%	0.12%	0.00%	54.40%	54.40%	0.00%	0.17%
Other loans	0.27%	1.62%	4.18%	17.94%	1.72%	26.29%	0.00%	26.29%	0.00%	0.29%
Total	0.37%	3.01%	7.87%	12.96%	3.45%	47.95%	53.30%	49.99%	36.29%	1.75%

As at 30 June 2025, financial assets at amortised cost, guarantees granted, irrevocable credit facilities and revocable commitments, analysed by sector of activity and stage, are as follows:

(Thousands of euros)

	30 June 2025									
		Stage 2				*Stage 3*				
Sector of activity	Stage 1	No delays	Days past due <= 30 days	Days past due > 30 days	Total	Days past due <= 90 days	Days past due > 90 days	Total	POCI	Total
Gross Exposure										
Loans to individuals	35,666,674	3,681,953	299,985	125,287	4,107,225	472,776	490,086	962,862	19,244	40,756,005
Non-financial companies - Trade	5,585,090	659,796	15,723	5,108	680,627	51,485	61,006	112,491	2,476	6,380,684
Non-financial companies - Construction	2,745,206	419,700	6,435	4,615	430,750	208,140	38,786	246,926	2,172	3,425,054
Non-financial companies - Manufacturing industries	5,566,075	864,608	11,389	3,023	879,020	159,641	95,531	255,172	1,802	6,702,069
Non-financial companies - Other activities	1,882,495	312,202	3,767	751	316,720	18,671	16,666	35,337	58	2,234,610
Non-financial companies - Other services	11,500,770	1,357,930	25,514	7,686	1,391,130	171,048	111,833	282,881	2,990	13,177,771
Other Services /Other activities	25,624,325	859,545	83	97,041	956,669	13,720	2,515	16,235	—	26,597,229
Total	88,570,635	8,155,734	362,896	243,511	8,762,141	1,095,481	816,423	1,911,904	28,742	99,273,422
Impairment losses										
Loans to individuals	70,067	79,268	20,657	15,843	115,768	169,621	295,388	465,009	9,818	660,662
Non-financial companies - Trade	35,707	17,647	1,414	801	19,862	18,390	33,705	52,095	173	107,837
Non-financial companies - Construction	14,149	7,954	581	1,098	9,633	77,521	24,011	101,532	—	125,314
Non-financial companies - Manufacturing industries	44,225	46,872	913	613	48,398	91,906	64,630	156,536	—	249,159
Non-financial companies - Other activities	8,281	12,383	593	129	13,105	7,537	8,253	15,790	—	37,176
Non-financial companies - Other services	63,241	51,366	1,916	1,317	54,599	100,185	44,311	144,496	—	262,336
Other Services /Other activities	39,351	57,284	6	1,854	59,144	12,505	832	13,337	—	111,832
Total	275,021	272,774	26,080	21,655	320,509	477,665	471,130	948,795	9,991	1,554,316
Net exposure										
Loans to individuals	35,596,607	3,602,685	279,328	109,444	3,991,457	303,155	194,698	497,853	9,426	40,095,343
Non-financial companies - Trade	5,549,383	642,149	14,309	4,307	660,765	33,095	27,301	60,396	2,303	6,272,847
Non-financial companies - Construction	2,731,057	411,746	5,854	3,517	421,117	130,619	14,775	145,394	2,172	3,299,740
Non-financial companies - Manufacturing industries	5,521,850	817,736	10,476	2,410	830,622	67,735	30,901	98,636	1,802	6,452,910
Non-financial companies - Other activities	1,874,214	299,819	3,174	622	303,615	11,134	8,413	19,547	58	2,197,434
Non-financial companies - Other services	11,437,529	1,306,564	23,598	6,369	1,336,531	70,863	67,522	138,385	2,990	12,915,435
Other Services /Other activities	25,584,974	802,261	77	95,187	897,525	1,215	1,683	2,898	—	26,485,397
Total	88,295,614	7,882,960	336,816	221,856	8,441,632	617,816	345,293	963,109	18,751	97,719,106
% of impairment coverage										
Loans to individuals	0.20%	2.15%	6.89%	12.65%	2.82%	35.88%	60.27%	48.29%	51.02%	1.62%
Non-financial companies - Trade	0.64%	2.67%	8.99%	15.68%	2.92%	35.72%	55.25%	46.31%	6.99%	1.69%
Non-financial companies - Construction	0.52%	1.90%	9.03%	23.79%	2.24%	37.24%	61.91%	41.12%	0.00%	3.66%
Non-financial companies - Manufacturing industries	0.79%	5.42%	8.02%	20.28%	5.51%	57.57%	67.65%	61.35%	0.00%	3.72%
Non-financial companies - Other activities	0.44%	3.97%	15.74%	17.18%	4.14%	40.37%	49.52%	44.68%	0.00%	1.66%
Non-financial companies - Other services	0.55%	3.78%	7.51%	17.14%	3.92%	58.57%	39.62%	51.08%	0.00%	1.99%
Other Services /Other activities	0.15%	6.66%	7.23%	1.91%	6.18%	91.14%	33.08%	82.15%	0.00%	0.42%
Total	0.31%	3.34%	7.19%	8.89%	3.66%	43.60%	57.71%	49.63%	34.76%	1.57%

As at 31 December 2024, financial assets at amortised cost, guarantees granted, irrevocable credit losses and revocable commitments, analysed by sector of activity and stage, are as follows:

(Thousands of euros)

	31 December 2024									
		Stage 2				*Stage 3*				
Sector of activity	Stage 1	No delays	Days past due <= 30 days	Days past due > 30 days	Total	Days past due <= 90 days	Days past due > 90 days	Total	POCI	Total
Gross Exposure										
Loans to individuals	34,708,454	3,713,283	325,022	138,233	4,176,538	523,852	490,201	1,014,053	21,798	39,920,843
Non-financial companies - Trade	5,416,938	657,638	8,559	7,002	673,199	53,917	61,395	115,312	4,560	6,210,009
Non-financial companies - Construction	2,670,497	394,218	6,546	4,854	405,618	248,140	36,340	284,480	2,155	3,362,750
Non-financial companies - Manufacturing industries	5,483,661	794,421	14,995	6,037	815,453	146,620	82,064	228,684	924	6,528,722
Non-financial companies - Other activities	2,345,455	305,401	3,469	2,144	311,014	23,924	16,458	40,382	104	2,696,955
Non-financial companies - Other services	11,342,705	1,426,344	26,573	10,255	1,463,172	304,269	122,502	426,771	2,516	13,235,164
Other Services /Other activities	22,602,844	303,929	340	1,578	305,847	13,480	15	13,495	—	22,922,186
Total	84,570,554	7,595,234	385,504	170,103	8,150,841	1,314,202	808,975	2,123,177	32,057	94,876,629
Impairment losses										
Loans to individuals	73,475	80,728	23,210	16,309	120,247	170,990	285,913	456,903	11,365	661,990
Non-financial companies - Trade	32,985	20,550	1,229	1,136	22,915	17,823	25,364	43,187	269	99,356
Non-financial companies - Construction	12,726	7,819	1,011	1,247	10,077	113,102	18,993	132,095	—	154,898
Non-financial companies - Manufacturing industries	39,131	44,277	2,740	1,235	48,252	49,740	40,350	90,090	—	177,473
Non-financial companies - Other activities	8,248	14,122	291	540	14,953	9,519	9,738	19,257	—	42,458
Non-financial companies - Other services	70,130	55,033	1,835	1,302	58,170	256,377	50,835	307,212	—	435,512
Other Services /Other activities	73,276	6,332	15	282	6,629	12,565	9	12,574	—	92,479
Total	309,971	228,861	30,331	22,051	281,243	630,116	431,202	1,061,318	11,634	1,664,166
Net exposure										
Loans to individuals	34,634,979	3,632,555	301,812	121,924	4,056,291	352,862	204,288	557,150	10,433	39,258,853
Non-financial companies - Trade	5,383,953	637,088	7,330	5,866	650,284	36,094	36,031	72,125	4,291	6,110,653
Non-financial companies - Construction	2,657,771	386,399	5,535	3,607	395,541	135,038	17,347	152,385	2,155	3,207,852
Non-financial companies - Manufacturing industries	5,444,530	750,144	12,255	4,802	767,201	96,880	41,714	138,594	924	6,351,249
Non-financial companies - Other activities	2,337,207	291,279	3,178	1,604	296,061	14,405	6,720	21,125	104	2,654,497
Non-financial companies - Other services	11,272,575	1,371,311	24,738	8,953	1,405,002	47,892	71,667	119,559	2,516	12,799,652
Other Services /Other activities	22,529,568	297,597	325	1,296	299,218	915	6	921	—	22,829,707
Total	84,260,583	7,366,373	355,173	148,052	7,869,598	684,086	377,773	1,061,859	20,423	93,212,463
% of impairment coverage										
Loans to individuals	0.21%	2.17%	7.14%	11.80%	2.88%	32.64%	58.33%	45.06%	52.14%	1.66%
Non-financial companies - Trade	0.61%	3.12%	14.36%	16.22%	3.40%	33.06%	41.31%	37.45%	5.90%	1.60%
Non-financial companies - Construction	0.48%	1.98%	15.44%	25.69%	2.48%	45.58%	52.26%	46.43%	0.00%	4.61%
Non-financial companies - Manufacturing industries	0.71%	5.57%	18.27%	20.46%	5.92%	33.92%	49.17%	39.39%	0.00%	2.72%
Non-financial companies - Other activities	0.35%	4.62%	8.39%	25.19%	4.81%	39.79%	59.17%	47.69%	0.00%	1.57%
Non-financial companies - Other services	0.62%	3.86%	6.91%	12.70%	3.98%	84.26%	41.50%	71.99%	0.00%	3.29%
Other Services /Other activities	0.32%	2.08%	4.41%	17.87%	2.17%	93.21%	60.00%	93.18%	0.00%	0.40%
Total	0.37%	3.01%	7.87%	12.96%	3.45%	47.95%	53.30%	49.99%	36.29%	1.75%

As at 30 June 2025, financial assets at amortised cost, guarantees granted, irrevocable credit facilities and revocable commitments, analysed by geography and stage, are as follows:

(Thousands of euros)

	30 June 2025									
		Stage 2				*Stage 3*				
Geography	Stage 1	No delays	Days past due <= 30 days	Days past due > 30 days	Total	Days past due <= 90 days	Days past due > 90 days	Total	POCI	Total
Gross Exposure										
Portugal	61,834,132	5,832,409	216,471	91,494	6,140,374	738,553	372,875	1,111,428	15,082	69,101,016
Poland	25,578,713	1,625,512	139,364	49,758	1,814,634	352,578	415,457	768,035	13,660	28,175,042
Mozambique	1,157,790	697,813	7,061	102,259	807,133	4,350	28,091	32,441	—	1,997,364
Total	88,570,635	8,155,734	362,896	243,511	8,762,141	1,095,481	816,423	1,911,904	28,742	99,273,422
Impairment										
Portugal	187,692	163,060	10,042	7,819	180,921	327,473	188,377	515,850	—	884,463
Poland	83,608	55,108	15,189	10,864	81,161	148,816	266,697	415,513	9,991	590,273
Mozambique	3,721	54,606	849	2,972	58,427	1,376	16,056	17,432	—	79,580
Total	275,021	272,774	26,080	21,655	320,509	477,665	471,130	948,795	9,991	1,554,316
Net exposure										
Portugal	61,646,440	5,669,349	206,429	83,675	5,959,453	411,080	184,498	595,578	15,082	68,216,553
Poland	25,495,105	1,570,404	124,175	38,894	1,733,473	203,762	148,760	352,522	3,669	27,584,769
Mozambique	1,154,069	643,207	6,212	99,287	748,706	2,974	12,035	15,009	—	1,917,784
Total	88,295,614	7,882,960	336,816	221,856	8,441,632	617,816	345,293	963,109	18,751	97,719,106
% of impairment coverage										
Portugal	0.30%	2.80%	4.64%	8.55%	2.95%	44.34%	50.52%	46.41%	0.00%	1.28%
Poland	0.33%	3.39%	10.90%	21.83%	4.47%	42.21%	64.19%	54.10%	73.14%	2.10%
Mozambique	0.32%	7.83%	12.02%	2.91%	7.24%	31.63%	57.16%	53.73%	0.00%	3.98%
Total	0.31%	3.34%	7.19%	8.89%	3.66%	43.60%	57.71%	49.63%	34.76%	1.57%

As at 31 December 2024, financial assets at amortised cost, guarantees granted, irrevocable credit facilities and revocable commitments, analysed by geography and stage, are as follows:

(Thousands of euros)

	31 December 2024									
		Stage 2				*Stage 3*				
Geography	Stage 1	No delays	Days past due <= 30 days	Days past due > 30 days	Total	Days past due <= 90 days	Days past due > 90 days	Total	POCI	Total
Gross Exposure										
Portugal	58,473,777	5,846,367	216,085	102,395	6,164,847	918,541	356,047	1,274,588	13,881	65,927,093
Poland	24,622,516	1,380,971	160,546	61,255	1,602,772	391,388	420,892	812,280	18,176	27,055,744
Mozambique	1,474,261	367,896	8,873	6,453	383,222	4,273	32,036	36,309	—	1,893,792
Total	84,570,554	7,595,234	385,504	170,103	8,150,841	1,314,202	808,975	2,123,177	32,057	94,876,629
Impairment										
Portugal	184,443	174,794	11,245	9,943	195,982	473,433	146,705	620,138	—	1,000,563
Poland	86,667	48,884	18,436	10,769	78,089	155,362	266,152	421,514	11,634	597,904
Mozambique	38,861	5,183	650	1,339	7,172	1,321	18,345	19,666	—	65,699
Total	309,971	228,861	30,331	22,051	281,243	630,116	431,202	1,061,318	11,634	1,664,166
Net exposure										
Portugal	58,289,334	5,671,573	204,840	92,452	5,968,865	445,108	209,342	654,450	13,881	64,926,530
Poland	24,535,849	1,332,087	142,110	50,486	1,524,683	236,026	154,740	390,766	6,542	26,457,840
Mozambique	1,435,400	362,713	8,223	5,114	376,050	2,952	13,691	16,643	—	1,828,093
Total	84,260,583	7,366,373	355,173	148,052	7,869,598	684,086	377,773	1,061,859	20,423	93,212,463
% of impairment coverage										
Portugal	0.32%	2.99%	5.20%	9.71%	3.18%	51.54%	41.20%	48.65%	0.00%	1.52%
Poland	0.35%	3.54%	11.48%	17.58%	4.87%	39.70%	63.24%	51.89%	64.01%	2.21%
Mozambique	2.64%	1.41%	7.33%	20.75%	1.87%	30.92%	57.26%	54.16%	0.00%	3.47%
Total	0.37%	3.01%	7.87%	12.96%	3.45%	47.95%	53.30%	49.99%	36.29%	1.75%

As at 30 June 2025, the gross exposure, by type of financial instrument, internal rating and stage, is analysed as follows:

(Thousands of euros)

	30 June 2025							
	Gross Exposure							
	Higher quality	Average quality	Lower quality	Procedural RG	Not classified (without risk grade)	Total	Impairment losses	Net exposure
Financial assets at amortised cost								
stage 1	59,832,250	9,941,887	2,505,735	476	1,370,836	73,651,184	261,782	73,389,402
stage 2	1,798,637	2,188,503	2,505,276	385,309	453,822	7,331,547	306,391	7,025,156
stage 3	136	1,633	798	1,585,967	21,218	1,609,752	861,670	748,082
POCI	3,150	2,153	1,338	19,977	60	26,678	9,991	16,687
	61,634,173	12,134,176	5,013,147	1,991,729	1,845,936	82,619,161	1,439,834	81,179,327
Debt instruments at fair value through other comprehensive income (*)								
stage 1	13,395,708	1,002	141,014	—	184,655	13,722,379	—	13,722,379
stage 3	—	—	—	—	1,178	1,178	1,178	—
	13,395,708	1,002	141,014	—	185,833	13,723,557	1,178	13,722,379
Guarantees and other commitments (**)								
stage 1	10,799,606	3,072,800	835,635	437	210,973	14,919,451	13,239	14,906,212
stage 2	380,332	420,690	377,235	29,164	223,173	1,430,594	14,118	1,416,476
stage 3	18	16	4	302,010	104	302,152	87,125	215,027
POCI	4	2	1	2,058	—	2,065	—	2,065
	11,179,960	3,493,508	1,212,875	333,669	434,250	16,654,262	114,482	16,539,780
Total	86,209,841	15,628,686	6,367,036	2,325,398	2,466,019	112,996,980	1,555,494	111,441,486

Note: Higher quality (RG 101-107); Average quality (RG 108-111); Lower quality (RG 112-115); Procedural RG (RG 123/124/125).
(*) For financial assets at fair value through other comprehensive income, impairment is recorded in accordance with the requirements indicated in the accounting policy 1 C1.5.1.2.
(**) The gross exposure includes the guarantees granted, irrevocable credit facilities and revocable commitments (note 45).

As at 31 December 2024, the gross exposure, by type of financial instrument, internal rating and stage, is analysed as follows:

(Thousands of euros)

	31 December 2024							
	Gross Exposure							
	Higher quality	Average quality	Lower quality	Procedural RG	Not classified (without risk grade)	Total	Impairment losses	Net exposure
Financial assets at amortised cost								
stage 1	54,782,294	9,856,040	2,681,861	620	1,491,131	68,811,946	296,140	68,515,806
stage 2	1,781,656	2,210,946	2,208,958	427,453	324,574	6,953,587	265,982	6,687,605
stage 3	193	1,608	737	1,772,838	25,715	1,801,091	972,371	828,720
POCI	2,700	2,384	1,358	22,792	32	29,266	11,634	17,632
	56,566,843	12,070,978	4,892,914	2,223,703	1,841,452	77,595,890	1,546,127	76,049,763
Debt instruments at fair value through other comprehensive income (*)								
stage 1	12,735,540	—	—	—	137,096	12,872,636	—	12,872,636
stage 3	—	—	—	—	1,169	1,169	1,169	—
	12,735,540	—	—	—	138,265	12,873,805	1,169	12,872,636
Guarantees and other commitments (**)								
stage 1	11,380,949	3,218,006	785,001	3	374,649	15,758,608	13,831	15,744,777
stage 2	207,462	408,214	393,070	22,586	165,922	1,197,254	15,261	1,181,993
stage 3	3	19	—	321,943	121	322,086	88,947	233,139
POCI	4	2	1	2,783	—	2,790	—	2,790
	11,588,418	3,626,241	1,178,072	347,315	540,692	17,280,738	118,039	17,162,699
Total	80,890,801	15,697,219	6,070,986	2,571,018	2,520,409	107,750,433	1,665,335	106,085,098

Note: Higher quality (RG 101-107); Average quality (RG 108-111); Lower quality (RG 112-115); Procedural RG (RG 123/124/125).
(*) For financial assets at fair value through other comprehensive income, impairment is recorded in accordance with the requirements indicated in the accounting policy 1 C1.5.1.2.
(**) The gross exposure includes the guarantees granted, irrevocable credit facilities and revocable commitments (note 45).

As at 30 June 2025, the financial assets at amortised cost, guarantees and other commitments subject to individual and collective impairment, by segment, are presented in the following table:

(Thousands of euros)

	30 June 2025					
	Gross Exposure			Impairment losses		
Segment	Individual	Collective	Total	Individual	Collective	Total
Individuals - Mortgages	27,271	29,233,106	29,260,377	7,860	156,308	164,168
Individuals - Other	7,263	11,488,365	11,495,628	4,285	492,209	496,494
Financial Companies	13,717	4,306,827	4,320,544	12,511	28,711	41,222
Non-financial companies-Corporate	191,463	12,027,399	12,218,862	111,634	80,183	191,817
Non-financial companies-SME-Corporate	252,847	10,961,350	11,214,197	160,401	160,465	320,866
Non-financial companies-SME-Retail	31,803	8,003,844	8,035,647	37,101	231,337	268,438
Non-financial companies-Other	457	451,025	451,482	283	418	701
Other loans	—	22,276,685	22,276,685	—	70,610	70,610
Total	524,821	98,748,601	99,273,422	334,075	1,220,241	1,554,316

As at 31 December 2024, the financial assets at amortised cost, guarantees and other commitments subject to individual and collective impairment, by segment, are presented in the following table:

(Thousands of euros)

	31 December 2024					
	Gross Exposure			Impairment losses		
Segment	Individual	Collective	Total	Individual	Collective	Total
Individuals - Mortgages	28,581	28,654,236	28,682,817	9,285	162,493	171,778
Individuals - Other	8,130	11,229,896	11,238,026	4,839	485,373	490,212
Financial Companies	12,658	3,491,355	3,504,013	12,297	23,793	36,090
Non-financial companies-Corporate	184,831	11,893,979	12,078,810	102,207	68,798	171,005
Non-financial companies-SME-Corporate	409,804	11,043,023	11,452,827	277,360	166,875	444,235
Non-financial companies -SME - Retail	32,522	7,898,658	7,931,180	61,815	231,692	293,507
Non-financial companies-Other	500	570,283	570,783	272	678	950
Other loans	—	19,418,173	19,418,173	—	56,389	56,389
Total	677,026	94,199,603	94,876,629	468,075	1,196,091	1,664,166

As at 30 June 2025, the financial assets at amortised cost, guarantees and other commitments subject to individual and collective impairment, by sector of activity are presented in the following table:

(Thousands of euros)

	30 June 2025					
	Gross Exposure			Impairment losses		
Sector of activity	Individual	Collective	Total	Individual	Collective	Total
Loans to individuals	34,534	40,721,471	40,756,005	12,145	648,517	660,662
Non-financial companies-Trade	22,300	6,358,384	6,380,684	15,746	92,091	107,837
Non-financial companies-Construction	147,354	3,277,700	3,425,054	75,225	50,089	125,314
Non-financial companies-Manufacturing industry	146,434	6,555,635	6,702,069	108,807	140,352	249,159
Non-financial companies-Other activities	14,495	2,220,115	2,234,610	8,073	29,103	37,176
Non-financial companies-Other services	145,987	13,031,784	13,177,771	101,568	160,768	262,336
Other Services/Other activities	13,717	26,583,512	26,597,229	12,511	99,321	111,832
Total	524,821	98,748,601	99,273,422	334,075	1,220,241	1,554,316

As at 31 December 2024, the financial assets at amortised cost, guarantees and other commitments subject to individual and collective impairment, by sector of activity are presented in the following table:

(Thousands of euros)

	31 December 2024					
	Gross Exposure			Impairment losses		
Sector of activity	Individual	Collective	Total	Individual	Collective	Total
Loans to individuals	36,711	39,884,132	39,920,843	14,124	647,866	661,990
Non-financial companies-Trade	31,532	6,178,477	6,210,009	11,538	87,818	99,356
Non-financial companies-Construction	188,453	3,174,297	3,362,750	110,151	44,747	154,898
Non-financial companies-Manufacturing industry	101,395	6,427,327	6,528,722	44,047	133,426	177,473
Non-financial companies-Other activities	18,033	2,678,922	2,696,955	11,909	30,549	42,458
Non-financial companies-Other services	288,244	12,946,920	13,235,164	264,009	171,503	435,512
Other Services/Other activities	12,658	22,909,528	22,922,186	12,297	80,182	92,479
Total	677,026	94,199,603	94,876,629	468,075	1,196,091	1,664,166

As at 30 June 2025, the financial assets at amortised cost, guarantees and other commitments subject to individual and collective impairment, by geography, are presented in the following table:

(Thousands of euros)

	30 June 2025					
	Gross Exposure			Impairment losses		
Geography	Individual	Collective	Total	Individual	Collective	Total
Portugal	385,864	68,715,152	69,101,016	281,627	602,836	884,463
Poland	126,906	28,048,136	28,175,042	46,127	544,146	590,273
Mozambique	12,051	1,985,313	1,997,364	6,321	73,259	79,580
Total	524,821	98,748,601	99,273,422	334,075	1,220,241	1,554,316

As at 31 December 2024, the financial assets at amortised cost, guarantees and other commitments subject to individual and collective impairment, by geography, are presented in the following table:

(Thousands of euros)

	31 December 2024					
	Gross Exposure			Impairment losses		
Geography	Individual	Collective	Total	Individual	Collective	Total
Portugal	499,966	65,427,127	65,927,093	411,589	588,974	1,000,563
Poland	163,443	26,892,301	27,055,744	49,694	548,210	597,904
Mozambique	13,617	1,880,175	1,893,792	6,792	58,907	65,699
Total	677,026	94,199,603	94,876,629	468,075	1,196,091	1,664,166

The columns Gross exposure and Collective impairment losses of the previous tables include loans subject to individual analysis for which the Group has concluded that there is no objective evidence of impairment.

As at 30 June 2025, the following table includes the loans portfolio (including guarantees and commitments) by segment and by year of production (date of the beginning of the operations, in the portfolio at the date of balance sheet - it does not include restructured loans):

	30 June 2025					
Year of production	Construction and Commercial Real Estate	Companies - Other Activities	Mortgage loans	Individuals - Other	Other loans	Total
2015 and previous						
Number of operations	14,664	34,442	246,383	723,640	661	1,019,790
Amount (EUR '000)	857,730	3,489,740	7,625,904	1,417,700	223,758	13,614,832
Impairment constituted (EUR '000)	69,001	62,955	100,898	33,139	1,693	267,686
2016						
Number of operations	1,687	6,934	9,305	91,361	116	109,403
Amount (EUR '000)	92,970	870,374	439,635	180,233	2,545	1,585,757
Impairment constituted (EUR '000)	1,501	10,093	5,226	10,246	123	27,189
2017						
Number of operations	2,045	7,822	15,172	100,885	464	126,388
Amount (EUR '000)	98,303	763,779	847,029	198,254	4,805	1,912,170
Impairment constituted (EUR '000)	4,720	11,605	7,322	12,929	328	36,904
2018						
Number of operations	3,526	11,128	20,306	182,799	265	218,024
Amount (EUR '000)	297,715	1,653,326	1,303,293	392,121	290,673	3,937,128
Impairment constituted (EUR '000)	4,642	20,030	9,532	26,268	90	60,562
2019						
Number of operations	5,560	13,937	23,211	410,003	241	452,952
Amount (EUR '000)	307,596	1,354,127	1,589,267	692,547	49,267	3,992,804
Impairment constituted (EUR '000)	4,647	37,211	8,370	43,701	400	94,329
2020						
Number of operations	6,204	21,486	28,283	170,706	236	226,915
Amount (EUR '000)	379,837	1,638,451	1,985,550	365,307	17,981	4,387,126
Impairment constituted (EUR '000)	13,599	25,518	9,795	29,078	1,198	79,188
2021						
Number of operations	6,860	24,520	41,266	221,600	282	294,528
Amount (EUR '000)	416,499	1,788,740	3,223,253	593,233	170,300	6,192,025
Impairment constituted (EUR '000)	7,144	33,791	11,314	52,147	1,903	106,299
2022						
Number of operations	7,901	27,867	30,001	333,160	328	399,257
Amount (EUR '000)	729,618	2,574,018	2,770,051	959,491	34,131	7,067,309
Impairment constituted (EUR '000)	7,902	44,143	6,481	66,266	1,107	125,899
2023						
Number of operations	9,251	31,705	27,503	475,212	634	544,305
Amount (EUR '000)	1,271,938	2,787,108	2,743,352	1,301,336	79,504	8,183,238
Impairment constituted (EUR '000)	10,140	38,273	4,342	73,835	694	127,284
2024						
Number of operations	11,224	38,026	38,327	762,166	2,233	851,976
Amount (EUR '000)	1,530,626	4,439,790	4,365,602	2,381,020	180,357	12,897,395
Impairment constituted (EUR '000)	10,610	60,606	5,108	76,563	3,318	156,205
2025						
Number of operations	9,029	95,003	16,852	835,124	832	956,840
Amount (EUR '000)	1,134,296	6,433,850	2,395,837	2,324,095	58,734	12,346,812
Impairment constituted (EUR '000)	6,815	195,884	2,486	31,671	612	237,468
Total						
Number of operations	77,951	312,870	496,609	4,306,656	6,292	5,200,378
Amount (EUR '000)	7,117,128	27,793,303	29,288,773	10,805,337	1,112,055	76,116,596
Impairment constituted (EUR '000)	140,721	540,109	170,874	455,843	11,466	1,319,013

In the year of the current production, are included operations that, by their nature, are contractually subject to renewals. In these cases, the date of the last renewal is considered, namely for overdraft operations, secured current account and factoring operations.

As at 31 December 2024, the following table includes the loans portfolio (including guarantees and commitments) by segment and by year of production (date of the beginning of the operations, in the portfolio at the date of balance sheet - it does not include restructured loans):

	31 December 2024					
Year of production	Construction and Commercial Real Estate	Companies - Other Activities	Mortgage loans	Individuals - Other	Other loans	Total
2014 and previous						
Number of operations	14,156	29,534	252,970	668,544	730	965,934
Amount (EUR '000)	896,754	3,183,643	7,756,515	1,305,814	254,286	13,397,012
Impairment constituted (EUR '000)	78,530	52,663	100,158	27,346	1,621	260,318
2015						
Number of operations	1,581	6,354	8,748	76,703	161	93,547
Amount (EUR '000)	84,592	497,077	407,678	134,673	2,955	1,126,975
Impairment constituted (EUR '000)	1,495	18,949	5,031	7,484	533	33,492
2016						
Number of operations	1,807	7,290	9,811	98,126	173	117,207
Amount (EUR '000)	118,163	946,970	468,327	182,369	2,472	1,718,301
Impairment constituted (EUR '000)	1,595	10,080	5,726	12,138	145	29,684
2017						
Number of operations	2,191	8,306	16,035	108,278	556	135,366
Amount (EUR '000)	121,934	792,998	903,737	204,274	5,942	2,028,885
Impairment constituted (EUR '000)	4,756	13,468	7,472	14,679	326	40,701
2018						
Number of operations	3,880	12,010	21,342	195,982	357	233,571
Amount (EUR '000)	348,049	1,717,047	1,385,196	426,990	291,719	4,169,001
Impairment constituted (EUR '000)	5,185	18,602	9,535	30,198	878	64,398
2019						
Number of operations	6,077	15,879	24,524	437,421	312	484,213
Amount (EUR '000)	379,403	1,390,533	1,701,878	816,725	50,025	4,338,564
Impairment constituted (EUR '000)	5,390	38,613	8,242	50,635	851	103,731
2020						
Number of operations	7,221	25,512	29,793	205,882	355	268,763
Amount (EUR '000)	557,772	1,983,167	2,115,840	445,438	43,465	5,145,682
Impairment constituted (EUR '000)	12,161	33,067	9,626	32,906	1,620	89,380
2021						
Number of operations	8,038	27,455	43,540	254,064	365	333,462
Amount (EUR '000)	554,664	1,927,360	3,439,789	728,043	284,772	6,934,628
Impairment constituted (EUR '000)	8,245	36,582	11,137	58,648	1,782	116,394
2022						
Number of operations	8,953	30,755	31,844	394,452	443	466,447
Amount (EUR '000)	1,011,708	3,225,162	2,976,052	1,183,881	48,900	8,445,703
Impairment constituted (EUR '000)	10,394	49,175	5,672	72,621	1,548	139,410
2023						
Number of operations	10,212	33,388	29,257	608,249	723	681,829
Amount (EUR '000)	1,480,507	2,773,296	2,970,331	1,716,879	96,858	9,037,871
Impairment constituted (EUR '000)	16,315	40,737	4,197	74,391	933	136,573
2024						
Number of operations	14,366	126,180	39,644	1,311,647	2,976	1,494,813
Amount (EUR '000)	2,029,470	6,918,957	4,568,010	3,397,754	298,452	17,212,643
Impairment constituted (EUR '000)	13,463	214,703	6,071	75,276	4,619	314,132
Total						
Number of operations	78,482	322,663	507,508	4,359,348	7,151	5,275,152
Amount (EUR '000)	7,583,016	25,356,210	28,693,353	10,542,840	1,379,846	73,555,265
Impairment constituted (EUR '000)	157,529	526,639	172,867	456,322	14,856	1,328,213

In the year of the current production, are included operations that, by their nature, are contractually subject to renewals. In these cases, the date of the last renewal is considered, namely for overdraft operations, secured current account and factoring operations.

As at 30 June 2025, the following table includes the fair value of the collaterals by segments (not limited by the value of the collateral) associated to the loan's portfolio:

	30 June 2025					
	Construction and Commercial Real Estate		Companies - Other Activities		Mortgage loans	
Fair Value	Real Estate (*)	Other real Collateral (**)	Real Estate (*)	Other real Collateral (**)	Real Estate (*)	Other real Collateral (**)
< 0.5 M€						
Number	6,786	9,546	8,365	73,730	425,813	181
Amount (EUR '000)	867,068	236,991	1,314,202	1,902,199	69,413,618	8,698
>= 0.5 M€ and < 1 M€						
Number	978	26	1,356	306	10,069	4
Amount (EUR '000)	685,623	17,320	954,727	202,529	6,449,053	2,487
>= 1 M€ and < 5 M€						
Number	742	23	1,150	230	1,515	0
Amount (EUR '000)	1,497,802	51,629	2,280,166	457,608	2,400,980	—
>= 5 M€ and < 10 M€						
Number	115	1	132	21	25	—
Amount (EUR '000)	803,650	8,977	914,353	151,361	158,438	—
>= 10 M€ and < 20 M€						
Number	68	2	59	12	5	—
Amount (EUR '000)	952,853	34,468	827,857	160,660	56,963	—
>= 20 M€ and < 50 M€						
Number	28	—	41	3	2	—
Amount (EUR '000)	808,906	—	1,264,078	64,464	46,266	—
>= 50 M€						
Number	6	—	19	4	—	—
Amount (EUR '000)	563,347	—	1,477,228	879,772	—	—
Total Number	8,723	9,598	11,122	74,306	437,429	185
Total Amount (EUR '000)	6,179,249	349,385	9,032,611	3,818,593	78,525,318	11,185

(*) The fair value of real estate collateral relates to the PVT included in valuations.
(**) Includes, namely, securities, deposits and fixed assets pledges.

As at 31 December 2024, the following table includes the fair value of the collaterals by segments (not limited by the value of the collateral) associated to the loan's portfolio:

	31 December 2024					
	Construction and Commercial Real Estate		Companies - Other Activities		Mortgage loans	
Fair Value	Real Estate (*)	Other real Collateral (**)	Real Estate (*)	Other real Collateral (**)	Real Estate (*)	Other real Collateral (**)
< 0.5 M€						
Number	7,421	10,402	8,695	72,842	435,269	197
Amount (EUR '000)	971,177	294,041	1,331,150	1,797,700	69,220,142	9,702
>= 0.5 M€ and < 1 M€						
Number	1,038	65	1,303	261	9,252	4
Amount (EUR '000)	716,107	43,049	900,825	174,655	5,923,481	2,532
>= 1 M€ and < 5 M€						
Number	760	57	1,068	192	1,389	—
Amount (EUR '000)	1,603,016	110,727	2,143,924	375,273	2,170,247	—
>= 5 M€ and < 10 M€						
Number	122	2	116	18	23	—
Amount (EUR '000)	860,789	10,213	814,568	134,013	148,552	—
>= 10 M€ and < 20 M€						
Number	69	1	53	14	3	—
Amount (EUR '000)	961,620	29,640	755,885	187,204	35,893	—
>= 20 M€ and < 50 M€						
Number	21	—	40	3	2	—
Amount (EUR '000)	609,676	—	1,211,901	63,454	45,216	—
>= 50 M€						
Number	9	—	14	4	—	—
Amount (EUR '000)	724,928	—	1,069,731	879,137	—	—
Total Number	9,440	10,527	11,289	73,334	445,938	201
Total Amount (EUR '000)	6,447,313	487,670	8,227,984	3,611,436	77,543,531	12,234

(*) The fair value of real estate collateral relates to the PVT included in valuations.
(**) Includes, namely, securities, deposits and fixed assets pledges.

As at 30 June 2025, the following table includes the LTV (loan-to-value) ratio by segments Construction and Commercial Real Estate (CRE), Companies - Other Activities and Mortgage loans:

(Thousands of euros)

	30 June 2025				
Segment/Ratio	Number of properties	Stage 1	Stage 2	Stage 3	Impairment
Construction and CRE					
Without associated collateral	n.a.	1,435,703	282,942	46,479	53,632
<60%	25,311	1,507,723	154,567	33,722	22,373
>=60% and <80%	3,397	404,700	61,820	52,085	43,344
>=80% and <100%	1,654	122,743	21,382	4,619	5,091
>=100%	1,049	70,722	21,006	11,393	9,072
Companies - Other Activities					
Without associated collateral	n.a.	11,368,439	1,139,853	308,785	461,769
<60%	47,566	1,944,894	537,256	98,943	50,133
>=60% and <80%	14,766	956,367	324,107	41,220	24,687
>=80% and <100%	9,451	671,062	64,987	19,391	14,337
>=100%	2,395	519,762	297,887	29,941	37,756
Mortgage loans					
Without associated collateral	n.a.	80,568	2,931	8,384	12,795
<60%	379,624	15,104,899	1,436,978	310,557	129,940
>=60% and <80%	99,889	7,940,402	884,847	84,380	26,068
>=80% and <100%	27,178	2,768,220	432,693	34,578	13,165
>=100%	3,419	162,045	40,101	9,082	5,245

As at 31 December 2024, the following table includes the LTV (loan-to-value) ratio by segments Construction and Commercial Real Estate (CRE), Companies - Other Activities and Mortgage loans:

(Thousands of euros)

	31 December 2024				
Segment/Ratio	Number of properties	Stage 1	Stage 2	Stage 3	Impairment
Construction and CRE					
Without associated collateral	n.a.	1,512,159	281,959	68,269	76,485
<60%	25,977	1,519,840	158,693	37,610	23,185
>=60% and <80%	3,506	362,009	51,182	31,307	15,650
>=80% and <100%	1,059	106,345	40,451	2,610	3,460
>=100%	1,135	94,340	21,947	38,149	32,810
Companies - Other Activities					
Without associated collateral	n.a.	8,965,096	1,172,453	280,620	431,817
<60%	47,243	1,894,339	487,811	85,539	39,543
>=60% and <80%	14,091	816,960	390,644	49,399	30,333
>=80% and <100%	10,728	692,087	152,910	15,653	16,478
>=100%	2,065	459,238	165,964	183,867	167,306
Mortgage loans					
Without associated collateral	n.a.	417,293	7,163	8,637	12,859
<60%	386,507	14,822,521	1,490,909	319,980	129,363
>=60% and <80%	102,038	7,652,552	897,507	104,596	26,597
>=80% and <100%	27,048	2,377,618	387,868	41,008	13,827
>=100%	3,636	134,446	41,043	11,792	6,137

As at 30 June 2025, the following table includes the fair value and the net book value of the properties classified as Non-current assets held for sale (note 26) and as Other assets (note 31), by type of asset:

(Thousands of euros)

	30 June 2025					
	Assets arising from recovered loans results		Assets belonging to investments funds and real estate companies		Total	
Asset	Appraised value	Book value	Appraised value (1)	Book value	Appraised value	Book value
Land						
Urban	45,853	24,095	60,352	60,352	106,205	84,447
Rural	1,048	581	2,463	2,463	3,511	3,044
Buildings under construction						
Commercials	791	—	—	—	791	—
Mortgages	2,125	—	—	—	2,125	—
Constructed buildings						
Commercials	24,870	16,097	—	—	24,870	16,097
Mortgages	21,567	17,734	—	—	21,567	17,734
Other	29,212	29,005	—	—	29,212	29,005
	125,466	87,512	62,815	62,815	188,281	150,327

(1) Value deducted from haircuts or other applicable impairments

As at 31 December 2024, the following table includes the fair value and the net book value of the properties classified as Non-current assets held for sale (note 26) and as Other assets (note 31), by type of asset:

(Thousands of euros)

	31 December 2024					
	Assets arising from recovered loans		Assets belonging to investments funds and real estate companies		Total	
Asset	Appraised value	Book value	Appraised value (1)	Book value	Appraised value	Book value
Land						
Urban	54,050	25,840	60,855	60,855	114,905	86,695
Rural	1,459	735	2,853	2,853	4,312	3,588
Buildings under construction						
Commercials	790	—	—	—	790	—
Mortgages	2,310	—	—	—	2,310	—
Constructed buildings						
Commercials	17,380	9,573	—	—	17,380	9,573
Mortgages	38,903	29,227	—	—	38,903	29,227
Other	28,971	28,764	—	—	28,971	28,764
	143,863	94,139	63,708	63,708	207,571	157,847

(1) Value deducted from haircuts or other applicable impairment

Credit Portfolio Monitoring Process

The Bank has in place a credit portfolio management and monitoring processes, namely with regard to the assessment of the risk profile of the exposure in different portfolios/segments. These procedures have the purpose of identifying and closely monitoring the customers potentially more affected by the prevailing macroeconomic context, anticipating possible difficulties in complying the responsibilities and defining credit and performance strategies adjusted to the specificities of each customer/group of customers, with a view to both maintaining support to customers considered viable and mitigating credit risk in cases where there are risks of loss in the exposure value.

The importance of this approach is reinforced by the uncertainty that has marked the activity in recent years, where it stands out in the current context the potential impacts resulting from multiple geopolitical conflicts, instability in several relevant European countries, particularly with political uncertainties, a more modest level of economic growth and budgetary pressures. In addition to this context, there are changes resulting from the new leadership in the United States, particularly with regard to measures that have significant impacts on international trade and geopolitical alliances.

The main guidelines of the credit portfolio monitoring approach can be characterized as presented below:

- Global and transversal: Analysis of the entire credit portfolio of the Group, being excluded from the monitoring process only customers with a better risk profile (in the case of retail) or with exposures of a lower size (in the case of retail and corporate).

- Specialized: Monitoring by the Credit Division in coordination with the Rating Division and the Specialized Recovery Division for the corporate segment and by the Credit Division and Retail Recovery Division for individuals and small businesses.

- Segmented: Prioritization of approach/analysis recurrence based on risk signs, in order to gather additional information and agree on appropriate and sustainable financial restructuring solutions in a timely manner.

- Prospective: Use of predictive models, in order to anticipate potential future defaults, avoiding a reactive approach.

- Standardized: Both in terms of risk models and monitoring, and in terms of credit solutions for which it is possible to identify pre-defined alternatives (retail segments).

- Convenient and innovative: Making the restructuring journey simpler and more convenient both in terms of credit solutions and channels, extending the restructuring offer to the App for consumer credit and mortgages.

Specifically in the corporate segment, the process of portfolio follow-up and monitoring can be generically characterized as described below, having as a fundamental component the attribution of credit strategies, among pre-defined options, with review periods differentiated according to the level of risk associated to the strategy attributed:

1. Client Assessment and presentation of Indicative Credit Strategy by the Rating Division (for customers with ratings assigned by corporate rating models);

2. Approval, by the competent credit decision levels, of a credit strategy for each customer, taking into consideration the Indicative Credit Strategy from the Rating Division, the information received from the area that follows the client and the inputs received as a result of the customer interaction process;

3. Decision, negotiation and formalisation of the operations that will ensure that the approved strategy is pursued and the approved credit limits are met (Credit Division, Areas that follow the client and Operations Division);

4. Monitoring the Credit Strategy and the evolution of the customer's activity (Credit Division and the Areas that follow the client);

5. Monitoring of the credit portfolio and effectiveness of the portfolio monitoring process and credit strategy attribution (Risk Office), based on a set of KPIs, (e.g. percentage of the credit portfolio with valid risk strategy; evolution of credit exposure to customers with a reduction strategy; adequacy of the credit strategy to the customer's performance);

6. In the attribution of the customer's credit strategy, besides the intrinsic factors of the customer, more transversal factors are taken into consideration, such as the evaluation of the sectorial risk (periodically reviewed with the support of the Economic t Studies Division) and taking into consideration the attribution of a ESG rating regarding the clients with most relevant exposures;

7. The occurrence of effective and/or potential risk events (signs of default/delinquency; breach of contractual covenants; severe alteration in sector risk; alteration in the corporate/shareholder structure), trigger an extraordinary/anticipated revision of the strategy.

As part of this monitoring process and with an impact on other complementary procedures adopted, the Group defines a list of sectors considered to be more vulnerable to the macroeconomic environment and climate impacts, which is reviewed periodically (at least annually), supporting a set of reports on the evolution of the risk profile of the exposures associated with these sectors.

Additional measures with impact on the Impairment level

i. Updating macroeconomic scenarios and the parameters of the collective impairment model

Following an assessment of the evolution of the macroeconomic scenarios prepared by the Group's Economic Studies area at the end of June and the projection of the estimated impacts with regard to the collective impairment analysis model in Portugal, it was considered that an update of the scenarios used since December 2024 was not justified.

The referred scenarios, which are used in the Group for several purposes other than the impairment calculation, took into consideration the existing projections of reputed entities.

The tables below systematise the projections for 2025 and 2026 considered for Portugal concerning the central scenarios with regard to some of the critical variables used in the calculation of collective impairment.

Update of main macroeconomic scenario assumptions (Base Scenario) - Portugal

	December 2024 Scenario		June 2025 Scenario		Difference	
Variable	2025	2026	2025	2026	2025	2026
Unemployment rate	6.40%	6.39%	6.40%	6.39%	0.00%	0.00%
3-month Euribor Rate	2.11%	1.87%	2.11%	1.87%	0.00%	0.00%
Public Consumption growth Rate	1.11%	0.83%	1.11%	0.83%	0.00%	0.00%
Imports of Goods and Services growth Rate	4.73%	3.45%	4.73%	3.45%	0.00%	0.00%

Regarding Poland, an update of the macroeconomic assumptions was carried out in relation to those considered in December 2024, which translates into the terms presented in the table below regarding the projections for 2025 and 2026 foreseen in the central scenario.

Update of main macroeconomic scenario assumptions (Base Scenario) - Poland

	December 2024 Scenario		June 2025 Scenario		Difference	
Variable	2025	2026	2025	2026	2025	2026
Unemployment rate	5.10%	5.20%	5.10%	5.10%	0.00%	-0.10%
Nominal GDP annual evolution	8.50%	6.00%	7.70%	6.40%	-0.80%	0.40%
Consumption annual evolution	3.50%	3.30%	3.10%	3.30%	-0.40%	0.00%
Disposable Income	8.50%	6.10%	8.00%	6.40%	-0.50%	0.30%
EUR/PLN exchange rate	4,31	4,32	4,28	4,30	-0.03	-0.02
CHF/PLN exchange rate	4,53	4,41	4,52	4,39	-0.01	-0.02

The following tables describe the weightings assigned in Portugal and Poland to the different macroeconomic scenarios considered at the end of 2024 and June 2025, which can be considered as conservative:

Weightings of the macroeconomic scenarios considered

	Weightings			
	Portugal		Poland	
Scenario	Dec 2024	Jun 2025	Dec 2024	Jun 2025
Central	60 %	60 %	60 %	60 %
Upside	10 %	10 %	10 %	10 %
Downside	30 %	30 %	30 %	30 %

For Portugal, a simulation of an additional one percentage point worsening in the evolution of the key indicators for the collective impairment estimate was carried out, which translates into the impacts shown in the table below, based on the collective impairment of the portfolio in Portugal as at 30 June 2025, which amounted to EUR 486 million (this figure does not include the impairment amounts calculated by the overlays methodology described in point ii. of this section).

Sensitivity analysis on the calculation of collective impairment (June 2025)

Variable	Estimated impact (% variation)
100 bp Unemployment Rate aggravation	2,31%
100 bp 3-month Euribor aggravation	8,27%
100 bp Savings Rate aggravation	1,46%
100 bp Inflation Rate aggravation	0,08%

ii. Impairment overlays

In order to incorporate an additional level of conservatism in the impairment values, the Group defined and implemented a methodology of complementary of identification of significant increase in credit risk situations and potential signs of impairment.

This approach adopts differentiated criteria in relation to the base methodologies in force, with distinct processes having been adopted for the calculation of overlays for the corporate and individual customers segments.

The overlays currently in force seek in particular to address the uncertainty that continues to prevail, associated with a context of multiple geopolitical conflicts, instability in several relevant European countries, constraints on economic growth and potential measures affecting international trade.

This positioning is in line with the guidelines on this matter issued by the supervisors in what regards the identification and measurement of credit risk in contexts of uncertainty, so that the release of overlays initially constituted in the context of the pandemic should be carried out with prudence and taking into account the possible need for new overlays to respond to the current context.

The exercise carried out reflected, in terms of impairment value, in the calculation of the estimated impact arising from potential migrations of customers with higher risk to Stage 2 and Stage 3, based on the various factors considered in the analysis. It should be noted that the most significant impact occurred in the corporate segment. The methodology developed by the Group was considered for the calculation and recording of impairment at the reference date of the accounts, without affecting the classification of credit exposures by stages in the Group's loan portfolio.

The application of overlay impairment and the respective methodology is approved by the Risk Committee.

In Poland, the Bank also adopted a policy of recording overlays. Taking into consideration the country's specific reality, adjustments to the overlay's methodology had already been incorporated in 2022 to address the impacts of the geopolitical crisis.

As a result of the implementation of this methodology, the Bank calculated an additional impairment to that resulting from the collective analysis model, therefore with characteristics of overlays, whose amount on 30 June 2025 was approximately EUR 104.7 million in Portugal (EUR 99.1 million in December 2024), EUR 43.4 million in Poland (EUR 43.8 million in December 2024). There are no impairment on overlays in Mozambique in June 2025.

Government measures to mitigate the impacts on mortgage contracts and support in the access to financing for the purchase of own and permanent housing

Decree-Law 44/2024

With the aim to support the purchase of own permanent houses by young people up to the age of 35, Decree-Law 44/2024, was published by the Portuguese government on July 10, which involves the granting of a partial personal State guarantee to bank loans granted within this purpose and scope.

As of 10 July 2025, Millennium bcp had received 7,148 contracts for approval under the aforementioned legislation, representing total exposures of approximately EUR 1,360 million. Of this total, 1,401 contracts had already been formalised, representing an aggregate exposure of EUR 273 million, while an additional 517 contracts were at an advanced stage of completion, corresponding to exposure of EUR 98.8 million.

Credit concentration risk

The Group's policy relating to the identification, measurement, and evaluation of the concentration risk in credit risk is approved by the Bank's management body, applied to all Group entities, and is based on the following guidelines:

The monitoring of the concentration risk and the follow-up of major risks is made, at Group level, based on the concept of "Economic Groups" and "Customers Groups" - sets of connected Customers (individual persons or companies), which represent a single entity from a credit risk perspective, such that if one of them is affected by financial problems, one or all of the others, will probably face difficulties to fulfil their debtor obligations.

The Customer connections that originate a Customers' group include the formal participation on the same economic group, the evidence that a direct or indirect control relationship exists, including the control by an individual Customer (criteria of capacity of control) of a company or the existence of a strong commercial interdependency or common sources of funding that cannot be replaced on a short term (criteria of economic dependency). The identification of connected clients is an integral part of the credit granting and monitoring processes of each Entity, with the Risk Office monitoring the economic and customers' groups maintenance.

For the control of credit concentration risk and limit the exposure to this risk, there are limits defined for:

1) Exposures to Sovereigns;
2) Exposures to Institutions (Banks/financial institutions);
3) Single-name exposures (Large Corporate exposures);
4) Geographic concentration (country risk);
5) Exposure to sectors of activity.

These limits apply to the 'Net exposures' (*), relating either to a counterparty or a group of counterparties – cases for 1), 2) and 3) – or to the set of exposures to an activity sector or to a country (the counterparty country of residence) – cases for 4) and 5).

The metrics regarding the concentration of exposure to Sovereigns and geographic concentration exclude the countries in which the Group has significant operations (Portugal, Poland, and Mozambique) and the respective Sovereigns.

Except for exposure to sectors of activity, the concentration limits are established by taking into consideration the credit worthiness of the debtors at stake in what concerns their rating grades/probability of default (PD) (internal or external ratings; country rating in the case of geographic concentration).

The concentration limits for corporate single-name exposures apply only to non-NPE positions, since the NPE (Non-performing exposures) positions are considered "always in excess" and it's framed by the actions covered by the NPE reduction Plan defined and executed at Group BCP level.

The limits in force as at 30 June 2025, for the exposure to Single name, in terms of the Net Exposure weight over the Consolidated Own Funds, are the following:

Risk quality	Master Scale rating grades	Limit (M€)	%
Tier 1	101 - 105	572,9	7.0%
Tier 2	106 - 108	368,3	4.5%
Tier 3	109 - 111	211,8	2.6%
Tier 4	112 - 113	41,9	0.5%
Tier 5	114 - 116	19,4	0.2%

(*) Net exposure = EAD x LGD. EAD = Exposure at default ; LGD = Loss given Default.

The limit for exposure to sectors of activity is defined as a maximum of 40% per sector of activity, in terms of the weight of the Net Exposure for each sector of activity over the Own Funds of each Group Entity.

As at 30 June 2025:

- There were no exposure excesses to Sovereigns, Institutions, or Sectors of activity;

- There was a specific excess in the net exposure to the Kingdom of Spain (Country risk);

- One Economic Group showed a net exposure above the established Single name limits for their respective risk grade. For each client with an exposure excess a specific plan is prepared, aiming at reducing the exposure and bringing it within the established limits.

It should also be referred that the assessment of the Single-name concentration is also performed within the Group RAS (Risk Appetite Statement) scope.

The Bank's management body and the Risk Assessment Committee are regularly informed on the evolution of the credit concentration risk metrics (against the mentioned limits) and on major risks.

The credit concentration risk is measured and monitored by the Risk Office.

The Risk Office maintains a simulation tool for supporting the analysis of the impact on changes on the Customers' exposures in the consumption of the respective concentration limits, which is used by the Credit Division and by the Commercial Networks within the scope of credit analysis for large clients with the purpose of ensuring that exposures are kept within the approved limits.

Real Estate risk

Real estate risk materialises through losses associated with changes in the value of assets held by the Group or, indirectly, through funds and/or real estate companies.

The Group detains a real estate portfolio, that comes from repossessed assets linked with recovery processes of non-performing exposures, that is subject to fluctuations and risks in the real estate market and the obligations arising from ownership of the properties.

As a credit institution operating in the financial market, the Bank does not operate directly in the real estate sector, neither as a sales agent nor as an operator in the rental segment.

In this context, the management of this portfolio is based on the following objectives:

- Minimise the risks associated with the real estate portfolio;
- Minimise management costs, maintenance and sale of properties;
- Maximise the financial results from the sale of foreclosed assets;
- Mitigate the portfolio's impact on the Group's cost of capital and liquidity.

Within this framework, the Group should optimise the outflow of foreclosed assets from the real estate portfolio, developing appropriate commercial strategies and exploring the distribution channels that are expected to be most effective at any given time to sell the different types of properties held by the Bank.

By managing this portfolio, the following risks were identified and monitored by the Group:

- Price risk – Risk associated with the devaluation of the property due to unfavourable developments in the real estate market, whether due to a decrease in demand or strong pressure on property sales;
- Liquidity risk - Inherent to the nature of real estate assets and the impact on the Group's liquidity position and respective financial costs of holding the property;
- Operational risk - associated with the processes of acquiring, maintaining and selling properties, which can result in costs or lost revenue (includes the risks of vandalism and deterioration of properties);
- Compliance risk - compliance with legal standards from the property acquisition process, to the requirements to be observed in its sale, including the responsibility of being a property owner;
- Fiscal risk – associated with possible tax contingencies relating to properties owned by the Group and monitoring the administrative and judicial proceedings;
- Reputational risk - related to the risks mentioned above, but also with the image projected by the Group in the way it manages its operations in the real estate market.

The risks associated above are mitigated by the Group through the existence of a team specialised in the management of this type of assets; a set of internal policies and standards that regulate the asset management processes on the balance sheet; and an insurance policy.

The portfolio of real estate assets has been progressively reduced by the Group over the last few years.

Market risk

Market risks represent potential losses arising from changes in interest or exchange rates and/or in the prices of various financial instruments, taking into account not only the correlations among these instruments but also their respective volatilities.

For profitability analysis and quantification and control of market risks, the following management areas are defined for each Group entity:

- Trading: Management of positions aimed at achieving short-term gains through sale or revaluation. These positions are actively managed, tradable without restrictions, and can be frequently and accurately valued. These include securities and derivatives resulting from sales activities.
- Funding: Management of institutional funding (wholesale funding) and money market positions.
– Investment: Management of all positions in securities intended to be held to maturity or for an extended period, as well as positions not tradable on liquid markets.
- Commercial: Management of positions arising from commercial activities with customers.
- Structural: Management of balance sheet items or operations which, due to their nature, are not directly related to any of the management areas referred to above.
- ALM: Assets and Liabilities Management.

The definition of these management areas allows for an effective separation between the trading and banking books, as well as a proper allocation of each transaction to the most appropriate management area, according to its context and strategy.

To ensure that the risk levels incurred in the Group's portfolios align with predefined risk tolerance levels, various market risk limits are established, at least on an annual basis, applicable to all portfolios of the relevant management areas. These limits are monitored daily (or intra-daily, for financial market areas) by the Risk Office.

Stop-loss limits are also set for portfolios in the financial market areas – Trading and Funding – based on multiples of the defined risk limits. The objective is to cap potential losses in these areas. If these limits are reached, a mandatory review of the underlying business strategy and assumptions associated with the positions in question is triggered.

Market risks of the prudential trading book [1]

For the daily measurement of generic market risk, which includes interest rate risk, exchange rate risk, equity risk and the price risk of credit default swap (indexes), the Group uses a Value-at-Risk (VaR) model, with a 10-business-day time horizon and a 99% confidence level.

Additionally, the Group uses an integrated market risk measure that covers all relevant risk subtypes. This measure incorporates generic, specific, non-linear and commodity risks. Each sub-type is measured individually using appropriate risk models, and the integrated measure is calculated without considering any diversification across the four subtypes (worst-case scenario approach).

For non-linear risk, the Group applies an internally developed methodology that replicates the effect of the main non-linear elements of option positions on portfolios results, similar to the VaR approach, using the same time horizon and confidence level.

Specific and commodity risks are measured using standard methodologies defined in applicable regulations, with an appropriate adjustment of the time horizon.

The following table presents the amounts at risk for the Trading Book, measured using approaches described above:

(Thousands of euros)

	30 June 2025	Max of global risk in the period	Min of global risk in the period	30 June 2024
Generic Risk (VaR)	1,112	3,016	485	1,220
Interest Rate Risk	978	1,811	318	1,190
FX Risk	378	1,500	255	549
Equity Risk	271	1,510	244	372
Diversification effects	*(514)*	*(1,805)*	*(332)*	*(891)*
Specific Risk	2	1	1	4
Non-Linear Risk	—	—	—	—
Commodities Risk	—	—	—	—
Global Risk	1,114	3,017	486	1,224

Several validation processes are conducted over time to ensure the internal VaR model is appropriate for assessing the risk in the Group's positions, with different scopes and frequency, including back testing, diversification effects estimation, and analysis of the comprehensiveness of risk factors.

In addition to VaR, the Group continuously tests a broad range of stress scenarios, the results of which are analysed to identify risk concentrations not captured by the VaR model.

(1) Trading Book - positions allocated to the Trading Management Area (and not specifically to the accounting trading book)

Interest rate risk

Interest rate risk from Banking Book operations is evaluated through a monthly risk sensitivity analysis, covering all operations in the Group's consolidated Balance Sheet, categorised by exposure currency. Market interest rate fluctuations impact the Group's net interest income in both the short- and long-term, as well as its economic value.

Key sources of this risk include Repricing Risk, from timing mismatches in asset and liability repricing; Yield Curve Risk, due to shifts in the interest rate environment affecting future cash flow valuations; Basis Risk, arising from unequal variations in reference rates with the same repricing period; and Credit Spread Risk, reflecting changes in credit spreads that impact asset and liability fair values.

Additionally, behavioural factors such as assumptions relating to deposits with no defined maturity, early repayments of consumer and mortgages, and redemptions of term deposits contribute to Interest Rate Risk in the Banking Book (IRRBB).

In order to identify the exposure of the Group's banking book to these risks, the monitoring of the interest rate risk takes into consideration the financial characteristics of each of the relevant contracts, with the respective expected cash-flows (principal and interest, without the spread component but including costs for liquidity, capital, operational and other) being forecasted according to the repricing dates, thus allowing for the calculation of the impact on economic value resulting from alternative scenarios of change of market interest rate curves.

The Group measures interest rate risk exposure using standardised sensitivity scenarios, typically assessing the impact of parallel shifts of ±100 and ±200 basis points on the economic value of the Banking Book. These analyses are complemented by the Supervisory Outlier Tests (SOTs), which assess exposure to IRRBB in the context of SREP, identifying potential adverse impacts on EVE under shock scenarios.

The following tables show the expected impact on the banking book economic value of the Banking Book resulting from parallel shifts in the yield curve by ±100 and ±200 basis points, for each of the main currencies in which the Group holds material positions:

(Thousands of euros)

	30 June 2025			
Currency	-200 bp (*)	- 100 bp (*)	+ 100 bp	+ 200 bp
CHF	4,276	2,138	(2,124)	(4,247)
EUR	(75,825)	(37,913)	17,492	34,983
PLN	191,918	95,959	(95,636)	(191,273)
USD	(11,620)	(5,810)	5,062	10,125
	108,749	54,374	(75,206)	(150,412)

(*) Scenario of decreasing rates, limited to non-negative rates (which implies effective variations of lesser amplitude than 100 bp, especially in shorter periods).

(Thousands of euros)

	31 December 2024			
Currency	-200 bp (*)	- 100 bp (*)	+ 100 bp	+ 200 bp
CHF	3,734	1,668	(1,713)	(3,393)
EUR	(55,339)	(17,400)	(2,590)	(15,642)
PLN	157,210	69,159	(69,603)	(119,933)
USD	(16,628)	(8,178)	7,192	14,240
	88,977	45,249	(66,714)	(124,728)

(*) Scenario of decreasing rates, limited to non-negative rates (which implies effective variations of lesser amplitude than 100 bp, especially in shorter periods).

As described in accounting policy 1.B, the financial statements of the Group's subsidiaries and associates placed abroad are prepared in their functional currency and translated into euro at the end of each financial period. The exchange rates used for the conversion of balance sheet amounts in foreign currency are the ECB reference rates at the end of each period. The conversion of results in foreign currency is calculated using average exchange rates according to the closing exchange rates of each month of the year. The rates used by the Group are as follows:

	Closing exchange rates (Balance sheet)		Average exchange rates (Income statement)	
Currency	30 June 2025	31 December 2024	30 June 2025	31 December 2024
AOA	1,085.4980	955.3050	1,004.0025	913.9959
BRL	6.4062	6.3942	6.2584	5.5093
CHF	0.9345	0.9382	0.9406	0.9608
MOP	9.4882	8.2838	9.4882	8.6197
MZN	74.9560	65.9290	69.5553	68.8800
PLN	4.2420	4.2767	4.2185	4.3113
USD	1.1734	1.0355	1.0896	1.0804

Foreign exchange and equity risk of the banking book

The foreign exchange risk of the banking book is internally transferred to the Trading area, in accordance with the Group's risk specialisation model for management of foreign exchange risk on the balance sheet. Structural foreign exchange exposures, including those resulting from interests in subsidiaries, are not transferred and may be hedged using market operations, in accordance with the defined strategy for structural foreign exchange risk management. This strategy aims at hedging against volatility in the CET1 ratio stemming from changes in exchange rates.

As of 30 June 2025, the Group 's financial investments denominated in foreign currency were not hedged.

When such hedges exist, on a consolidated basis, these are identified as net investment hedge sunder IFRS nomenclature. On an individual basis, they are designated as fair value hedges of the relevant investments. Gains and losses on instruments used to hedge net investments in foreign institutions are recognised in foreign exchange reserves and presented in the statement of comprehensive income.

The transfer of funds, including dividends, owed by BCP subsidiaries or associates in third countries, particularly those outside the European Union, may be subject to restrictions and exchange controls that, at any given time, are in force in the subsidiary's or associate's country of incorporation.

Regarding equity risk, the Group holds a limited number of low-risk positions, primarily within the investment portfolio, mainly resulting from foreclosure or payment-in-kind processes. These positions are managed by a specialised unit within the Group, with the associated risk monitored through metrics and limits set for market risk control.

Liquidity risk

The evaluation of the Group's liquidity risk is carried out using indicators set by the supervisory authorities on a regular basis and other internal metrics for which exposure limits are also fixed.

The monitoring of the liquidity position of the Group's operations in short-term time horizons (up to 3 months) is based on two internally defined indicators (immediate liquidity and quarterly liquidity). These indicators are calculated on a daily basis, taking into account the impact on the liquidity buffers available to discount with the respective central banks at the reference date of future estimated cash flows for each of the respective time horizon (3 days or 3 months) considering the set of transactions intermediated by the market areas, including transactions carried out with Corporate and Private networks customers, which, due to their size, must be quoted by the Trading Room. The remaining buffer in each time bucket is then compared to the amount of customer deposits, being the indicators assessed against exposure limits defined in the Bank's regulations.

In parallel, the evolution of the Group's structural liquidity position is calculated on a regular basis, identifying all the factors that justify the variations that have occurred. This analysis is submitted to the Capital and Assets and Liabilities Committee (CALCO) for appraisal, with a view to making decisions that lead to the maintenance of financing conditions adequate to the business sustainability.

The methodological aspects of the control of liquidity risk are a responsibility of the Risk Commission. This control includes the regular execution of stress tests, to characterise the Bank's risk profile and to ensure that the Group and each of its subsidiaries fulfil its obligations in the event of a liquidity crisis. These tests are also used to support the liquidity contingency plan and management decisions.

In the first half of 2025, the Group maintained a robust and stable liquidity position, reflected both in regulatory metrics and in internal liquidity risk indicators as defined in the Group's Risk Appetite Statement (RAS).

As of 30 June 2025, the consolidated Liquidity Coverage Ratio (LCR) stood at 336%, slightly below the 342% recorded as of 31 December 2024, thus maintaining a substantial buffer above the regulatory minimum requirement of 100%. The decrease was mainly driven, among other factors, by the payment of dividends and the share buyback programme carried out in Portugal.

The second short-term liquidity indicator included in the RAS—measuring the coverage of customer deposits by assets eligible for collateral with European central banks—showed a similar trend, recording a slight decrease in the same period, from 51% to 49%, nearly doubling the internally required threshold.

Regarding structural liquidity, the Group sustained a stable funding base, primarily supported by a high proportion of customer deposits, particularly from the retail segment and supplemented by medium- and long-term funding instruments. These included issuances under the Minimum Requirement for Own Funds and Eligible Liabilities (MREL) framework and Bank Millennium's covered bond programme.

As at 30 June 2025, the Net Stable Funding Ratio (NSFR) stood at 181%, unchanged from 31 December 2024, well above the minimum regulatory requirement of 100% . Consistently, the loan-to-deposit ratio, also monitored within the RAS, increased slightly from 65% to 67%, reflecting a prudent balance sheet management approach, while also highlighting the aforementioned recovery in lending activity in Portugal.

In line with the Liquidity Plan for the current year, BCP tapped the primary market twice during the first half of 2025: in March, it issued EUR 500,000,000 in Tier 2 subordinated debt, refinancing in advance at a significantly lower spread, an existing EUR 450,000,000, and offsetting the eligible Tier 2 reduction following a partial buyback conducted via a Liability Management exercise in the same month; in June, the Bank issued an additional EUR 500,000,000 in senior preferred debt, eligible for MREL, intended to refinance a maturing issuance of the same amount and type.

As the end of June 2025, the liquidity buffer eligible for discounting with the European Central Bank stood at EUR 32,227,122,000, reflecting a decrease of EUR 1,521,014,000 compared to year-end 2024. This reduction was driven by several factors, including loan book growth in Portugal, a decline in ECB-discountable credit portfolios, dividend payments, and the share buyback programme.

In March 2025, Bank Millennium returned to the market with a new issuance of PLN 800,000,000 in covered bonds, doubling the outstanding volume of this instrument since the end of 2024. The discountable liquidity buffer with the central bank also increased in line with the strong growth in customer deposits, mainly in the retail segment.

BIM maintained a solid liquidity position in the first half of 2025, supported by a significant increase in its deposit base and a corresponding improvement in the eligible buffer with its central bank. This development was further reinforced by a reduction in minimum reserve requirements for both local and foreign currency, enacted by the national central bank in the first quarter of 2025.

The pool of eligible assets for funding operations in the European Central Bank and other central banks, after haircuts, is detailed as follows:

(Thousands of euros)

	30 June 2025	31 December 2024
European Central Bank	13,492,660	15,437,781
Other Central Banks	11,515,707	10,001,379
	25,008,367	25,439,160

The amount discounted with the Bank of Mozambique amounts to EUR 531,000 (31 December 2024: EUR 755,000). There are no discounted amounts with other central banks.

The evolution of the ECB's Monetary Policy Pool, of the net borrowings at the ECB and of the liquidity buffer is analysed as follows:

(Thousands of euros)

	30 June 2025	31 December 2024
Collateral eligible for ECB, after haircuts:		
The pool of ECB monetary policy (i)	13,492,660	15,437,781
Outside the pool of ECB monetary policy	18,138,153	15,489,545
	31,630,813	30,927,326
Net borrowing at the ECB (ii)	(646,308)	(2,820,810)
Other collateralisation (iii)	50,000	—
Liquidity buffer (iv)	32,227,121	33,748,136

i) Corresponds to the amount reported in COLMS (Banco de Portugal application).
ii) Includes as at 30 June 2025 the amount of deposits with the Banco de Portugal and other liquidity with the Eurosystem (EUR 646,308,000) in excess over the minimum cash reserves (EUR 538,390,000).
iii) It represents a component of the current balance at Banco Portugal specifically allocated to the collateralisation of the Bank's covered bond programme.
iv) Eligible collateral available for discount with the ECB, after haircuts, deducted from the net funding at the ECB.

In consolidated terms, the refinancing risk of medium and long-term instruments will remain at very low levels over the next years, with no material impact, considering the liquidity buffers of the issuing entities.

Operational Risk

The operational risk management system is framed by the "3 Lines of Defence" Corporate Governance model and is based on an integrated structure of end-to-end processes, considering that a cross-functional view to the functional units of the organisational structure is the most suitable approach for the perception of risks and to estimate the effects of the corrective measures introduced for their mitigation. Furthermore, these processes model also underlies other strategic initiatives related to the management of this risk such as the actions to improve operating efficiency and the management of business continuity. Hence, the most relevant Group subsidiaries have their own process's structure, which is periodically adjusted according to business evolution, in order to ensure suitable coverage of the business activities (or business support activities) developed.

The responsibility for the day-to-day processes' management lies with the 1st Line of Defence: the process owners (seconded by process managers), whose mission is to characterise the operational losses captured under their processes, to monitor the respective Key Risk Indicators (KRI), to perform the Risks Self-Assessment (RSA) exercises, as well as to identify and implement suitable actions to mitigate operational risk exposures, thus contributing to the strengthening of control mechanisms and the improvement of the internal control environment. The periodic revision of the main processes in each geography is ensured by local structure units.

The Risk Management function (materialised in the Risk Office) and the Compliance function (materialised in the Compliance Office) represent the 2nd Line of Defence and are responsible for implementing the risk policy defined for the Group, proposing and developing approaches for managing this risk, supervising their implementation and challenging the 1st Line of Defence regarding the risk levels incurred. The Internal Audit function embodies the 3rd Line of Defence and supervises the appropriate fulfilment of the functions and activities of the remaining two lines of defence.

In 2024, the usual operational risk management activities continued to be executed by the various players involved in the management of this risk, aiming at an efficient and systematic identification, evaluation, mitigation and control of exposures, as well as at the appropriate reporting tasks, either to the Group's management bodies or within regulatory duties. The results of the RSA exercises evidence a robust control environment, demonstrating the Group's commitment to operational risk management through the continuous development of improvement actions that help mitigate exposures to this risk. Regarding the operational losses registered, it should be highlighted that their pattern was not different from what is usual and expected, with a higher frequency of losses of low amounts, without concentration in significant amounts.

The monitoring of KRI has allowed to identify opportunities for improvement that, together with the RSA exercises and the process of identification and registration of losses, provide for an effective management of this risk.

The Group's mobilisation to reinvent the banking experience, based on the digitisation and use of new technologies, entails relevant challenges in the management of operational risk, which include the reinforcement of the security of digital banking channels, the reinforcement of mechanisms for the prevention and detection of potential fraud, proper management of personal data and compliance with the information duties legally provided for in sales through digital banking channels.

Covenants

The contractual terms of instruments of various wholesale funding instruments encompass obligations assumed by entities belonging to the Group as borrowers or issuers, concerning general duties of corporate conduct, maintenance of banking activity and the inexistence of special guarantees constituted for the benefit of other creditors ("negative pledge"). These terms essentially reflect the internationally adopted standards for each of the types of debt instruments used by the Group.

The terms of the Group's intervention in rated securitisation transactions involving its own assets are subject to changes in case the Group triggers certain rating criteria. The criteria established in each transaction results mainly from the analysis performed at the moment that the transaction was structured, being usually applied by each rating agency in a standardised way to the securitisation transactions involving the same type of assets.

Regarding the Covered Bond Programmes of Banco Comercial Português, there are no relevant covenants related to a possible downgrade of BCP.

Hedge accounting

The detailed information of the strategies, hedge transactions, hedged items and hedging instruments applied by the Group, is shown in a table below:

Strategy	Description of hedge transactions	Hedged items	Hedging instruments
Cash flow volatility hedge of the flows generated by the portfolio of EUR floating rate mortgage loans (a)	Group hedges the risk of the volatility of interest payments from floating rate mortgages. The volatility of cash flows results from interest rate risk	Floating rate mortgage loans (BCP S.A.)	Interest Rate Swap (IRS) transactions
Cash flow volatility hedge due to future income and interest costs denominated in foreign currencies (a)	The Group hedges the risk of the volatility of cash flows generated by income and interest costs denominated in foreign currencies. The volatility of cash flows results from the currency risk	Cash flows resulting from income and interest costs denominated in foreign currencies (Bank Millennium S.A.)	FX position transactions
Cash flow volatility hedge for the flows generated by FX mortgage portfolio and its underlying PLN liabilities (a)	The Group hedges the risk of the volatility of cash flows generated by FX mortgages and by PLN liabilities financially underlying such loans. The volatility of cash flows results from the currency risk and interest rate risk	Cash flows resulting from the FX mortgage loan portfolio and PLN deposits together with issued debt PLN securities funding them (Bank Millennium S.A.)	CIRS transactions
Hedge of volatility of the cash flows generated by PLN denominated financial assets (a)	The Group hedges the risk of the volatility of cash flows generated by PLN denominated financial assets. The volatility of cash flows results from interest rate risk	Cash flows resulting from PLN denominated financial assets (Bank Millennium S.A.)	IRS transactions
Fair value hedge of fixed rate loans (a)	Group hedges changes in the fair value of cash flows of fixed rate loans due to changes in market interest rates	Fixed rate loans (BCP S.A.)	IRS transactions
Fair value hedge of fixed rate debt instruments (a)	Group hedges changes in the fair value of fixed rate bonds due to changes in market interest rates	Fixed rate debt securities, classified as Financial assets at amortised cost (BCP S.A.)	IRS transactions
Fair value hedge of fixed rate debt instruments in EUR (a)	Group hedges changes in the fair value of fixed rate bonds due to changes in market interest rates	Fixed rate debt securities, classified as Financial assets at fair value through other comprehensive income (BCP S.A. and ActivoBank S.A.)	IRS transactions
Fair value hedge of fixed rate issued debt instruments in EUR (a)	Group hedges changes in the fair value of fixed rate bonds due to changes in market interest rates	Fixed rate Issued debt (BCP S.A.)	IRS transactions
Fair value hedge of fixed rate deposits in EUR (a)	Group hedges changes in the fair value of fixed rate deposits due to changes in market interest rates	Term deposits (BCP S.A.)	IRS transactions
Fair value hedge of fixed rate deposits in EUR (macro hedge) (a)	Group hedges changes in the fair value of fixed rate deposits due to changes in market interest rates	Repayable demand deposits without maturity (BCP S.A. and ActivoBank S.A.)	IRS transactions
Fair value hedge of fixed rate deposits in USD (a)	Group hedges changes in the fair value of fixed rate bonds due to changes in foreign exchange and in market interest rates	Term deposits (BCP S.A.)	CIRS transactions
Fair value hedge of a fixed interest rate debt instrument (macro hedge) (a)	The Group hedges part of the interest rate risk associated with the change in the fair value of a fixed-rate debt instrument recorded in other comprehensive income, resulting from fluctuations in market interest rate	A portfolio of fixed coupon debt securities classified as financial assets measured at fair value through other comprehensive income denominated in PLN (Bank Millennium S.A.)	IRS transactions
Hedging the fair value of cash flows from issued fixed-rate liabilities denominated in foreign currencies (a)	The Group hedges part of the interest rate risk related to changes in the fair value of cash flows from issued fixed-rate liabilities denominated in foreign currencies, resulting from the volatility of market interest rates	Cash flows from issued fixed-rate liabilities denominated in foreign currencies (Bank Millennium S.A.)	IRS transactions
Hedging the fair value of the risk profile assigned to a portfolio of homogeneous, non-interest-bearing current accounts in PLN (portfolio hedge) (b)	The Group hedges part of the interest rate risk related to the change in the fair value of the risk profile assigned to the portfolios of homogeneous, non-interest-bearing current accounts in PLN and separately foreign currencies, resulting from the volatility of market interest rates.	Risk profile assigned to a portfolios of homogeneous, non-interest-bearing current accounts in PLN and separately in foreign currencies (Bank Millennium S.A.).	IRS transactions

(a) - Strategy applied in 2025 and 2024.
(b) - Strategy applied in 2025.

As at 30 June 2025, the table below includes the detail of the hedging instruments used in the Group's hedging strategies and accounted at the Balance sheet item - Hedging derivatives:

(Thousands of euros)

	30 June 2025			
	Hedging instruments			
		Book value		
Type of hedging	Notional	Assets	Liabilities	Change in fair value (A)
Fair value hedge				
Interest rate risk				
Interest rate swaps	38,275,886	84,755	21,194	6,510
Foreign exchange risk				
Currency and interest rate swap	419,674	—	26,772	690
	38,695,560	84,755	47,966	7,200
Cash flows hedging				
Interest rate risk				
Interest rate swaps	12,321,975	1,105	4,218	32,138
	12,321,975	1,105	4,218	32,138
Total	51,017,535	85,860	52,184	39,338

(A) Changes in fair value used to calculate the ineffectiveness of the hedge

As at 31 December 2024, the table below includes the detail of the hedging instruments used in the Group's hedging strategies and accounted at the Balance sheet item - Hedging derivatives:

(Thousands of euros)

	31 December 2024			
	Hedging instruments			
		Book value		
Type of hedging	Notional	Assets	Liabilities	Change in fair value (A)
Fair value hedge				
Interest rate risk				
Interest rate swaps	23,798,173	47,629	8,759	60,064
Foreign exchange risk				
Currency and interest rate swap	376,647	19,312	—	(253)
	24,174,820	66,941	8,759	59,811
Cash flows hedging				
Interest rate risk				
Interest rate swaps	11,501,067	2,408	6,724	468,167
Foreign exchange risk				
Currency and interest rate swap	81,633	—	23,558	998
	11,582,700	2,408	30,282	469,165
Total	35,757,520	69,349	39,041	528,976

(A) Changes in fair value used to calculate the ineffectiveness of the hedge

As at 30 June 2025, the table below includes the detail of the hedged items:

(Thousands of euros)

	30 June 2025							
	Hedged items							
		Book value		Cumulative value of the adjustments			Cash flow hedge reserve / Currency translation reserve	
Type of hedging	Balance sheet item	Assets	Liabilities	Assets	Liabilities	Change in fair value (A)	Hedging relationships in effect	Hedging relationships discontinued
Fair value hedge								
Interest rate risk								
Interest rate swaps	(B)	1,134,632	—	(13,861)	—	(2,515)	n/a	n/a
	(H)	13,679,855	—	(36,314)	—	(2,051)	n/a	n/a
	(C)	5,794,830	—	(30,752)	1,631	16,022	n/a	n/a
	(D)	—	—	—	—	—	n/a	n/a
	(E)	—	9,138,280	—	120,900	(4,106)	n/a	n/a
	(F)	—	3,069,638	—	1,809	(7,216)	n/a	n/a
	(G)	—	1,030,443	—	(2,425)	(11,717)	n/a	n/a
Foreign exchange risk								
Currency and interest rate swap	(C)	87,307	—	—	845	(845)	n/a	n/a
	(E)	—	332,367	—	(105)	37	n/a	n/a
		20,696,624	13,570,728	(80,927)	122,655	(12,391)	n/a	n/a
Cash flows hedging								
Interest rate risk								
Interest rate swaps	(B)	12,321,975	—	—	—	(32,138)	30,016	(683,866)
		12,321,975	—	—	—	(32,138)	30,016	(683,866)
Total		33,018,599	13,570,728	(80,927)	122,655	(44,529)	30,016	(683,866)

(A) Change in fair value of the hedge item used to calculate the ineffectiveness of the hedge
(B) Financial assets at amortised cost - Loans and advances to customers
(C) Financial assets at fair value through other comprehensive income
(D) Financial liabilities at amortised cost - Deposits from credit institutions and other funds
(E) Financial liabilities at amortised cost - Deposits from customers and other funds
(F) Financial liabilities at amortised cost - Non-subordinated debt securities issued
(G) Financial liabilities at amortised cost - Subordinated debt
(H) Debt securities not associated with credit operations

As at 31 December 2024, the table below includes the detail of the hedged items:

(Thousands of euros)

	31 December 2024							
	Hedged items							
							Cash flow hedge reserve / Currency translation reserve	
	Balance sheet item	Book value		Cumulative value of the adjustments		Change in fair value (A)	Hedging relationships in effect	Hedging relationships discontinued
Type of hedging		Assets	Liabilities	Assets	Liabilities			
Fair value hedge								
Interest rate risk								
Interest rate swaps	(B)	879,845	—	(11,565)	—	8,706	n/a	n/a
	(H)	8,999,175	—	(32,878)	—	(372)	n/a	n/a
	(C)	2,710,442	—	(52,993)	2,003	33,078	n/a	n/a
	(D)	—	—	—	—	—	n/a	n/a
	(E)	—	6,757,347	—	127,030	(63,732)	n/a	n/a
	(F)	—	2,523,356	—	(5,507)	(15,188)	n/a	n/a
	(G)	—	1,062,003	—	(17,808)	(24,023)	n/a	n/a
Foreign exchange risk								
Currency and interest rate swap	(E)	—	376,647	—	(81)	137	n/a	n/a
		12,589,462	10,719,353	(97,436)	105,637	(61,394)	n/a	n/a
Cash flows hedging								
Interest rate risk								
Interest rate swaps	(B)	11,501,067	—	—	—	(468,167)	(2,245)	(877,187)
Foreign exchange risk								
Currency and interest rate swap	(B)	81,633	—	—	—	(1,050)	(165)	—
		11,582,700	—	—	—	(469,217)	(2,410)	(877,187)
Total		24,172,162	10,719,353	(97,436)	105,637	(530,611)	(2,410)	(877,187)

(A) Change in fair value of the hedge item used to calculate the ineffectiveness of the hedge
(B) Financial assets at amortised cost - Loans and advances to customers
(C) Financial assets at fair value through other comprehensive income
(D) Financial liabilities at amortised cost - Deposits from credit institutions and other funds
(E) Financial liabilities at amortised cost - Deposits from customers and other funds
(F) Financial liabilities at amortised cost - Non-subordinated debt securities issued
(G) Financial liabilities at amortised cost - Subordinated debt
(H) Debt securities not associated with credit operations

The reconciliation of each equity component and an analysis of other comprehensive income attributable to hedge accounting, is as follows:

(Thousands of euros)

	Cash flow hedge reserve	
	30 June 2025	31 December 2024
Balance as at 1 January	(879,597)	(1,280,910)
Amounts recognised in other comprehensive income:		
Cash flow hedge		
Changes in fair value of currency and interest rate swaps	32,138	469,217
Foreign exchange changes	(37)	(196)
Hedge breakage	193,322	(68,716)
Ineffectiveness of coverage recognised in results	—	52
Others	324	956
Balance at the end of the period	(653,850)	(879,597)

The table below includes information on the effectiveness of hedging relationships, as well as impacts on profit or loss and other comprehensive income, as at 30 June 2025:

(Thousands of euros)

	30 June 2025					
				Amounts reclassified from reserves to P&L for the following reasons:		
Type of hedging	Income statement item (A)	Gains/(losses) recognised in Other comprehensive income	Hedging ineffectiveness recognised in Income statement (A)	Income statement item (B)	Cash flows that were being hedged (C)	Hedged item with an impact on results
Fair value hedge						
Interest rate risk						
Interest rate swaps	(D)	—	(5,074)		—	—
Foreign exchange risk						
Currency and interest rate swap	(D)	—	(117)		—	—
		—	(5,191)		—	—
Cash flows hedging						
Interest rate risk						
Interest rate swaps	(D)	2,769	—	(E)	(192,590)	—
		2,769	—		(192,590)	—
Total		2,769	(5,191)		(192,590)	—

(A) Income Statement item in which the ineffectiveness of the hedge was recognised
(B) Income Statement item in which the reclassified amount was recognised
(C) but which are no longer expected to occur
(D) Gains/(losses) on hedge accounting
(E) Interest an similar income

The table below includes information on the effectiveness of hedging relationships, as well as impacts on results and other comprehensive income, as at 31 December 2024:

(Thousands of euros)

	31 December 2024					
				Amounts reclassified from reserves to P&L for the following reasons:		
Type of hedging	Income statement item (A)	Gains/(losses) recognised in Other comprehensive income	Hedging ineffectiveness recognised in Income statement (A)	Income statement item (B)	Cash flows that were being hedged (C)	Hedged item with an impact on results
Fair value hedge						
Interest rate risk						
Interest rate swaps	(D)	—	(1,467)		—	—
Foreign exchange risk						
Currency and interest rate swap	(D)	—	(116)		—	—
		—	(1,583)		—	—
Cash flows hedging						
Interest rate risk						
Interest rate swaps	(D)	2,740	—	(E)	(344,971)	—
Foreign exchange risk						
Currency and interest rate swap	(D)	1,225	(52)		—	—
		3,965	(52)		(344,971)	—
Total		3,965	(1,635)		(344,971)	—

(A) Income Statement item in which the ineffectiveness of the hedge was recognised
(B) Income Statement item in which the reclassified amount was recognised
(C) but which are no longer expected to occur
(D) Gains/(losses) on hedge accounting
(E) Interest and similar income

The table below shows the detail of hedging instruments, as at 30 June 2025, by maturity:

(Thousands of euros)

	30 June 2025					
	Remaining period				Fair value	
Type of hedging	Up to 3 months	3 months to 1 year	Over 1 year	Total	Assets	Liabilities
Fair value hedging derivatives related to interest rate risk changes:						
OTC Market:						
Interest rate swaps						
Notional	70,721	687,160	37,518,005	38,275,886	84,755	21,194
Fixed interest rate (average)	5.76%	1.12%	3.06%	3.03%		
Fair value hedging derivatives related to currency risk changes						
OTC Market:						
Currency and interest rate swap	217,317	115,050	87,307	419,674	—	26,772
Cash flow hedging derivatives related to interest rate risk changes:						
OTC Market:						
Interest rate swaps	1,320,000	4,926,975	6,075,000	12,321,975	1,105	4,218
Total derivatives traded by						
OTC Market:	1,608,038	5,729,185	43,680,312	51,017,535	85,860	52,184

The table below shows the detail of hedging instruments, as at 31 December 2024, by maturity:

(Thousands of euros)

	31 December 2024					
	Remaining period				Fair value	
Type of hedging	Up to 3 months	3 months to 1 year	Over 1 year	Total	Assets	Liabilities
Fair value hedging derivatives related to interest rate risk changes:						
OTC Market:						
Interest rate swaps						
Notional	463,500	201,596	23,133,077	23,798,173	47,629	8,759
Fixed interest rate (average)	-0.35%	3.15%	2.77%	2.72%		
Fair value hedging derivatives related to currency risk changes						
OTC Market:						
Currency and interest rate swap	96,576	280,071	—	376,647	19,312	—
Cash flow hedging derivatives related to interest rate risk changes:						
OTC Market:						
Interest rate swaps	1,205,000	2,107,537	8,188,530	11,501,067	2,408	6,724
Cash flow hedging derivatives related to currency risk changes:						
OTC Market:						
Currency and interest rate swap	81,633	—	—	81,633	—	23,558
Total derivatives traded by						
OTC Market:	1,846,709	2,589,204	31,321,607	35,757,520	69,349	39,041

Climate risks - Integration of ESG Factors in Risk Management

In its risk classification, the BCP Group recognises that issues associated with climate and environmental dimensions, as well as social and governance aspects, act as factors impacting traditional risk categories. These risk factors are not considered separately; in fact, they are seen as elements that can positively or negatively affect the financial performance and solvency of the Bank's customers and counterparties. This way, their impacts materialise through traditional risk categories: credit, market, liquidity, operational, and reputational.

Within this context, and with the goal of promoting the integration of ESG factors into risk management, the Group has implemented a set of processes and methodologies to identify, assess, manage, and monitor the impact of ESG factors on overall risk, in accordance with the framework and policies already established for other financial and non-financial risks.

Governance Model

The sustainability governance model and the risks arising from ESG factors follow a structure based on three lines of defence which, under the leadership of the Board of Directors (and its specialized committees and the Executive Committee), ensure its adequate assessment and management.

The Executive Committee is responsible for ensuring that ESG policies and strategies are followed, through the mobilisation of resources and the execution of necessary operational and business actions. The Sustainability Commission assists the Executive Committee in integrating sustainability principles into decision-making and management processes, being responsible for evaluating and approving initiatives of the Sustainability Master Plan, as well as making necessary adjustments and monitoring their implementation.

Within the Board of Directors (BoD) committees, the Corporate Governance, Ethics and Sustainability Committee (CGESC) is the body responsible for recommending to the Board the adoption of policies in line with ethical principles and social responsibility, and with best practices in corporate governance and sustainability.

It also monitors the progress of the Sustainability Master Plan and the Corporate Social Responsibility Plan, and issues opinions on the annual governance and sustainability reports. The Risk Assessment Committee (RAC) advises the Board on identifying, managing and controlling ESG risk factors, monitoring the Group's risk appetite and performance, and supervising the adequacy of the ESG internal control system, focusing on the effectiveness of the risk management system to handle ESG risk drivers and any related reputational risk cases the Group may be directly or indirectly associated with.

Identification of ESG risks

Climate change and environmental degradation factors are elements that can affect economic activity, through the mitigation and adaptation efforts of economic agents toward sustainable use of resources, the transition to a circular economy, pollution prevention and control, and biodiversity protection/restoration, including marine biodiversity and resources (cf. EU Taxonomy).

The materialisation of these risks fundamentally stems from the Group's portfolio exposure to customers, counterparties, and invested assets whose performance may be affected by or contribute to the negative impacts of climate change and other environmental factors. These factors may generate negative financial impacts, which are identified and assessed through key dimensions:

- **Physical Risk Factors**: arising from the physical effects of climate change and environmental degradation. They are categorised as acute risks, arising from extreme weather events like wildfires or floods, and chronic risks, from gradual changes in climate patterns or ecosystem degradation.

- **Transition Risk Factors**: are the risks of any negative financial impact resulting from the ongoing or future efforts to transition to a low-carbon and environmentally sustainable economy. This can result from technological changes, public policy impacts, or behavioural changes in demand for goods or services (including banking services).

- **Biodiversity and Nature-Related Risk Factors**: the degradation of natural capital, which in this context encompasses environmental risks. Natural capital refers to the world's stocks of natural assets, including geology, soil, air, water, and all living organisms, as well as the organisation and distribution of ecosystems. Its degradation undermines nature's ability to provide ecosystem services (food, raw materials, freshwater, etc.) on which human society, economies, and other species depend. The degradation of natural capital can have chronic and acute economic effects.

The materialisation of social risks is also evaluated, considering issues related to the rights, well-being, and interests of people and communities, and including factors like human rights, inequality, health, diversity, inclusion, labour relations, workplace health and safety, human capital, and communities.

In addition, the Group identifies governance risk factors through issues related to leadership, executive remuneration, shareholder rights, anti-corruption and anti-bribery practices, conflict of interest management and prevention, internal control quality and independent audits, transparency, and good tax practices, among others.

To assess the potential impact of these factors on its risk profile, the Group has developed a methodology for assessing the materiality of ESG risk factors.

Management and Monitoring Principles

The management, monitoring and control of ESG risk factors follow a different logic compared to traditional risks, which are based on short-term horizons. In contrast, ESG risk factors will materialize over longer time horizons, so the establishment of strategy and risk appetite follows different time frames. For example, evaluating physical risk factors (acute) may determine a more short-term focused strategy (e.g., establishing additional mitigation measures in credit policies and insurance policies), while transition risk factors justify a more structural approach, based on information collection, client evaluation, and long-term performance monitoring. With this perspective, the Group's management of ESG impacts follows these principles:

- Establishing a corporate policy responsible financing that excludes or conditions the Group's operations in sectors and/or activities with greater environmental and social impact;
- Integrating the strategy for managing risks arising from ESG factors into the Group's overall sustainability plan, guiding the integration of the ESG dimension into business processes, setting objectives, schedules and a control model to ensure compliance;
- Transparency in communication: the Group publicly discloses its sustainability objectives and main practices and the management of ESG impact factors, allowing all stakeholders to evaluate the robustness of its approach, including exposure to risks arising from ESG factors;
- Regular monitoring of exposure to risks arising from ESG factors through established management information routines for each risk category;
- Internal standardisation of ESG references through a corporate taxonomy that identifies and classifies exposures that demonstrably promote the economic transition;
- Focus on credit risk management through models that promote the integration of the ESG dimension into the risk assessment of the Group’s main companies/customers, ensuring that business decisions incorporate an evaluation of the main ESG impact factors;
- Collecting and structuring information using public sources and information provided directly by customers to improve knowledge of customers’ environmental performance and possible financial impacts associated with any limitations in that performance.

The implementation of these principles is promoted through an internal policy for managing risks arising from ESG factors, which establishes the following main risk tools:

- Regular assessment of the materiality of risks arising from ESG factors to confirm alignment with risk appetite and the need for mitigation actions;
- Risk assessment methodologies arising from ESG factors integrated into credit risk assessment models;
- Portfolio-level risk classification methodologies to identify sectors, companies and exposures most subject to transition and/or physical and/or nature-related risk factors;
- Quantification models for financed greenhouse gas (GHG) emissions, promoting strategic discussions on managing these emissions and their alignment (in time) with the Paris Agreement targets;
- Sensitivity analyses and stress tests focusing on climate risks.

55. Mozambique's sovereign debt

According to an International Monetary Fund (IMF) statement dated 23 April 2016, the State of Mozambique had guaranteed debt in an amount over USD 1 billion that had not been previously disclosed to the IMF. Following this disclosure, the economic programme 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.

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 Judgement, 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.

In 2024, and 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.

On 19 February 2025, S&P further downgraded its long-term government debt rating by 1 notch from CCC to CCC-, due to liquidity challenges and apparent delays in payments to domestic creditors.

On 21 March 2025, S&P downgraded the rating of Mozambique's long-term local currency sovereign debt again from CCC- to SD (Selective Default).

The reasons given by S&P for this rating are:

- Two debt swaps between October 2024 and March 2025, for issues with a lower interest rate and longer term, while participation in auctions as decreased. These swaps were considered operations in financial difficulties, equivalent to a default;

- The absence of tax adjustments and the significant volume of payments to be made between 2025 and 2026 increase the risk of default and of a broader restructuring of domestic debt. In addition, the national financial sector is already significantly exposed to public debt, with more than 20% of the total assets of the banking system in government securities;

- Mozambique's weak tax position, as pressure on spending continues to grow.

Following this downgrade, BIM proceeded to classify the long-term government debt for stage 2, which contributed to the reinforcement of the impairment mentioned below.

As at 30 June 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 34,468,550,000 corresponding to EUR 459,850,000 (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 10,569,875,000 corresponding to EUR 141,014,000 (31 December 2024: MZN 9,396,711,000 corresponding to EUR 142,528,000).

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 3,730,130,000 (EUR 49,764,000) as at 30 June 2025 (31 December 2024: MZN 2,358,324,000 (EUR 35,771,000). The impact on profit in the first half of 2025 is MZN 1,222,022,000 (Euros 17,569,000), while the impact in the financial year of 2024 was MZN 2,372,954,000 (EUR 34,404,000).

Additionally, the Group has also recorded as at 30 June 2025, in the balance Loans and advances to customers, a direct gross exposure to the Mozambican State in the amount of MZN 18,110,844,000 corresponding to EUR 241,620,000 (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 910,670,000 corresponding to EUR 12,146,000 (31 December 2024: MZN 2,943,963,000orresponding to EUR 44,600,000).

As at 30 June 2025 considering the 66.7% indirect investment in BIM, the Group's interest in BIM's equity amounted to EUR 328,129,000 (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 171,815,000 (31 December 2024: negative amount of EUR 128,243,000). BIM's contribution to consolidated net income in the first half of 2025, attributable to the shareholders of the Bank, was a positive amount of EUR 15,800,000 (30 June 2024: positive amount of EUR 31,180,000).

56. 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.° 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.

The Lisbon Court of Appeal rejected the Public Prosecutor's Office's claims of nullity regarding the statute of limitations.

The Competition Authority and the Public Prosecutor's Office then filed appeals to the Constitutional Court against the Lisbon Court of Appeal's ruling of February 10, 2025, which declared the statute of limitations for the administrative offense proceedings to be time-barred.

Both the Competition Authority and the Public Prosecutor's Office raised questions of unconstitutionality related to the exclusion of preliminary references to the CJEU as a ground for suspending the statute of limitations in administrative offense proceedings. While the Competition Authority focuses on the uniform application of European law and the effectiveness of the competition sanctions regime, pointing out violations of the principles of the Primacy of European Union Law and Effective Legal Protection, the Public Prosecutor's Office adopts a broader approach, also including violations of the Principle of Equality.

These appeals were admitted by the Regional Court of Appeal and were brought before the Constitutional Court.

The Constitutional Court admitted these appeals and issued a Summary Decision on June 4, 2025, disregarding the appeals filed by the Competition Authority and the Public Prosecutor's Office.

Following this Summary Decision, the Competition Authority filed an appeal against the Constitutional Court's individual decision to disregard the appeals filed by the Competition Authority and the Public Prosecutor's Office, which the Constitutional Court is currently awaiting.

The Constitutional Court's decision on the appeal is currently awaited.

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.

On 8 January 2025, the Court ordered the attachment of Case nº 10/24.2YQSRT, identified below, to this case.

On 8 July 2025, the TCRS issued an Order of Acquittal of the Instance regarding the claims filed by IUS Omnibus because the class of defendants was not adequately defined by Plaintiff Ius Omnibus.

Ius Omnibus is expected to appeal this decision.

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.

On 8 January .2025, the Court ordered this to be attached to Process No. 6/24.4YQSRT.

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 and therefore no provision has been recognized.

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. Bank Millennium has created a provision in the amount equal to the imposed penalty. On 15 July 2025, during a closed session, a judgment was issued dismissing the Bank's cassation complaint, as a result of which the decision of the OPCC Chairman became final.

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 171.9 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 149.9 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 123 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. The Bank has been served with the Plaintiff's cassation complaint and has submitted a formal response. The Bank is of the opinion that there is a strong likelihood that the Supreme Court will decline to admit the cassation complaint for substantive review.

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 1,737,649.2).

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 obligation has been fulfilled.

The Bank Millennium has recognized a provision for this case in the amount of PLN 4.4 million (EUR 1 million).

As at 30 June 2025, there were also 75 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 30 June 2025, Bank Millennium received 1,851 lawsuits in which the plaintiffs (both clients and companies purchasing claims), alleging violation of the information obligations and demanding reimbursement of interest and other costs incurred in connection with taking out a loan.

Based on publicly available information, it can be assumed that there will be an increase in the number of lawsuits concerning the free loan sanction. 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 30 June 2025, 214 cases have been legally concluded, in 183 cases the Bank won the dispute and lost in 31 cases. Disputes in the above respect are 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 Tribunal, 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."

As at 30 June 2025, the Bank Millennium had not recognized provisions for legal risk related to the free loan sanction.

10. By 30 June 2025, Bank Millennium recorded the receipt of 185 lawsuits by borrowers of mortgage loans in PLN for reimbursement of benefits provided under the loan agreement. Three final and favourable rulings for the Bank were issued. 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.

As at 30 June 2025, the Bank Millennium had not recognised provisions for legal risk related to mortgage loans in PLN.

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 the end of 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.

In connection with the proceedings, the Bank Millennium recognised a provision as at the end of June 2025 in the amount of PLN 37 million (EUR 8.8 million) based on estimated outflow of funds.

As at 30 June 2025, the Bank Millennium was a party to 343 court proceedings in which customers questioned the fact of their authorization of a transaction. In the cases in question, the Bank Millennium 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 9 May 2025, KNF issued a decision fully discontinuing the administrative proceedings concerning the imposition of a financial penalty on Bank Millennium, pursuant to Article 176i(1)(4) of the Act on Trading in Financial Instruments.

As at 30 June 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 5,926.4 million (EUR 1,397.1 million) (excluding the class actions described in note 57. 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 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 judgement of the verification and ranking of credits to be given in the liquidation proceedings.

According to the Resolution Fund's Annual Report of 2024, "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 judgement 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 judgement 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 25 of the Resolution Fund's Annual Report of 2024, *"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 2024, *"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"*.

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 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 Capitalisation 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 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 2024 Annual Report, under the terms of the sale of Novo Banco, the Fund is required to maintain Nani Holdings' stake at 75% when that stake is affected by capital increases carried out under the terms of the REAID.

According to the Resolution Fund's 2024 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.

On 13 June 2025, it was announced that a Memorandum of Understanding had been signed between the Lone Star funds and the BPCE Group for the sale of the 75% stake held by Lone Star in Novo Banco. The acquisition will be carried out for an estimated amount of EUR 6.4 billion for 100% of Novo Banco's share capital and is expected to be completed in early 2026.

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%.

According to the Resolution Fund's statement dated 13 June 2025, the sale of its stake as part of this transaction will result in a gross inflow of approximately EUR 866 million. This amount will be used to repay the Resolution Fund's debt, particularly to the State.

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 23 June 2025), Oitante approved the distribution of dividends to the Resolution Fund by EUR 13.1 million. With this new distribution, the amount delivered by Oitante to the Resolution Fund totals EUR 163.1 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 2024, 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 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 Capitalisation 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 2024 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 27 of the Resolution Fund's 2024 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 materialisation 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 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 2024, the Resolution Fund's own resources had a negative equity of EUR 6,475.8 million, as opposed to EUR 6,735.1 million at the end of 2023, according to the latest 2024 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 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 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 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 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 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 (1) of Regulation (EU) 806/2014.

In the first half of 2025, the Group made regular contributions to the Portuguese Resolution Fund in the amount of EUR 10,166 thousand. The amount related to the contribution on the banking sector in Portugal, recorded in this period was EUR 22,409 thousand. These contributions were recognised as a cost in the first half of 2025, 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 capitalisation 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. The Bank was subject to tax inspections for the years up to 2022. 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.

57. Provisions for legal risk related to foreign currency-indexed mortgages in Bank Millennium (Poland)

1. Court claims and current provisions for legal risk

On 30 June 2025, Bank Millennium had 20,294 loan agreements and additionally 2,305 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 (46% loans agreements before the courts of first instance and 54% loans agreements before the courts of second instance) with the total value of claims filed by the plaintiffs amounting to PLN 4,266.5 million (EUR 1,005.8 million) and CHF 339.8 million (EUR 363.6 million) [(Bank Millennium portfolio: PLN 3,772.8 million (EUR 889.4 million) and CHF 327.8 million (EUR 350.8 million) and former Euro Bank portfolio: PLN 493.7 million (EUR 116.4 million) and CHF 11.9 million (EUR 12.7 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 20,294 Bank Millennium's loan agreements in ongoing individual cases 468 are also part of class action. From the total number of individual litigations against the Bank approximately 4,140 or 20% 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 1,559. Out of 1,559 loan agreements in class action 468 are also part of ongoing individual cases, 52 concluded settlements and 36 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 2025, and then on 25 March 2025, 8 May 2025 and 6 June 2025, the court issued orders setting aside the judgment and discontinuing the proceedings from the persons who entered into amicable settlements. Based on these orders, the number of credit agreements covered by the class action dropped from 3,273 to 1,559.

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 6,152 (422), in 2022 the number increased by 5,755 (407), in 2023 the number increased by 6,863 (645), in 2024 the number increased by 5,842 (656), while in the first half of 2025 the number increased by 2,110 (253).

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 half of 2025, 12,303 cases were finally resolved (12,182 in claims submitted by clients against the Bank and 121 in claims submitted by the Bank against clients i.e. debt collection cases) out of which 3,732 were settlements, 110 were remissions, 81 rulings were favourable for the Bank and 8,380 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 30 June 2025 was CHF 1,047 million (EUR 1,120.4 million) [of which the outstanding amount of the loan agreements under the class action proceeding was CHF 70 million (EUR 74.9 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 6,951 million (EUR 1,638.6 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 half of 2025, Bank Millennium created PLN 920.4 million (EUR 218.2 million) of provisions for Bank Millennium originated portfolio and PLN 98.2 million (EUR 23.3 million) for the former Euro Bank originated portfolio. The balance sheet value of provisions for the Bank Millennium's portfolio at the end of June 2025 was PLN 7,391.1 million (EUR 1,742.4 million), and for the former Euro Bank portfolio, PLN 777.9 million (EUR 183.4 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 that approximately 13% of clients with active loans as at 30 June 2025 (respectively it was 12% as at 31 December 2024) will neither sign an out-of-court settlement nor decide to file a lawsuit;

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, Bank anticipates that approximately 2,5 thousand may result in future litigation initiated by the borrowers;

(3) the amount of the Bank's potential loss in the event of a specific court ruling, including estimated statutory interest, is based on values derived from historical observations. However, due to changes, among others, in case law (including, for example, the CJEU ruling of 19 June 2025) and in the litigation strategies of both clients and the Bank, the Bank expects that this assumption may lead to volatility in future periods.;

(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.

Bank Millennium is open to negotiate case by case 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 28,069. As the end of the first half of 2025, Bank Millennium had 20,256 active FX mortgage loans. Cost incurred in conjunctions with these negotiations totalled PLN 2,701.6 million (EUR 640.4 million).

In terms of the Consolidated Income Statement, these costs are reflected in the following items:

	30 June 2025		30 June 2024	
Item	thousand PLN	thousand EUR	thousand PLN	thousand EUR
Results on modification	10,584	2,509	42,254	9,801
Other operating income/(expenses)	33,864	8,027	66,981	15,536
Foreign exchange gains/(losses)	22,339	5,295	200,010	46,392
Charge of other provisions	1,018,600	241,458	1,123,590	260,618
Total costs	1,085,387	257,289	1,432,835	332,347

Legal risk from former Euro Bank portfolio is fully covered by Indemnity Agreement with Société Générale S.A.

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. 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.

On 1 July 2025, the Ministry of Justice published a revised draft of the law. This draft will be subject to further legislative work.

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.

Based on the information made public, the intention of the Ministry of Justice is for the regulations to come into force by the end of 2025.

At present, the Bank Millennium is unable to estimate the impact of the ongoing legislative work on the Bank's Financial Statements, but it does not alter the Bank's strategic approach, which remains focused on the amicable resolution of disputes with clients through the conclusion of settlement agreements.

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;

c. (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.

On 19 June 2025, the Court of Justice of the European Union issued a judgment in Case C-396/24 following preliminary questions referred by the District Court in Krakow in the case . The Court held that:

(i) Article 7(1) of Council Directive 93/13/EEC of 5 April 1993 on unfair terms in consumer contracts must be interpreted as meaning that: It precludes national case-law according to which, where a term of a loan agreement found to be unfair leads to the invalidity of that agreement, the trader is entitled to demand from the consumer the return of the entire nominal amount of the loan granted, regardless of the amounts repaid by the consumer under that agreement and regardless of the remaining amount to be repaid.

(ii) Article 7(1) of Directive 93/13 must be interpreted as meaning that: It precludes national provisions under which, in the event of the consumer acknowledging the trader's claim for the return of amounts paid under a loan agreement found to be invalid due to an unfair term contained therein, the court hearing the case is required ex officio to give the judgment upholding that claim immediate enforceability, unless national law allows that court to take all necessary measures to protect the consumer from particularly harmful consequences that may result from giving such enforceability to that judgment.

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 30 June 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.

On May 15, 2025, the Supreme Court issued a resolution by a panel of 7 Supreme Court judges (III CZP 22/24), in which it indicated that:

(i) Under the legal state in force until June 30, 2022, a request for a settlement attempt interrupted the limitation period of the claim, unless the circumstances of making this action indicate that it was not undertaken directly for the purpose of pursuing or determining, or satisfying or securing the claim (Article 123 § 1 point 1 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.

58. List of subsidiaries and associates of Banco Comercial Português Group

SUBSIDIARIES

As at 30 June 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	163,000,000	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 %	—
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	5,899,789	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 %	—

In the first half of 2025, the Group liquidated the subsidiary BCP International B.V..

As at 30 June 2025, the investment funds included in the consolidated accounts using the full consolidation method, were as follows:

					Group		Bank
Investment funds	Head office	Share capital	Currency	Activity	% 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	88,882,695	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 30 June 2025, the Special Purpose Entity included in the consolidated accounts under the full consolidation method is as follows:

					Group		Bank
Special Purpose Entities	Head office	Share capital	Currency	Activity	% 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 30 June 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	215,892,336	EUR	Banking	18.9 %	18.9 %	18.9 %
Lubuskie Fabryki Mebli, S.A. (in liquidation)	Swiebodzin	524,552	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 30 June 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	124,160,000	EUR	Venture capital fund	73.6 %	73.6 %	73.6 %
Fundo de Investimento imobiliário fechado Eurofundo (in liquidation)	Lisbon	9,452,000	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 30 June 2025, the Group's associates in the insurance sector included in the consolidated accounts under the equity method were as follows:

Associates	Head office	Share capital	Currency	Activity	Group		Bank
					% 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)

Subsidiaries and associates	30 June 2025			30 June 2024		
	Total Assets	Total Equity	Net income for the period	Total Assets	Total Equity	Net income for the period
Banco Comercial Português, S.A.	66,837,305	6,794,559	408,850	63,817,630	6,319,591	438,421
Banco ActivoBank, S.A.	4,867,614	311,349	21,970	3,996,987	268,852	16,409
Bank Millennium, S.A. (1)	34,521,832	1,981,490	121,072	31,467,095	1,705,135	82,791
BIM - Banco Internacional de Moçambique, S.A. (1)	2,762,036	492,054	23,694	2,934,217	512,386	46,757
BCP International B.V.	—	—	(15)	523,472	523,447	(488)
BCP Finance Bank, Ltd.	—	—	—	518,963	518,957	(374)
BCP África, S.G.P.S., Lda.	256,882	256,874	(20,998)	287,988	287,865	10,406
Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda.	187,358	187,088	3,978	147,405	146,393	4,502
Interfundos - Sociedade Gestora de Organismos de Investimento Coletivo, S.A.	7,625	6,340	240	8,148	6,436	414
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A. (1) (3)	8,538,612	480,292	37,573	8,334,786	469,037	37,628
Banco Millennium Atlântico, S.A. (2)	2,030,345	205,161	8,215	2,142,341	193,540	7,371
Banque BCP, S.A.S.	5,895,884	276,908	9,250	5,959,154	279,226	8,895

1) Consolidated accounts.
2) These indicators correspond to the statutory financial statements that do not include the effects of applying IAS 29.
3) The amounts of 30 June 2025 refer to the estimated financial statements.

59. 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 Interim report on the transactions conducted under the Share Buy-Back Programme

On 1 August 2025, in the context of the Buy-Back Programme, the Bank informed that has, up until that date, purchased 266.116.418 shares for a price amounting to a total of EUR 166,949,656.41 (execution rate of 83%), holding on that date an aggregate total 266.116.418 own shares, representing 1.76% of its share capital.

Banco Comercial Português, S.A. informed about 2025 EU-Wide Stress Test Results

On 1 August 2025, Banco Comercial Português, S.A. informed that it was subjected to the 2025 EU-wide stress test conducted by the European Banking Authority (EBA), in cooperation with the Banco de Portugal (BdP), the European Central Bank (ECB), and the European Systemic Risk Board (ESRB).

Banco Comercial Português, S.A. notes the announcements made today by the EBA on the EU-wide stress test and fully acknowledges the outcomes of this exercise, comprising 64 banks that together represent around 75% of total banking assets in the European Union.

The 2025 EU-wide stress test does not contain a pass-fail threshold and instead is designed to be used as an important source of information for the purposes of the Supervisory Review and Evaluation Process (SREP). The results will assist competent authorities in assessing Banco Comercial Português, S.A. ability to meet applicable prudential requirements under stressed scenarios.

The adverse stress test scenario was set by the ECB/ESRB and covers a three-year time horizon (2025-2027). The stress test has been carried out applying a static balance sheet assumption as of December 2024, and therefore does not take into account future business strategies and management actions. It is not a forecast of Banco Comercial Português, S.A. financial evolution.

Considering the results of Banco Comercial Português, S.A, in the stress test, it should be highlighted the following:

- the application of the adverse scenario resulted in a reduction of 228 b.p. at the end of 2025, 152 b.p. at the end of 2026 and of 100 b.p. at the end of 2027 compared to the CET1 fully loaded restated (CRR3) capital ratio of 2024, which compares with an average reduction in the universe of the 64 banks submitted to this exercise, of 260 b.p. at the end of 2025, 275 b.p. at the end of 2026 and 304 b.p. at the end of 2027.
- the application of the baseline scenario resulted in an increase of 129 b.p in the fully loaded CET1 capital ratio at the end of 2025, 254 b.p. at the end of 2026 and of 279 b.p. at the end of 2027 compared to the CET1 fully loaded restated (CRR3) capital ratio of 2024, which compares with an average increase in the universe of the 64 banks submitted to this exercise, of 65 b.p at the end of 2025, 113 b.p. at the end of 2026 and 128 b.p. at the end of 2027.

Banco Comercial Português, S.A. informed on notification by Banco de Portugal regarding MREL requirements

On 11 July 2025, Banco Comercial Português, S.A. ("BCP" or the "Bank") informed that it has been notified by Banco de Portugal, as the national resolution authority, about the update of its minimum requirement for own funds and eligible liabilities ("MREL" or "Minimum Requirement for own funds and Eligible Liabilities") as decided by the Single Resolution Board.

The resolution strategy applied continues to be that of a multiple point of entry ("MPE"). The MREL requirements to be met by BCP Group of Resolution (consisting of BCP, S.A., Banco ActivoBank, S.A. and all the subsidiary companies of BCP apart from Bank Millennium S.A. and Banco Internacional de Moçambique and their respective subsidiaries), with immediate application, is of:

- 24.89% of the total risk exposure amount ("TREA") to which adds further a combined buffer requirement ("CBR"), which also includes the “Countercyclical Capital Buffer” — CCyB and the “Systemic Risk Buffer” — SyRB, currently of 3.95%, thus corresponding to total requirements currently of 28.84%; and
- 6.86% of the leverage ratio exposure measure ("LRE").

Additionally, the Bank informed that is not subject to any subordination requirements.

In accordance with the regulations in force, MREL requirements could be annually updated by the competent authorities, and therefore these targets replace those previously set.

At the date of this announcement, BCP informed that it complies with the established MREL requirements, both as a percentage of the TREA (including the CBR) and as a percentage of the LRE.

Declaration of Compliance

DECLARATION OF COMPLIANCE

It is hereby declared that, to the best of the knowledge of the undersigned, the individual and consolidated financial statements of Banco Comercial Português, S.A. ("BCP" or "Bank"), which include (i) the individual and consolidated balance sheets, (ii) the individual and consolidated income statements, (iii) the maps of changes in equity and individual and consolidated cash flows, (iv) a summary of the significant accounting policies, and (v) of the individual and consolidated explanatory notes, give a true and appropriate image of the individual and consolidated financial situation of the Bank as at 30 June 2025, of the individual and consolidated earnings of their operations and changes in equity and in individual and consolidated cash flows for the year ended on that date, in accordance to the International Accounting Standards, as adopted by the European Union.

The Bank's individual and consolidated financial statements relative to 30 June 2025 and the management report were approved by the Board of Directors on 8 August, 2025.

Furthermore, it is also declared that the management report of BCP for first half-year of 2025 faithfully presents the evolution of the business, performance and situation of the Bank and companies included in the consolidation perimeter and contain a description of the main risks and uncertainties faced by them, have been approved by the Board of Directors on 8 August, 2025.

Porto Salvo, 8 August 2025

Nuno Manuel da Silva Amado
(Chairperson)

Jorge Manuel Baptista Magalhães Correia
(Vice-Chairman)

Valter Rui Dias de Barros
(Vice-Chairman)

Miguel Maya Dias Pinheiro
(Vice-Chairman)

Altina de Fátima Sebastian Gonzalez Villamarin
(Member)

Ana Paula Alcobia Gray
(Member)

Cidália Maria Mota Lopes
(Member)

Esmeralda da Silva Santos Dourado
(Member)

Fernando da Costa Lima
(Member)

João Nuno de Oliveira Jorge Palma
(Member)

José Miguel Bensliman Schorcht da Silva Pessanha
(Member)

Lingjiang Xu
(Member)

Lingzi Yuan (Smilla Yuan)
(Member)

Maria José Henriques Barreto Matos de Campos
(Member)

Miguel de Campos Pereira de Bragança
(Member)

José Pedro Rivera Ferreira Malaquias
(Member)

Rui Manuel da Silva Teixeira
(Member)

External Auditors' Report

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LIMITED REVIEW REPORT ON CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(This report is a free translation to English from the original Portuguese version. In case of doubt or misinterpretation the Portuguese version will prevail.)

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements of **Banco Comercial Português, S.A.** (the Group), which comprise the condensed consolidated balance sheet as of 30 June 2025 (that presents a total of 105,465,539 thousand euro and total consolidated equity of 8,403,717 thousand euro, including a consolidated net profit attributable to the shareholders of 502,276 thousand euro), the condensed consolidated interim statements of income, comprehensive income, changes in equity and cash flows for the six month period then ended, and notes to the condensed consolidated interim financial statements.

Management's responsibilities

Management is responsible for the preparation of this condensed consolidated interim financial statements in accordance with IAS 34 – Interim Financial Reporting as adopted by the European Union, and for the implementation and maintenance of an appropriate internal control system to enable the preparation of condensed consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibilities

Our responsibility is to express a conclusion on the accompanying condensed consolidated interim financial statements. Our work was performed in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" and further technical and ethical standards and guidelines issued by the Portuguese Institute of Statutory Auditors ("Ordem dos Revisores Oficiais de Contas"). These standards require that we conduct the review to conclude whether anything has come to our attention that causes us to believe that the condensed consolidated interim financial statements are not prepared in all material respects in accordance with the IAS 34 – Interim Financial Reporting as adopted by the European Union.

A limited review of condensed consolidated interim financial statements is a limited assurance engagement. The procedures that we have performed consist mainly of making inquiries and applying analytical procedures and subsequent assessment of the evidence obtained.

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

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Capital Social: 3.916.000 Euros - Pessoa Coletiva N.º PT 502 161 078 - Inscrito na O.R.O.C. N.º 189 - Inscrito na C.M.V.M. N.º 20161489
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The procedures performed in a limited review are substantially less that those performed in an audit conducted in accordance with International Standards on Auditing (ISA). Accordingly, we do not express an audit opinion on these condensed consolidated interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements of **Banco Comercial Português, S.A.** as at 30 June 2025, are not prepared, in all material respects, in accordance with the IAS 34 – Interim Financial Reporting as adopted by the European Union.

8 August 2025

SIGNED ON THE ORIGINAL

KPMG & Associados
Sociedade de Revisores Oficiais de Contas, S.A.
(nr. 189 and registered at CMVM with nr. 20161489)
represented by
Miguel Pinto Douradinha Afonso
(ROC nr. 1454 and registered at CMVM with the nr. 20161064)

H1 2025 Report & Accounts

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Banco Comercial Português, S.A.

Registered Office:
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4000-295 Porto

Share Capital:
EUR 3,000,000,000.00

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