



Market Discipline Report 2025





Millennium bcp

Market Discipline Report 2025

Statement pursuant to part VIII of EU Regulation number 575/2013 please find herein the transcription of the

2025 Market Discipline Report

BANCO COMERCIAL PORTUGUÊS, S.A.

Public Company

Head Office: Praça D. João I, 28, 4000-295 Porto – Share Capital of 3.000.000.000 euro

Registered at Porto Commercial Registry, under the single registration and tax identification number 501 525 882

Millennium bcp





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1. Introduction

This document, "Market Discipline Report 2025", is comprised within the requisites for the provision of information foreseen in Pillar III of the capital agreement complementing the information provided in the 2025 Annual Report of Banco Comercial Português, S.A. (hereinafter referred to as "Bank" or "Millennium bcp") concerning the information on risk management and capital adequacy on a consolidated basis, namely in what concerns the provision of detailed information on the capital, the risks assumed, solvency and respective control and management processes.

This information is available on Millennium bcp website and will also be published in the EBA's P3DH. The information in this Report is complemented with the Bank's 2025 Annual Report.

This Report is based on information referring to the end of the 2025 financial year.

Most of the figures in the tables in this report are in millions of euros. Some tables, however, contain figures in thousands of euros to provide the reader with more detailed information. This is clearly indicated in the title of each table.

This report was prepared in line with the Bank's governance and data quality policy and was coordinated by the Risk Office with the support of several first line of defence division (e.g., planning, accounting, human resources). Prior to the approval by the Board of Directors the report was reviewed by the Compliance Office and by the Internal Audit Division.

1.1. Framework and regulatory basis

This report has an underlying prudential approach and aims to comply with the duty of public disclosure of information provided for in Part VIII of the consolidated and updated text of Regulation No. 575/2013 of the European Parliament and of the Council of 26 June 2013 (CRR), providing participants of the market with accurate and complete information on the risk profile of the institution, as well as the complementary information contained in the guidelines of the European Banking Authority (EBA).

The CRR has been most recently amended by Regulation (EU) 2024/1623 (CRR III), applicable from 1 January 2025, which introduces significant changes to the prudential framework, including the implementation of the output floor, revisions to the standardised approach for credit risk, a new standardised approach for operational risk, and revisions to the credit valuation adjustment (CVA) risk framework. The Fundamental Review of the Trading Book (FRTB) for market risk capital requirements has been postponed to 1 January 2027, although reporting requirements apply from 1 January 2025. Directive 2013/36/EU has been amended by Directive (EU) 2024/1619 (CRD VI).

The disclosures follow the implementing technical standards laid down in Commission Implementing Regulation (EU) 2024/3172 of 29 November 2024, which sets out uniform formats, templates and tables for the public disclosure of prudential information by credit institutions, in accordance with Articles 433a to 434a of the CRR.

The following implementing and delegated regulations are also applicable to the disclosures in this report:

- Commission Implementing Regulation (EU) 2021/763, with regard to the disclosure of the minimum requirement for own funds and eligible liabilities (MREL) and the total loss-absorbing capacity requirement (TLAC);
- Commission Implementing Regulation (EU) 2022/2453, with regard to the disclosure of environmental, social and governance (ESG) risks;
- EBA Guidelines on interest rate risk and credit spread risk arising from non-trading book activities (EBA/GL/2022/14).

The report also considers:

- Guidelines issued by the European Banking Authority (EBA).
- Instructions and expectations of the European Central Bank (ECB), as the direct supervisory authority for the BCP Group under the Single Supervisory Mechanism (SSM).
- Instructions from Banco de Portugal, as the national competent authority.

The BCP Group is classified as a large institution within the meaning of Article 433a of the CRR and is therefore subject to full disclosure of all information required under Part VIII, on an annual basis for most disclosures and on a semi-annual or quarterly basis for certain indicators, as specified in the regulation.

1.2. Statement of responsibility of the Board of Directors

I. This declaration issued by the Board of Directors of Banco Comercial Português, S.A. relates to the 2025 Market Discipline Report, complying with the requirements described in the applicable CRR/CRD framework.

II. The 2025 Market Discipline Report was drawn up within the framework of Pillar III, in accordance with the regulations and legislation in force and in line with the practices of the main international banks.

III. Regulation (EU) No 575/2013, as amended by Regulation (EU) 2024/1623 (CRR III), and Directive 2013/36/EU, as amended by Directive (EU) 2024/1619 (CRD VI), establish the requirements and criteria for the disclosure of information and own funds, namely those set out in Part Eight of the CRR within the scope of Pillar III requirements. The CRD framework has been transposed into national law, by Decree-Law No 157/2014 of 24 October, as subsequently amended.

IV. As it is not provided for in the legal and regulatory provisions, this report has not been audited by the Bank's External Auditor. However, the report includes information from the audited Consolidated Financial Statements reported in the 2025 Annual Report, which was discussed and approved at the General Meeting of Shareholders held on May the 7th, 2026.

V. The Board of Directors, in its role of supervising both the disclosure process and the Group's risk profile, states the following in relation to the 2025 Pilar 3 Market Discipline Report:

- The 2025 Pillar 3 Report, to the best of our knowledge, comply with updated Pillar 3 framework within Capital Requirements Regulation (CRR) 575/2013 (Part Eight), as amended, including by Regulation (EU) 2024/1623 (CRR3), and have been prepared in compliance with the Bank's policies, internal processes, systems and controls
- The disclosures published are truthful and accurately reflect the Group's risk profile.
- The Group's risk management framework is considered adequate to the Group's profile and strategy and risk appetite approved by the BoD, as required by Article 435(1)(e) of the CRR.
- That no information related to the one described in Article 432(2) of the CRR has been omitted; and
- The BCP Group maintains a low-to-medium risk profile, with solvency, leverage, and liquidity levels in line with the business model and risk appetite defined by the Board of Directors.

Lisbon, 24th of June 2026

The Board of Directors of Banco Comercial Português, S.A., by delegation



1.3. Risk profile overview and key metrics

As of 31 December 2025, the BCP Group maintains a solid capital position, with ratios comfortably exceeding the minimum requirements set by the ECB under the Supervisory Review and Evaluation Process (SREP).

- The CET1 ratio (Common Equity Tier 1 — the highest quality capital indicator, primarily composed of share capital and reserves) stood at 16.14%, compared with 16.36% in the prior period, reflecting the continued organic capital generation of the Group, partially offset by the increase in total risk exposure amounts and the shareholder remuneration programme. CET1 capital amounted to EUR 6,922 million (EUR 6,563 million on 31 December 2024). Considering unfloored TREA, the CET1 ratio was also 16.14%.
- The Tier 1 ratio reached 17.29% (17.59% on 31 December 2024), with Tier 1 capital of EUR 7,419 million. The Total Capital Ratio stood at 20.18% (20.60% on 31 December 2024), with total capital of EUR 8,658 million.
- The Total Risk Exposure Amount (TREA) amounted to EUR 42,902 million, compared with EUR 40,128 million on 31 December 2024, an increase of 6.9%. The total risk exposure pre-floor was also EUR 42,902 million, indicating that the output floor — introduced by the CRR III to ensure that risk-weighted assets calculated using internal models do not fall below a percentage of the standardised approach result (50% in 2025, rising to 72.5% by 2030) — does not currently represent a binding constraint for the Group.
- The Group's total SREP own funds requirement stood at 10.25% (10.50% on 31 December 2024), comprising the Pillar 1 minimum requirement and the Pillar 2 Requirement (P2R) of 2.25% (of which 1.27% to be met with CET1 and 1.69% with Tier 1 capital). The combined buffer requirement was 4.13%, comprising the capital conservation buffer of 2.50%, the institution-specific countercyclical capital buffer of 0.36%, the systemic risk buffer of 0.27%, and the Other Systemically Important Institution (O-SII) buffer of 1.00%. The overall capital requirement was therefore 14.38%.
- The CET1 available after meeting the total SREP own funds requirements was 9.60%, providing a comfortable margin above the maximum distributable amount (MDA) trigger point.
- The Leverage ratio stood at 6.34% (vs. 6.39% in December 2024), well above the regulatory minimum of 3%.
- The Liquidity Coverage Ratio (LCR) — which measures the bank's ability to meet liquidity outflows over a 30-day stress horizon — was 334%, significantly above the 100% regulatory minimum.
- The Net Stable Funding Ratio (NSFR) — which assesses the sustainability of the medium- and long-term funding structure — stood at 180% (vs. 180% in December 2024), well above the 100% regulatory minimum.
- The MREL ratio (Minimum Requirement for own funds and Eligible Liabilities) stood at 33.29%, compared with the applicable MREL requirement of 24.89% of TREA, providing a surplus of 8.40 percentage points.

The following table provides key regulatory metrics and ratios, comprising own funds, RWAs, capital ratios, additional requirements based on Supervisory Review and Evaluation Process (SREP), capital buffers requirements, leverage ratio, Liquidity Coverage Ratio (LCR) and net stable funding ratio (NSFR).

TABLE 1.1. – EU KM1 – Key Metrics Template

(Million euro)		a	b	c	d	e
		31 Dec. 2025	30 Sep. 2025	30 Jun. 2025	31 Mar. 2025	31 Dec. 2024
Available own funds (amounts)						
1	Common Equity Tier 1 (CET1) capital	6,922	6,659	6,685	6,506	6,563
2	Tier 1 capital	7,419	7,152	7,175	6,989	7,057
3	Total capital	8,658	8,376	8,394	8,196	8,266
Risk-weighted exposure amounts						
4	Total risk exposure amount	42,902	41,784	40,823	40,737	40,128
4a	Total risk exposure pre-floor	42,902	41,784	40,823	40,737	
Capital ratios (as a percentage of risk-weighted exposure amount)						
5	Common Equity Tier 1 ratio (%)	16.14%	15.94%	16.38%	15.97%	16.36%
5b	Common Equity Tier 1 ratio considering unfloored TREA (%)	16.14%	15.94%	16.38%	15.97%	
6	Tier 1 ratio (%)	17.29%	17.12%	17.58%	17.16%	17.59%
6a	Not applicable					
6b	Tier 1 ratio considering unfloored TREA (%)	17.29%	17.12%	17.58%	17.16%	
7	Total capital ratio (%)	20.18%	20.04%	20.56%	20.12%	20.60%
7a	Not applicable					
7b	Total capital ratio considering unfloored TREA (%)	20.18%	20.04%	20.56%	20.12%	
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)						
EU 7d	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	2.25%	2.25%	2.25%	2.25%	2.50%
EU 7e	of which: to be made up of CET1 capital (percentage points)	1.27%	1.27%	1.27%	1.27%	1.41%
EU 7f	of which: to be made up of Tier 1 capital (percentage points)	1.69%	1.69%	1.69%	1.69%	1.88%
EU 7g	Total SREP own funds requirements (%)	10.25%	10.25%	10.25%	10.25%	10.50%
Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)						
8	Capital conservation buffer (%)	2.50%	2.50%	2.50%	2.50%	2.50%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.00%	0.00%	0.00%	0.00%	0.00%
9	Institution specific countercyclical capital buffer (%)	0.36%	0.36%	0.04%	0.04%	0.04%
EU 9a	Systemic risk buffer (%)	0.27%	0.27%	0.28%	0.27%	0.29%
10	Global Systemically Important Institution buffer (%)	0.00%	0.00%	0.00%	0.00%	0.00%
EU 10a	Other Systemically Important Institution buffer (%)	1.00%	1.00%	1.00%	1.00%	1.00%
11	Combined buffer requirement (%)	4.13%	4.13%	3.82%	3.81%	3.83%
EU 11a	Overall capital requirements (%)	14.38%	14.38%	14.07%	14.06%	14.33%

(Million euro)		a	b	c	d	e
		31 Dec. 2025	30 Sep. 2025	30 Jun. 2025	31 Mar. 2025	31 Dec. 2024
12	CET1 available after meeting the total SREP own funds requirements (%)	9.60%	9.43%	9.89%	9.47%	9.71%
Leverage ratio						
13	Leverage ratio total exposure measure	117,015	116,665	112,222	111,262	110,446
14	Leverage ratio	6.34%	6.13%	6.39%	6.28%	6.39%
Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)						
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	0.00%	0.00%	0.00%	0.00%	0.00%
EU 14b	of which: to be made up of CET1 capital (percentage points)	0.00%	0.00%	0.00%	0.00%	0.00%
EU 14c	Total SREP leverage ratio requirements (%)	3.00%	3.00%	3.00%	3.00%	3.00%
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)						
EU 14d	Leverage ratio buffer requirement (%)	0.00%	0.00%	0.00%	0.00%	0.00%
EU 14e	Overall leverage ratio requirement (%)	3.00%	3.00%	3.00%	3.00%	3.00%
Liquidity Coverage Ratio (*)						
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	34,608	33,735	32,587	31,373	29,803
EU 16a	Cash outflows - Total weighted value	13,010	12,751	12,544	12,467	12,340
EU 16b	Cash inflows - Total weighted value	2,850	2,732	2,665	2,588	2,547
16	Total net cash outflows (adjusted value)	10,159	10,019	9,879	9,879	9,792
17	Liquidity coverage ratio (%) (*)	341%	337%	330%	318%	304%
Net Stable Funding Ratio						
18	Total available stable funding	92,103	89,976	88,542	87,313	85,977
19	Total required stable funding	51065	50040	48995	48437	47557
20	NSFR ratio (%)	180%	180%	181%	180%	181%

(*) LCR is the average, using the end-of-month observations over the last twelve months at each quarter

1.4. Concise risk statement

The BCP Group operates within a Risk Appetite Framework (RAF) approved by the Board of Directors, which defines limits and tolerance thresholds for the main risks to which the Group is exposed. The RAF is aligned with the business strategy and capital planning, ensuring that risk-taking is consistent with the Group's strategic objectives.

Under the Strategic Plan 2025-2028 ("Deliver more value"), the Group targets a ROE above 13.5%, a CET1 ratio above 13.5%, a cost-to-income ratio below 40% (below 37% in Portugal), and a cost of risk below 50 basis points (below 45 bps in Portugal), while committing to distribute up to 75% of cumulative net income over the cycle.

The key indicators defining the Group's risk profile include:

- Solvency: CET1 ratio of 16.14% (strategic target: > 13.5%; SREP OCR: 14.38%); Total capital ratio of 20.18%
- Liquidity: LCR of 334% (regulatory minimum: 100%); NSFR of 180% (regulatory minimum: 100%)
- Asset quality: NPE ratio (Non-Performing Exposures) decrease from 3.1% at the end of 2024 to 2.4%; NPL >90 days ratio of 1.2%; Coverage ratio by total impairment of 90.9%; Total coverage degree (impairment + collaterals) of 126.3%
- Profitability: ROE (Return on Equity) of 14.1% (strategic target: >13.5%)
- Leverage: Leverage ratio of 6.34% (regulatory minimum: 3.00%)

The cost of risk in 2025 was impacted by impairment charges related to the Mozambique sovereign exposure; excluding this effect, the underlying cost of risk in Portugal remained within the strategic target.

The consolidated loan portfolio reached EUR 62.6 billion (+7.3% year-on-year), with performing loans in Portugal growing 10.2% and corporate lending in Poland rising 20%.

2. BCP Group

2.1. Identification of Banco Comercial Português, S.A.

Banco Comercial Português is a joint stock company with share capital open to public investment (public limited company), with registered office at Praça D. João I, 28, in Porto, registered at the Porto Commercial Registry Office under the single registry and tax number 501 525 882, registered at Banco de Portugal as a bank institution under code 33, at the Comissão do Mercado de Valores Mobiliários as a Financial Intermediary under registration number 105 and at Autoridade de Supervisão de Seguros e Fundos de Pensões as a Tied Insurance Mediator under number 419527602/3.

On the 31st of December 2025, the Bank's share capital amounted to 3,000,000,000.00 euro, fully paid-up and represented by 14.804.627.089 shares with no par value. The shares are ordinary, book-entry and nominative, and are registered in the centralised system managed by Interbolsa - Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A.

The Bank is a privately held company incorporated in Portugal by public deed on June the 25th 1985, the parent company of a group of companies that are in a control or group relationship with it, under the terms of article 21 of the Securities Code (hereinafter referred to as the "Group" or "BCP Group"), and is subject to the supervision of the European Central Bank on an individual or consolidated basis through the Single Supervisory Mechanism (SSM), in accordance with Regulation (EU) No 468/2014 of the European Central Bank (ECB/2014/17) (SSM Framework Regulation).

The Bank's Articles of Association, Management Reports, and individual and consolidated Financial Statements, as well as the Corporate Governance and Sustainability Reports are available on the Bank's website, in Portuguese and English.

2.2. Basis and perimeters of consolidation for accounting and prudential purposes

The information disclosed within the present document reflects the consolidation perimeter for prudential purposes, which differs from the consolidation perimeter of the Group accounts defined in accordance with the International Financial Reporting Standards (IFRS) as approved by the European Union (EU) within the scope of the provisions of Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002, as transposed into the Portuguese legislation through the Decree-Law 35/2005 of 17 February and the Banco de Portugal Notice no. 5/2005.

The main differences between the consolidation perimeter for prudential purposes and the consolidation perimeter of the Group accounts are related with the treatment of companies whose activity is of a different nature and incompatible with the provisions of the General Framework for Credit Institutions and Financial Companies, with reference to supervision on a consolidated basis, in accordance with Banco de Portugal Notice no. 8/94, namely in relation to commercial, industrial, agricultural or insurance companies.

The companies mentioned in the previous paragraph are excluded from consolidation for prudential purposes but are considered by the equity method. Notwithstanding, and according to the Banco de Portugal Notice 8/94, Banco de Portugal may order the inclusion of some of these companies in the prudential consolidation perimeter, when it considers this the most appropriate decision in terms of supervision objectives.

In addition, shareholdings excluded from consolidation for prudential purposes that are recorded in the financial statements for the purposes of supervision on a consolidated basis under the equity method, may have to be deducted from consolidated own funds, totally or partially, under the terms defined by the CRR, as detailed in chapter "4. Capital". As of 31 December 2025, there are no subsidiaries not included in the consolidation perimeter for prudential purposes, whose own funds are lower than the minimum required level. Also, there are also no subsidiaries included in the consolidation perimeter for prudential purposes,

regarding which the obligations relative to the minimum level of own funds and limits to large exposures are not applicable, as per CRR Articles 92 and 395.

Notwithstanding the principles and standards that rule the intra-group relations, there is no significant, current or foreseen, impediment to the prompt transfer of own funds or repayment of liabilities among the Bank and its subsidiaries, although, with reference to Mozambique, the rules in force may condition the fluidity of fund transfers, but without any potentially significant impacts at Group level.

The entities included in the consolidation perimeter of BCP Group as of 31 December 2025 are described in the following Table, indicating the consolidation method to which they are subject to and giving adequate notes aiming to highlight the regulatory treatment of entities excluded from the consolidation perimeter for prudential purposes.

TABLE 2.1. – EU LI3 – Outline of the differences in the scopes of consolidation (Entity by Entity)

Name of the entity	Method of accounting consolidation	Method of regulatory consolidation					Description of the entity
		Full consolidation	Proportional consolidation	Equity method	Neither consolidated nor deducted	Deducted	
Banco ActivoBank, S.A.	Full consolidation	X					Banking
Bank Millennium, S.A.	Full consolidation	X					Banking
BCP África, S.G.P.S., Lda.	Full consolidation	X					Holding company
BIM - Banco Internacional de Mozambique, S.A.	Full consolidation	X					Banking
Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda.	Full consolidation	X					Holding company
Interfundos - Gestão de Fundos de Investimento Imobiliários, S.A.	Full consolidation	X					Investment fund management
Monumental Residence - Sociedade Especial de Investimento Imobiliário de Capital Fixo, SICAFI, S.A.	Full consolidation				(1)		Real estate management
Millennium bcp - Prestação de Serviços, A.C.E.	Full consolidation	X					Services
Millennium bcp Teleserviços - Serviços de Comércio Electrónico, S.A.	Full consolidation	X					E-commerce
Millennium Bank Hipoteczny S.A.	Full consolidation	X					Banking
Millennium Consulting S.A.	Full consolidation	X					Brokerage services
Millennium Goodie Sp. z o.o.	Full consolidation	X					Consultant and services
Millennium Leasing Sp. z o.o.	Full consolidation	X					Leasing
Millennium Service Sp. z o.o	Full consolidation	X					Services
Millennium Telecomunication Sp. z o.o.	Full consolidation	X					Brokerage services
Millennium TFI - Towarzystwo Funduszy Inwestycyjnych, S.A.	Full consolidation	X					Investment fund management
Europa Millennium Financial Services, Sp.z o.o.	Equity Method					(3)	Services
Bichorro - Empreendimentos Turísticos e Imobiliários S.A.	Full consolidation				(4)		Real estate company
Finalgarve - Sociedade de Promoção Imobiliária Turística, S.A.	Full consolidation				(4)		Real estate company
Fiparso - Sociedade Imobiliária Lda.	Full consolidation				(4)		Real estate company
Imoserit, S.A.	Full consolidation				(4)		Real estate company
Fundo de Investimento Imobiliário Imosotto Acumulação	Full consolidation				(1)		Real estate investment fund
Fundo de Investimento Imobiliário Imorenda	Full consolidation				(1)		Real estate investment fund

Name of the entity	Method of accounting consolidation	Method of regulatory consolidation					Description of the entity
		Full consolidation	Proportional consolidation	Equity method	Neither consolidated nor deducted	Deducted	
Fundo de Investimento Imobiliário Fechado Sand Capital	Full consolidation				(1)		Real estate investment fund
Fundial - Fundo de Investimento Imobiliário Fechado	Full consolidation				(1)		Real estate investment fund
Fundipar - Fundo de Investimento Imobiliário Fechado	Full consolidation				(1)		Real estate investment fund
Domus Capital - Fundo de Investimento Imobiliário Fechado	Full consolidation				(1)		Real estate investment fund
Predicapital - Fundo de Investimento Imobiliário Fechado	Full consolidation				(1)		Real estate investment fund
Banco Millennium Atlântico, S.A.	Equity Method					(3)	Banking
Banque BCP, S.A.S.	Equity Method					(3)	Banking
Lubuskie Fabryki Mebli S.A	Equity Method				(2)		Furniture manufacturer
SIBS, S.G.P.S., S.A.	Equity Method					(3)	Banking services
UNICRE - Instituição Financeira de Crédito, S.A.	Equity Method					(3)	Credit cards
Webspectator Corporation	Equity Method				(2)		Digital publicity services
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A.	Equity Method					(3)	Holding company
Fidelidade Moçambique - Companhia de Seguros, S.A.	Equity Method					(3)	Insurance
Fundo Turismo Algarve, FCR	Equity Method				(1)		Venture capital fund
Fundo de Investimento imobiliário fechado Eurofundo (em liquidação)	Equity Method				(1)		Real estate investment fund
Lusofundo - Fundo de Investimento imobiliário fechado (em liquidação)	Equity Method				(1)		Real estate investment fund
TIICC S.A.R.L.	Equity Method				(2)		Services
Nexponor - Sociedade de Investimento Coletivo Imobiliário Fechado, S.A. (em liquidação)	Equity Method				(1)		Real-estate management
Magellan Mortgages No.3 Limited	Full consolidation	X					Special Purpose Entity (SPE)

(1) Entity excluded from the consolidation for prudential purposes, whose impact on solvency indicators results from the assessment of capital requirements of the participation units held in the investment fund.

(2) Entity excluded from the consolidation for prudential purposes, for which the financial participation amount is deducted from own funds under CRR Article 48.

(3) Entity excluded from the consolidation for prudential purposes, whose impact on solvency indicators results from the assessment of capital requirements of the equity amount registered on the balance sheet assets.

(4) Entity excluded from the consolidation for prudential purposes, since it is held by one of the investment funds identified in (1).

The consolidation methods used for accounting purposes and the respective selection criteria in force in the Group are described below.

Full consolidation

Investments in subsidiaries where the Group holds control are fully consolidated from the date the Group assumes control over its financial and operational activities until the control ceases to exist. Control is presumed to exist when the Group owns more than half of the voting rights. Additionally, control exists when the Group has the power, directly or indirectly, to manage the financial and operating policies of an entity to obtain benefits from its activities, even if the percentage of capital held is less than 50%.

Additionally, the Group fully consolidates Special Purpose Entities ("SPE") resulting from securitisation operations with assets from Group entities, based on the criteria presented in the section "12.2 Group accounting policies", related to the treatment of securitisation operations. Besides these SPE resulting from securitisation operations, no additional SPE have been consolidated considering that they do not meet the criteria established on SIC 12 (Consolidation – Special Purpose Entities).

In addition, the Group manages assets held by investment funds, whose participation units are held by third parties. The financial statements of these funds are not consolidated by the Group, except when the Group holds more than 50% of the participation units. However, the investment funds consolidated for accounting purposes are excluded from the consolidation for prudential purposes, as previously mentioned, with their impact being reflected in the determination of own funds requirements.

Equity consolidation

Investments in associated companies are consolidated by the equity method from the date that the Group acquires significant influence until the date it ceases. 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, 20% or more 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 holdings held by the Group in insurance companies consolidated under the full consolidation method are accounted under the equity method for the purpose of supervision on a consolidated basis.

On 31 December 2025, the accounting values determined under the scope of regulatory consolidation are distributed according to the regulatory risk categories presented in Table below:

TABLE 2.2. – EU LI1 – Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories

	(Million euro)	a	b	c	d	e	f	g
		Carrying values as reported in published financial statements	Carrying values under scope of prudential consolidation	Carrying values of items				
				Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to own funds requirements or subject to deduction from own funds
Breakdown by asset classes according to the balance sheet in the published financial statements								
1	Cash and deposits at central banks	4,090	4,090	4,089	-	-	-	-
2	Loans and advances to credit institutions repayable on demand	186	186	186	-	-	-	-
3	Other loans and advances to credit institutions	861	859	852	-	-	-	-
4	Loans and advances to customers and debt instruments at amortised cost	81,946	81,946	78,216	-	3,725	-	61
5	Securities and derivatives (*)	17,950	18,098	17,299	172	-	1,020	22
6	Non-current assets held for sale	69	82	82	-	-	-	-
7	Investment property	5	4	4	-	-	-	-
8	Other tangible assets	582	524	524	-	-	-	-
9	Goodwill and intangible assets	323	323	108	-	-	-	214
10	Current tax assets	22	22	22	-	-	-	-
11	Deferred tax assets	1,744	1,738	1,497	-	-	-	241
12	Other assets	1,555	1,489	1,156	-	-	-	314
13	**Total assets**	**109,333**	**109,361**	**104,035**	**172**	**3,725**	**1,020**	**853**
Breakdown by liability classes according to the balance sheet in the published financial statements								
1	Resources from credit institutions	879	879	-	-	-	-	879
2	Resources from customers	87,673	87,695	-	-	-	-	87,695
3	Non subordinated debt securities issued	3,894	3,894	-	187	-	-	3,707
4	Subordinated debt	1,412	1,412	-	-	-	-	1,412
5	Financial liabilities held for trading	153	153	-	-	-	96	57
6	Financial liabilities at fair value through profit or loss	3,614	3,614	-	-	-	1,538	2,076
7	Hedging derivatives	43	43	-	-	-	2	40
8	Non-current liabilities held for sale	0	0	-	-	-	-	0
9	Provisions	1,239	1,237	-	-	-	-	1,237
10	Current tax liabilities	86	86	-	-	-	-	86
11	Deferred tax liabilities	6	6	-	-	-	-	6
12	Other liabilities	1,275	1,293	-	-	-	-	1,293
13	**Total liabilities**	**100,272**	**100,311**	**0**	**187**	**0**	**1,637**	**98,488**

(*) Includes derivatives that are simultaneously subject to market risk and counterparty credit risk.

The following qualitative explanations are provided in accordance with template EU LIA, addressing the main sources of differences between accounting carrying values and regulatory exposure amounts.

The difference between columns a) and b) - carrying values as reported in published financial statements and carrying values under scope of regulatory consolidation, respectively - is immaterial. Additionally, the sum of carrying amounts under the regulatory frameworks can be higher than the one reported in column a), as some asset types are subject to capital requirements in more than one regulatory framework.

The following table presents the reconciliation between the figures disclosed in the published financial statements and the exposure amounts for prudential reporting purposes. The starting point of the table is the accounting amounts as shown in table EU LI1. By adding the relevant differences, the exposure amounts as reported in COREP are derived. Market risk is an exception, as the concept of EAD does not apply in this context.

TABLE 2.3. – EU LI2 - Main sources of differences between regulatory exposure amounts and carrying values in financial statements

(Million euro)		a	b	c	d	e
		Total	Items subject to			
			Credit risk framework	Securitisation framework	CCR framework	Market risk framework
1	Assets carrying value amount under the scope of prudential consolidation (as per template LI1) [a]	**107,932**	**104,035**	**3,725**	**172**	**1,020**
2	Liabilities carrying value amount under the scope of prudential consolidation (as per template LI1)	187	-	-	187	1,637
3	Total net amount under the scope of prudential consolidation	107,745	104,035	3,725	(15)	(616)
4	Off-balance-sheet amounts [b]	17,713	8,039	-	-	
5	Differences in valuations [c]	434	-	-	434	
6	Differences due to different netting rules, other than those already included in row 2	-	-	-	-	
7	Differences due to consideration of provisions [d]	825	825	-	-	
8	Differences due to the use of credit risk mitigation techniques (CRMs)	(1,037)	(991)	(46)	-	
9	Differences due to credit conversion factors	(9,674)	-	-	-	
10	Differences due to Securitisation with risk transfer [e]	-	-	-	-	
11	Other differences	904	986	(82)	-	
12	Exposure amounts considered for regulatory purposes [f]	**116,910**	**112,893**	**3,597**	**419**	**-**

(a) The total of line 1 does not match with Template EU LI1. Assets not deducted to own funds nor those not subject of capital requirements are not considered.

(b) The total amount of line 4 does not match with the remaining items since, according to the filling rules, the total amount refers to the original position net of provisions and the item "Credit Risk framework" contains the exposure value after CCF application.

(c) Reflects the use of SA-CCR method to calculate the EAD of positions subject to counterparty credit risk .

(d) Provisions related to IRB on-balance exposures are considered in EAD.

(e) All securitisations within Securitisation framework involve risk transfer.

(f) Value refers to ""Total"", according to note (b)

EAD reported in each of the frameworks, except for market risk, since there is no EAD concept in regulatory reporting.

2.3. Assessment of potential capital transferability impediments

This section addresses the disclosure requirement set out in template EU LIB, row (a), in accordance with Article 436(f) of the CRR.

In accordance with Article 436(f) of the CRR, the Group assesses the existence of current or foreseeable practical or legal impediments to the prompt transfer of own funds or repayment of liabilities between the parent company and its subsidiaries.

Capital transfer impediments could arise from lack of liquidity, compliance with regulatory capital ratio requirements, legal and internal restrictions, fiscal policy, exchange rate policy, and restrictions in the articles of association, such as specific shareholder rights. Each source of

impediment is evaluated to conclude on its impact on the ICAAP and the possible need to define a specific action within the ICAAP framework.

1. Capital transfer restrictions related to liquidity

While capital transferability is often linked to liquidity concerns, this is not applicable to Millennium BCP, as the Group does not finance its subsidiaries. Subsidiaries may only transfer funds to the parent company through dividend distribution. Given their strong liquidity position, the impact on liquidity would not be a relevant consideration in any decision regarding the distribution of dividends.

2. Capital transfer restrictions related to compliance with regulatory requirements

The ICAAP framework follows a going concern logic, where capital ratios are expected to be maintained even under adverse scenarios while still meeting regulatory requirements. Therefore, no restrictions are expected to arise from non-compliance with regulatory requirements.

3. Regulatory or internal restrictions

Regarding dividend distribution, no impediments are known, provided that the regulatory ratios are met.

Poland

Poland's Financial Supervision Authority (KNF) has been issuing recommendations on dividend payouts, including that some banks reduce or withhold dividend payments, depending on their exposure to foreign exchange mortgage loans. Additionally, Bank Millennium implemented a capital recovery plan in 2022, due to the combined impacts of credit holidays and the foreign exchange mortgage portfolio. The recovery plan was successfully completed in mid-2024. In this context, Bank Millennium has not paid dividends in recent years but expects to be able to resume dividend payments in the medium term, subject to meeting the applicable regulatory requirements. The dividend policy set by KNF, allowing banks to pay out a percentage of their net profit to shareholders contingent upon meeting specific criteria, reflects regulatory oversight that may limit payouts depending on a bank's financial position, but it also provides clarity on dividend distribution. Furthermore, other financial institutions in Poland have continued to distribute dividends, which further supports the evidence that no widespread regulatory impediments to dividend distribution are in place or are expected to be implemented.

Mozambique

Until 2024, Millennium BIM distributed dividends regularly without compromising its regulatory capital ratios at comfortable levels. The decision not to pay dividends in respect of 2024 net profit was not due to any restriction but rather a management action due to the then prevailing political and social conditions of Mozambique. 2025 net profit was significantly impacted by the impairment charges related to the local sovereign exposure and, despite maintaining a comfortable capital position, Millennium BIM is not expected to pay dividends in respect of the 2025 financial year. This suggests that there are no known structural or regulatory impediments to dividend distribution, as the decision not to pay dividends is linked to the bank's internal financial strategy rather than external regulatory constraints. The economic contribution of Mozambique to the consolidated Millennium BCP Group is not materially significant, as it represents 2.5% of BCP Group's total assets (as of December 2025).

Dividends can be converted when received without any structural restrictions. Subsidiaries remit dividends in local currency, which are then converted into euros. While this process is generally straightforward, it may involve operational delays, particularly in markets like Mozambique, where conversion timelines are affected by market conditions and processing constraints. Despite these factors, historical precedent confirms that such conversions have been consistently executed, indicating that while procedural inefficiencies may exist, they do not present a material impediment to capital transferability.

4. Other restrictions

The Bank is not aware of any tax or exchange restrictions that could prevent the transfer of capital.

5. Conclusion

Notwithstanding the regulatory oversight and management decisions having an influence on dividend distributions, as described above, no material impediments to capital transferability, in law or in fact, current or anticipated, have been identified that would require specific action within the ICAAP framework.

3. Governance, Organization and Risk Management

The Board of Directors and the senior management of BCP and of the BCP Group are strongly committed to ensure that the risk management of the Group, as a key part of the internal control framework, is:

- Supported by adequate governance and organization, risk infrastructures human resources' capabilities.
- Efficient, consistent and includes all products, activities, processes and relevant systems of the Group, considering the type and magnitude of risks that the group entities assume or intend to assume.
- Based on strategic risk processes that enable the identification, evaluation, supervision and monitoring of the risks to ensure the fulfilment of the objectives and the implementation of the actions deemed necessary to adequately respond to identified risks (e.g., risk taxonomy approach, risk appetite framework and risk assessment).
- Guarantee a complete segregation between the risk management function and the risk-generating business activities, in accordance with three lines of defence model.
- Prepared to ensure timely reaction to changing circumstances and conditions that engenders new risks and change the risk profile of the Bank.
- Sustained by a strong risk culture that influences the decisions of management and employees and impacts on the risks they assume, to ensure a sound capital management, the alignment with the Group's profitability and sustainability targets.

The Group's risk management framework is defined in the Risk Management and Control Principles group code, approved by the Board of Directors, and subject to ongoing review.

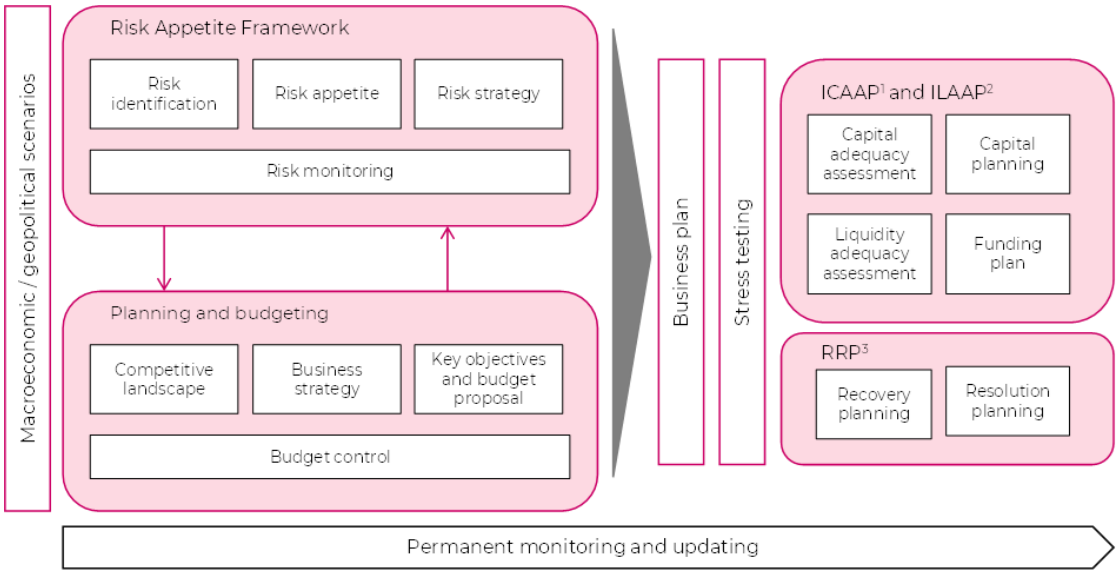
The BCP Group has integrated Strategic risk processes that are key elements for ensuring it develops its activity to meet the strategic plan objectives while keeping the assumed risk level within the tolerance appetite approved by the Board of Directors. The key strategic risk processes are the maintenance of an adequate risks' catalogue (the BCP risks taxonomy), the Risk Identification Process and the Risk Appetite Statement Process.

- The risks' catalogue is based on a risk taxonomy approach, where the major risk categories (e.g. credit, market, liquidity, etc.) are cascaded down into a list of lower-level risk types (e.g. credit default risk, credit issuer risk, etc.). Each type is related with a set of risk drivers that may influence its materiality. The risks taxonomy is monitored and updated on an ongoing base.
- The Risk Identification is the process in which risks faced by the Bank are identified, assessed and documented, along with a high-level decision on their materiality, concerning the impact they may have on the Group's earnings, capital and/or liquidity
- The Risk Appetite Statement (RAS) clarifies those risks that the BCP Group is prepared to accept and manage in the pursuit of its objectives and those which it does not and includes quantitative measures concerning earnings, capital, risk measures, liquidity and other relevant measures considered appropriate.

The Risk Appetite Framework (RAF), including the BCP Group risk taxonomy, the output of the Risk Identification Process and the RAS is approved by the Board of Directors.

The RAF, receives inputs from the internal capital and liquidity adequacy assessment processes (ICAAP and ILAAP), influences the strategic options of the Bank and acts as a constrain to the Planning and budgeting processes of the Group.

The interrelation of the different processes is illustrated in the picture below:



The BCP Group develops its activity aiming to maintain a moderate and sustainable risk profile, with a solid reputation in the market and with comfortable levels of capital and liquidity adequacy to the managed business portfolio, always with the objective of strengthening the confidence of its clients, customers, markets, and regulators.

To achieve this objective, the Bank has implemented internal control and risk management systems and a prudent risk appetite structure, in line with the pursued business model and the Bank's profile and strategy. Improvements are continuous and permanently introduced to ensure constant alignment with the dynamics of markets, the economy, and regulations.

3.1. Governance and organization

Sound internal governance arrangements are fundamental for maintaining an efficient and methodical decision-making process, clear roles and responsibilities within the Group structure, establishing a strong supervisory function that challenges management decision-making; and fosters a sound risk strategy, risk appetite and risk management framework, promoting transparency and limiting potential conflicts of interest.

Governance and internal control are a priority for BCP's management and supervisory bodies. This section highlights the consistent path that the Bank has taken in improving and strengthening its governance and internal control structures, in line with a trajectory of structural simplification, based on strong developments in technological, digital and environmental and social sustainability capabilities, which have received the support of its shareholders. In addition, it is worth noting that, considering the Portuguese context and the assessments made to past Corporate Governance Reports, the Bank has consistently demonstrated a robust and transparent internal governance, which complies with or justifies practically all the recommendations of the IPCG (Portuguese Institute of Corporate Governance) code.

In this context, the BoD is focussed on presenting a robust governance structure to manage current activity and risks, with a challenging and constructive vision of the future and which guarantees adequate levels of efficiency. The active participation of the BoD and its various Committees in critical matters for the Bank is relevant, with a special focus on the strategy defined in the Group's Strategic Plan, while ensuring full compliance with internal governance and risk management rules.

Changes in the composition of the BoD and its Committees 2025

During 2025, the following changes took place in the corporate bodies:

- On 22 January 2025, Esmeralda da Silva Santos Dourado was co-opted as an independent non-executive director, after the Bank was notified on 10 January of the ECB's non-objection to her election. This co-option strengthened the ratio of independent directors on the Board of Directors and was subsequently ratified by the General Meeting held on 22 May 2025.
- On 27 November 2025, the Board of Directors co-opted Tao Li (Vincent Li) to the position of non-independent non-executive member, which had already been the subject of a non-objection decision by the ECB, and he was also appointed a member of the Nominations and Remunerations Committee and the Corporate Governance, Ethics and Sustainability Committee, replacing Lingjiang Xu who resigned from these positions with effect from the same date.

Both co-opted directors have strengthened the internal capacity for constructive challenge, given their skills and experience in equivalent positions.

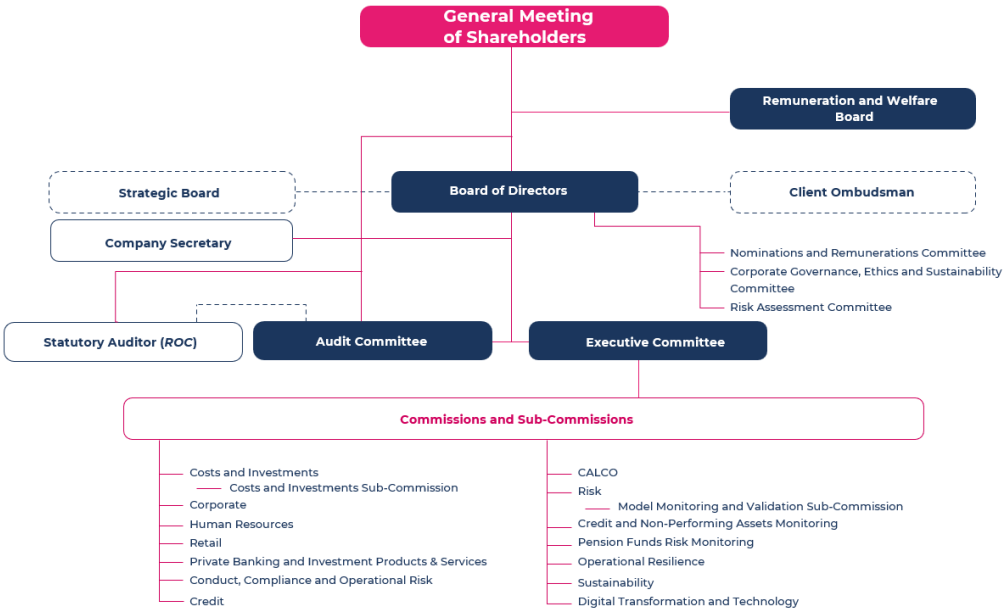
Between 22 April and 24 July 2025, the Bank was subject to an on-site inspection by the ECB aimed at assessing the Bank's Internal Governance and Risk Management. The purpose of the inspection was to analyse the functioning of the management body and its committees and the inspection team found that the institution had an overall solid performance and concluded that the management body, in its executive and supervisory functions, ensures effective interaction and promotes a culture of compliance, and that it has an appropriate distribution of roles, responsibilities and composition. Although there were recommendations for improvement, which are being implemented, no higher severity findings (F3 and F4) were identified.

The current Board of Directors was elected by the General Meeting on 07 May 2026 for the term of office 2026-2029 and the Bank was notified of the European Central Bank's approval of the new Board of Directors composition on 21 May 2026.

Until such date and on the reference date, the previous composition elected for the term of office 2022-2025 was in functions.

Corporate governance structure

The organisational structure of the Bank's Corporate Governance Model is shown in the following chart:



Board of Directors

The BoD, as the Bank's governing body, has the broadest powers of management and representation of the Company, retaining the right to call upon powers delegated to the Executive Committee (EC) or any of its other Specialised Committees, with the exception of the competences attributed by law to the Committees, in particular the Audit Committee (AudC), which is the Bank's supervisory body.

The BoD has all the responsibilities detailed in its Regulations, particularly the powers related to defining the Bank's organisation and its internal control system and the Bank's strategy, available in Portuguese and English, on the institutional page of the Bank's website, in which medium-term objectives are defined, in line with the interests of the company, its shareholders and other stakeholders.

The BoD is responsible for defining the Group's strategic guidelines, risk profile and appetite, global business objectives, promoting risk culture and strategy and approving group codes that establish risk policies, principles, rules, and limits. The BoD monitors the evolution of risk metrics and indicators reflected in the RAS (including remedial measures in the event of breaches of limits), approves the conclusions of the internal capital and liquidity adequacy assessment processes (ICAAP and ILAAP) and the performance of the Internal Control System.

The members of the BoD are elected by the General Meeting (GM), at the proposal of shareholders, following an internal process of selection and assessment of the members of the management and supervisory bodies under the terms of the Bank's Succession and Selection and Assessment Policies and applicable law.

When performing their duties, directors act responsibly and prudently, based on high ethical standards and in accordance with the Code of Conduct in force, helping to reinforce an organisational culture of excellence, a risk culture that covers all areas of the Bank's activity and the institution's levels of trust and reputation, both internally and in the relationships established with employees, customers, investors, supervisory authorities and other third parties.

The delegation of powers by the BoD, to the specialised committees, including the EC, to which it delegates the daily management of the Bank, does not exclude the power of this corporate body to decide on the same matters, nor does it exempt, in accordance with the law, the liability of the other directors for damages that may be caused by acts or omissions arising from the exercise of duties delegated by them, to the extent that the members of the Board of Directors are ultimately responsible for the institution and its strategy and activities.

BCP’s Board of Directors always strives for an adequate balance in its composition, with a large majority of non-executive directors and promoting diversity regarding gender, experience and knowledge.

The BoD is composed of a minimum of fifteen and a maximum of nineteen members, elected by the GM for terms of office of four years, who may be re-elected one or more times. On the 31 of December of 2025, the BoD was made up of 17 members, with 11 non-executive members (6 of whom are independent) and 6 executive members.

The Bank has internal Policies for Fit and Proper Assessment, Selection and Succession which establishes the framework for the assessment of the individual and collective suitability of the Members of the Management Body in its Management and Supervisory functions, Key Function Holders (KFH), branch managers and representative offices located in third countries determining the policies relating to their selection, appointment, reappointment, and succession at the level of the BCP Group. The policies were drawn up in accordance with the applicable legislation, namely the Legal Framework for Credit Institutions and Financial Companies (LFCIFC), Banco de Portugal Notice no. 3/2020 and the European Banking Authority Guidelines on the internal governance of institutions (EBA/GL/2021/05, of 2 July) and on the assessment of the suitability of members of the management and supervisory bodies (EBA/GL/2021/06, of 2 July).

The internal policy for selecting and assessing the suitability of members of the management and supervisory bodies and key function holders emphasises the principles, internal competences and criteria for ensuring the assessment of that universe of people, ensuring that all members of the management and supervisory bodies and key function holders have, at all times, the necessary suitability and sufficient knowledge, skills and experience to carry out their respective duties, act with honesty, integrity and independence of mind and have the availability to dedicate themselves to the role.

In its Internal Policy and in relation to gender, the Bank has set a target of at least one third of the under-represented gender on the management body, in compliance with the applicable national law (Law no. 62/2017, of 1 August), which has been met.

The representativeness of each gender in the Management positions was as follows:

Board of Directors	2024	2025
Women	5 (31%)	6 (35%)
Men	11 (69%)	11 (65%)

In regards of the diversity in terms of training, professional experience and geographical dispersion, a summary of the competences of the members of BoD is presented below, demonstrating the relevant qualifications required by the Bank:

Specific skill	Highest added value - Non-Executive Directors (Out of 11 directors)	Highest added value - Executive Directors (Out of 6 directors)
Banking marketing	4	3
Banking Operations	6	4
Climate and environmental risks	4	3
Commercial and corporate banking	5	4
Credit risk	4	4
Digital, ICT and cybersecurity	2	3
Financing and capital structure	5	3
International business experience	6	4
Knowledge and experience of the markets in which the Bank operates	7	3
Responsible business activity and sustainability	5	3
Specific knowledge of auditing and/or accounting	4	3
Talent and remuneration	5	3

Executive Committee

The EC was set up by the BoD and currently includes six of its members. The BoD delegated to the EC the Bank's day-to-day management powers. The EC is responsible for ensuring all the Bank's management functions that the BoD has not reserved for itself.

At the level of internal control and risk management, the hierarchical responsibility for the second lines of defence is attributed to one executive director (the CRO), who is also a member of the BoD or supervisory bodies of the main subsidiaries operating abroad, thus increasing the coordination and scope of action of these lines of defence of the Group.

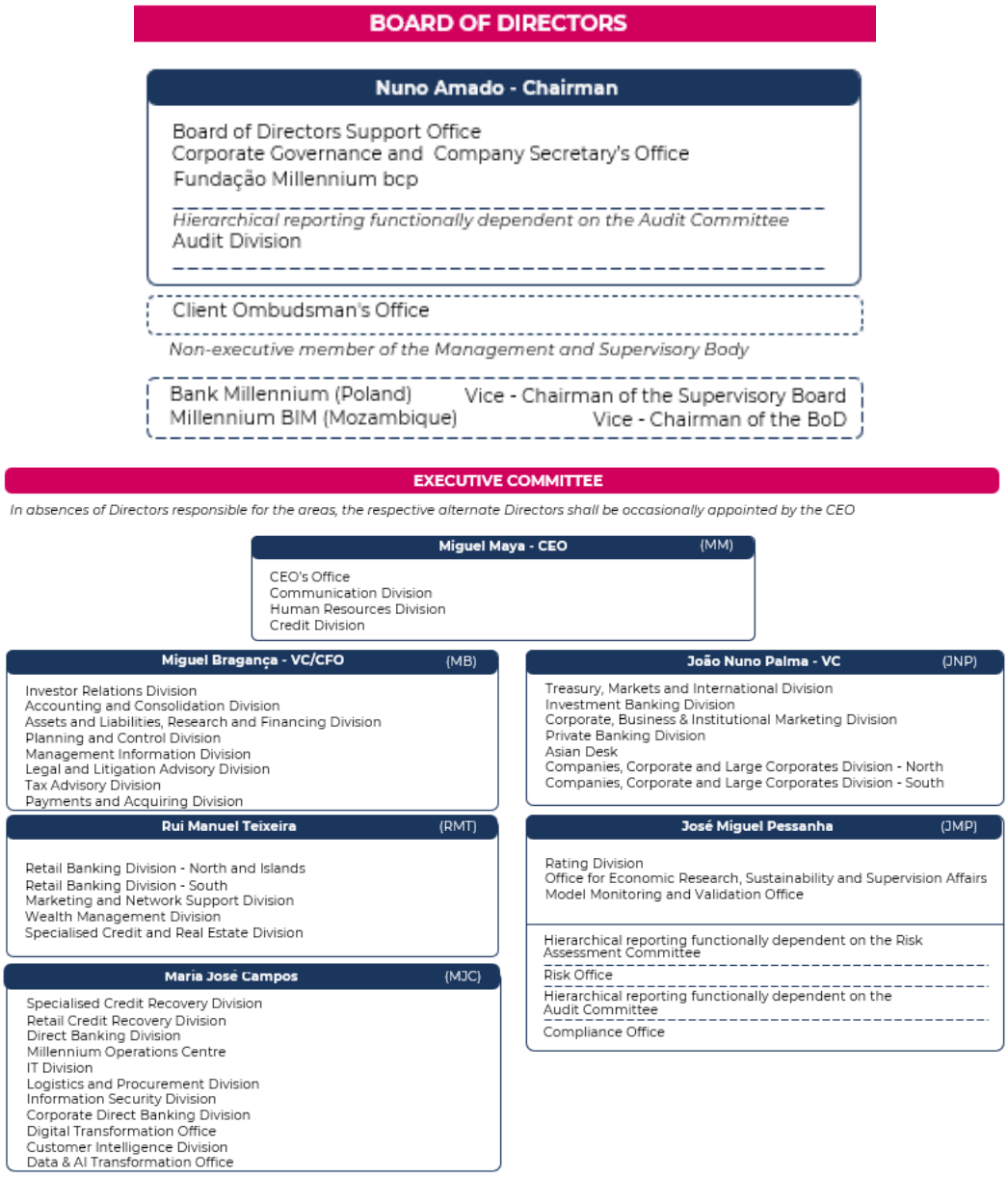
The executive directors perform their duties on an exclusivity regime, without prejudice to the exercise of management or supervisory functions in Group companies and by appointment, or in the interests of the Bank.

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.

In its internal organisation, the EC has distributed areas of special responsibility to each one of its members.

At the reference date, the distribution of areas of responsibility per executive director was as follows, also identifying the areas of responsibility of the Chair of the BoD who, although not an executive member, is assigned areas of responsibility:



Subsidiary and Affiliated Companies (Management and Supervisory Bodies)

	Chair	Board VC	Sup. Chair	Sup.VC	Board Mem.	Board Mem.	Board Mem.	Sup .Mem	Sup. Mem	Sup. Mem
Bank Millennium (Poland)				NA				MM	MB*	JMP
Millennium BIM (Mozambique)		NA	JMP		JMP	JNP*	MM			
ActivoBank	MM	MB*			JMP					
Interfundos	RMT*									
BMA (Angola)		JMP*	JMP							
Millennium bcp Prest. Serviços	MJC*									
Millennium bcp Ageas		JMP*	JMP			RMT				
SIBS						MB*				
UNICRE						MB*				
Banque BCP								RMT		

**Director with special responsibility for monitoring the subsidiary/affiliated company.*

The effective attendance level of each of the EC's members in 2025 is shown in the following table:

EC Members	Attendance level (*)
Miguel Maya Dias Pinheiro	98%
Miguel de Campos Pereira de Bragança	98%
João Nuno de Oliveira Jorge Palma	97%
José Miguel Bensliman Schorcht da Silva Pessanha	97%
Maria José Henriques Barreto Matos de Campos	98%
Rui Manuel da Silva Teixeira	98%

(*) All absences were justified on the grounds that the members concerned were either on Bank business or on holiday.

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 and Sustainability. 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 Conduct, 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.

Audit Committee

The Audit Committee (AudC) is made up of a minimum of three and a maximum of five non-executive directors, elected at the GM and the lists proposed for the BoD must nominate the members who will be part of the AudC and indicate the respective Chairperson.

The AudC members, like all BoD members, are appointed for four-year terms, may be re-elected and the majority of its members, including the Chairperson, must be qualified as independent.

At the reference date, the composition was the following.

Audit Committee members	Position	Status
Cidália Maria da Mota Lopes	Chair	Independent
Valter Rui de Dias Barros	Member	Non-independent
Fernando da Costa Lima	Member	Independent
Altina de Fátima Sebastian Gonzalez Villamarin	Alternate	Independent

At the current date, the AudC is composed by four fixed members, and maintains a majority of independent members, including the Chairperson.

All the members of the AudC have adequate levels of responsibility and knowledge regarding the company's activities, enabling them to critically assess the decisions made by the management body and effectively supervise its work. This Committee has members who have the accounting and auditing knowledge, skills and experience to fully understand and monitor the risk strategy within a coherent governance framework that is compatible with the Bank's risk management and, internal control.

The AudC meets at least once a month, except in August, and whenever convened by its Chairperson, on his/her own initiative or at the request of any of its members, the Chairperson of the BoD or the Chief Executive Officer.

The AudC issued two Unanimous Written Resolutions and met sixteen times, and the meetings had the BoD' Support Office providing secretarial assistance.

The effective participation rate of each of the AudC in 2025 members is shown in the following table:

AudC Members	Attendance level
Cidália Maria da Mota Lopes	100%
Valter Rui de Dias Barros	100%
Fernando da Costa Lima	100%

Within its the competences this Committee has global corporate supervising capabilities, divided into 4 areas: (i) general supervisory powers; (ii) powers related to financial reporting and accountability and to the Statutory Auditor and External Auditor; (iii) powers related to internal control; (iv) powers related to reporting irregularities, managing conflicts of interest, transactions with related parties and Increased Risk Debtors:

- 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, 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.

Risk Assessment Committee

The RAC, established in made up of three to five non-executive directors, appointed by the BoD. At the reference date, the RAC was composed as follows:

Risk Assessment Committee members	Position	Status
Fernando da Costa Lima	Chair	Independent
Ana Paula Alcobia Gray	Member	Non-independent
Altina de Fátima Sebastian Gonzalez Villamarin	Alternate	Independent

In accordance with the Articles of Association, the RAC advises and assists the BoD on the Bank's current and future general risk appetite and risk strategy and in monitoring its implementation, in accordance with the powers laid down by law and its Regulations.

All the members of this committee have appropriate knowledge, competences and experience to be able to understand, analyse and monitor the specific categories of risk faced by the company, risk appetite and the defined risk strategy, as confirmed by the respective curricula attached to the Report.

Attendance level of the RAC meetings by each of its members in 2025 is shown in the following table:

RAC Members	Attendance level
Fernando da Costa Lima	100%
Ana Paula Alcobia Gray	100%
Altina de Fátima Sebastian Gonzalez Villamarin	100%

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.
- Assess if the incentives established in the remunerations policy are aligned with the Bank's risk appetite and expectations regarding results.
- 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, assessing their adequacy against the approved risk appetite and strategy.
- Monitoring the capital and liquidity adequacy assessment 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).

Nominations and Remunerations Committee

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

At the reference date, the composition was the following.

NRC members	Position	Status
Lingzi Yuan (Smilla Yuan)	Chair	Independent
Li Tao (Vicent Li)	Member	Non-independent
Valter Rui Dias de Barros	Member	Non-Independent

The members of the NRC have, collectively, specific professional qualifications and experience for the exercise of their functions, namely, appropriate professional qualification and experience in matters of remuneration policies and practices. It should be noted that the Chair of the NRC has special competences in Human Resources matters and is independent.

The BoD delegates in the CNR the monitoring on issues related to human resources, assessment and composition of the BoD 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.

The NRC is also responsible for annually assessing the knowledge, skills and experience of each member of the management and supervisory bodies, as well as carrying out a collective assessment of these bodies, and communicating the results to them.

The NRC is the body responsible for evaluating the performance of executive directors, namely the assessment of the fulfilment of corporate objectives and individual objectives of each executive director, with individual objectives comprising a quantitative and a qualitative component, for the purpose of the attribution and payment of variable remuneration.

The NRC meets at least once a month, except in August. The effective attendance level, in the adoption of the resolutions and meetings of the NRC by each of its members in 2025, is shown in the following table:

NPC Members	Attendance level (*)
Lingzi Yuan (Smilla Yuan)	100%
Li Tao (Vicent Li) (*)	100%
Valter Rui Dias de Barros (**)	99%

(*) Began exercising duties on 27 November 2025 and took part exclusively in meetings held after that date.

(**) Did not take part in a meeting due to a scheduling conflict with another Bank Committee of which he is a member. Lingjiang Xu served as a member of the NRC until 27 November 2025, when he resigned with immediate effect, having attended 12 meetings in the course of 2025 (100%).

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.

Corporate Governance, Ethics and Sustainability Committee

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

The CGESC is responsible for monitoring policies and implementing appropriate processes in terms of corporate governance, conduct, values and social responsibilities, and it monitors and supervises measures to develop the Bank's activity in terms of sustainability, in accordance with the powers laid down in its Regulations. It is also responsible for monitoring the progress of the Sustainability Master Plan, the Corporate Social Responsibility Plan and the Personal Data Protection program and issuing an opinion on the annual corporate governance and sustainability reports.

At the reference date, the composition was the following:

CGESC members	Position	Status
Nuno Manuel da Silva Amado	Chair	Non-Independent
Tao Li (Vincent Li) (*)	Member	Non-independent
José Pedro Rivera Ferreira Malaquias	Member	Independent

(*) Began exercising duties on 27/11/2025 and took part exclusively in meetings held after that date. Lingjiang Xu served as a member of the CGSES until 27 November 2025, when he resigned with immediate effect.

All the members of the CGESC have professional qualifications acquired through academic qualification, professional experience or specialized training appropriate to the performance of their duties, as confirmed by the respective curricula attached to this report.

Given the growing importance of sustainability, the Bank developed, in 2024 and 2025, a high-level training plan for the BoD's executive and non-executive directors, which included a series of three training courses on different sustainability and ESG issues, developing the BoD's collective knowledge and that of this Committee in particular in this area of competence.

Under the terms of Article 3(1) of its Regulations, the CGESC meets at least every two months and whenever convened by its Chair, on his/her own initiative or at the request of any of its members, or by the Chair of the BoD, the Chair of the AudC or the Chief Executive Officer.

In 2025, the Committee met six times and had the logistical and technical support of the Company's Secretary, who provided the members of the Committee with all the supporting documents, which were stored on a digital platform called Diligent Boards.

Attendance level of the CGESC meetings by each of its members is shown in the following table:

RAC Members	Attendance level
Nuno Manuel da Silva Amado	100%
Tao Li (Vincent Li) (*)	100%
José Pedro Rivera Ferreira Malaquias	99%

(*) The director took office on 27 November 2025. Lingjiang Xu served as a member of the CGSES until 27 November 2025, when he resigned with immediate effect, having attended 6 meetings in the course of 2025 (100%).

Amongst other that may be delegated by the Board of Directors, the competences of the Committee for Corporate Governance, Ethics and Sustainability are divided into 3 topics: (i) Corporate Governance and Ethics; (ii) Sustainability matters and (iii) Other powers.

Such responsibilities 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.
- Every time it deems necessary, submit to the Board of Directors a proposal on the guidelines for the Bank'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.

Directors' positions in other companies

The information on directors and positions at other companies refers to year-end.

a. Directors' positions in other Group BCP companies

Nuno Manuel da Silva Amado
Chair of the Board of Curators of Fundação Millennium bcp
Vice-Chair of the Supervisory Board of Bank Millennium, S.A. (Poland)
Vice-Chair of the Board of Directors of BIM - Banco Internacional de Moçambique, S.A.
Miguel Maya Dias Pinheiro
Non-Executive Chair of the Board of Directors of ActivoBank, S.A.
Member of the Supervisory Board of Bank Millennium, S.A. (Poland)
Member of the Board of Directors of BIM - Banco Internacional de Moçambique, S.A.
Manager of the company BCP África, SGPS, Lda.
Chair of the Remunerations and Welfare Board of BIM - Banco Internacional de Moçambique, S.A.
Vice-Chair of the Board of Curators of Fundação Millennium bcp
Miguel de Campos Pereira de Bragança
Manager of the company BCP África, SGPS, Lda.
Manager of the company Millennium bcp Participações, SGPS, Sociedade Unipessoal, Lda
Non-Executive Vice- Chair of the Board of Directors of Banco ActivoBank, S.A.

Nuno Manuel da Silva Amado
Member of the Supervisory Board of Bank Millennium, S.A. (Poland)
João Nuno de Oliveira Jorge Palma
Member of the Board of Directors of BIM - Banco Internacional de Moçambique, S.A.
Member of Nominations and Remunerations Committee and member of the Remunerations and Welfare Board of BIM - Banco Internacional de Moçambique
José Miguel Bensliman Schorcht da Silva Pessanha
Vice-Chair of the Board of Directors and Chairman of the Audit Committee of Millennium bcp Ageas Grupo Segurador, SGPS, S.A.
Non-Executive Member of the Board of Directors of Banco ActivoBank, S.A.
Vice-Chair of the BoD and Chair of the Audit Committee of Ocidental – Comp. Portuguesa de Seguros de Vida, S.A.
Vice-Chair of the BoD and Chair of the Audit Committee of Ageas – Soc. Gestora de Fundos de Pensões, S.A.
Member of the BoD and Chair of the Audit Committee of BIM - Banco Internacional de Moçambique, S.A.
Vice-Chair of the Board of Directors and Chair of the Audit Committee of Banco Millennium Atlântico, S.A. (Angola)
Member of the Supervisory Board and of the Audit Committee of Bank Millennium, S.A. (Poland)
Maria José Henriques Barreto Matos de Campos
Chair of the Board of Directors of Millennium bcp - Prestação de Serviços, ACE
Rui Manuel da Silva Teixeira
Member of the Board of Directors of Millenniumbcp Ageas - Grupo Segurador SGPS, S.A.
Member of the Board of Directors of Ocidental - Companhia Portuguesa de Seguros Vida, S.A.
Member of the Board of Directors of Ageas - Sociedade Gestora de Fundos de Pensões, S.A.
Chair of the Board of Directors of Interfundos – Soc. Gestora de Organismos de Investimento Coletivo, S.A.
Vice-Chair of the Conseil de Surveillance of Banque BCP, S.A.S. (France)

b. Directors' positions in non-Group BCP companies as at the reference date

Non-executive directors

Nuno Manuel da Silva Amado	
Positions in companies outside the BCP Group	Exercise of Other Relevant Activities
	Member of the Supervisory Board of Fundação Bial
	Chair of the Senior Board of the Alumni Clube ISCTE
	Member of the Advising Board of Fórum para a Competitividade
	Member of the Management of the Business Roundtable Portugal
	Member of the General Board of AESE- Associação de Estudos Superiores de Empresa (Business School)
	Member of the "School Board" of Instituto Superior Técnico
	Chair of the Board of the General Meeting of Santa Casa da Misericórdia de Torres Vedras
Jorge Manuel Baptista Magalhães Correia	
Positions in companies outside the BCP Group	Exercise of Other Relevant Activities
Chair of the Board of Directors of Luz Saúde, S.A.	
Member of the Board of Directors and member of the Committee for Corporate Governance of REN - Redes Eléctricas Nacionais, SGPS,	
Chair of the Board of Directors of Fidelidade - Companhia de Seguros, S.A.	
Valter Rui Dias de Barros	
Positions in companies outside the BCP Group	Exercise of Other Relevant Activities
Chair of the Board of Directors of Recredit - Gestão de Activos S.A. (Angola)	
Cidália Maria da Mota Lopes	
Positions in companies outside the BCP Group	Exercise of Other Relevant Activities
Professor at Coimbra Business School - ISCAC on tax issues	Member of the Scientific Board of the Portuguese Fiscal Association (AFP)
Invited Professor at the Law School- Universidade de Coimbra	Member of the Scientific Board of the Coimbra Business School- ISCAC

Fernando da Costa Lima	
Positions in companies outside the BCP Group	Exercise of Other Relevant Activities
Non-Executive Director of Euronext Lisbon	Chairman of the Board of the General Meeting of OBEGEF - Observatório de Economia e Gestão de Fraude
Invited Professor at the School of Economics of Universidade do Porto	
Tao Li (Vincent Li)	
Positions in companies outside the BCP Group	Exercise of Other Relevant Activities
Non-executive member of the Board of Directors of Fidelidade - Companhia de Seguros, S.A.	
Non-executive member of the Board of Directors of Peak Reinsurance Company Limited	
Non-executive member of the Board of Directors of Fosun Financial Holdings Limited	
Non-executive member of the Board of Directors Shanghai Fosun Health and Technology (Group) Co. Ltd (c)	
Altina de Fátima Sebastian Gonzalez Villamarin	
Positions in companies outside the BCP Group	Exercise of Other Relevant Activities
Independent Director and Member of the Audit Committee - San Jose Group	Member of the World Portuguese Network - Council of the Portuguese Diaspora
Member of the Advisory Board - Expansión y Actualidad Economica	
Associate Professor - Financial Management and Accounting Division	
Invited Professor of Permanent Executive Programs for Members of the Board of Directors of Cooperative Banks - Instituto Español de Analistas Financeiros	
Invited Professor at Católica Lisbon Business & Economics, MBA programme, Advanced programme in Finance, Advanced programme in Banking Management	
Esmeralda da Silva Santos Dourado	
Positions in companies outside the BCP Group	Exercise of Other Relevant Activities
Member of the Board of Auditors of Mystic Invest SA	Chair of the Board of Auditors of Santa Casa da Misericórdia Alvaiázere
Non-executive director of S2IS SGPS SA	Chair of the Board of Auditors of Casa do Povo de Alvaiázere
Non-executive director of Brasilimo SGPS SA	Chair of the Board of Auditors of the Luso-Brazilian Foundation
Non-executive director of Imocrafe - Companhia de Construção e Board S.A.	
Member of the Advisory Board of ActiveCap Capital Partners, S.A. (d)	
José Pedro Rivera Ferreira Malaquias	
Positions in companies outside the BCP Group	Exercise of Other Relevant Activities
Partner at Abreu Advogados, Sociedade de Advogados	Chair of the General Meeting of the Closed Venture Capital Fund “Premium Investments Portugal Fund”

Executive directors

Miguel Maya Dias Pinheiro	
Positions in companies outside the BCP Group	Exercise of Other Relevant Activities
	Member of the Senior Board - Alumni Clube ISCTE
	Member of the Advisory Board of BCSD Portugal – Conselho Empresarial para o Desenvolvimento Sustentável, representing BCP S.A.
	Member of the Advising Board of INDEG/ISCTE Executive Education
	Vice-Chair of the Board of APB - Associação Portuguesa de Bancos (representing Banco Comercial Português, S.A.)
Miguel de Campos Pereira de Bragança	
Positions in companies outside the BCP Group	Exercise of Other Relevant Activities
Non-Executive Director of UNICRE – Instituição Financeira de Crédito, S.A., (representing Banco Comercial Português, S.A.)	Member of the General Board of AEM- Associação de Empresas Emitentes de Valores Cotados em Mercado
Non-executive member of the Board of Directors of SIBS, S.G.P.S., S.A. and of SIBS Forward Payment Solutions, S.A.	

João Nuno de Oliveira Jorge Palma	
Positions in companies outside the BCP Group	Exercise of Other Relevant Activities
Member of the Board of Directors of the Portuguese-Spanish Chamber of Commerce and Industry	
Vice-Chair of the General Board of CIP- Confederação Empresarial de Portugal	
Member of the General Council of COTEC Portugal - Portugal - Associação Empresarial para a Inovação	
Rui Manuel da Silva Teixeira	
Positions in companies outside the BCP Group	Exercise of Other Relevant Activities
	Chairman of the Board of the General Meeting of the Associação Porto Business School in representation of Banco Comercial Português, SA

3.2. 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 materializes in an overarching set of principles, strategies, policies, systems, and functions.

The BoD 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 BoD 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 AudC.

The AudC, independent review body, plays a central role in the development of a risk culture and an internal control system with a direct relation with the BoD, the Bank's internal control units and the external auditors.

The current management of the Bank is delegated in the EC, which established several 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, 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 considered Key Function Holders and appointed by the Bank's BoD, by proposal of the Nominations and Remunerations Committee, 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 ensure 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.

3.3. Risk management and control organization

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 BoD systems and to its commissions, namely the EC, of the levels of risk assumed, their compliance with the Risk Appetite Framework and the effectiveness of the established internal control.

First line of defence

The business lines and units, together with the support areas, form the first line of defence, and are the risk takers that originate the Group's risk exposure in the course of its activity, considering the Group's risk appetite, the business segments, the authorized risk limits and the existing policies and procedures.

The first line of defence is responsible for the first layer of risk management, being part of its responsibility the operational management of the risk originated by their activity.

Business lines and units and support areas 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.

Second line of defence

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 Group and has responsibility for further identifying, monitoring, analysing, 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.

The second line of defence is responsible, inter alia, for:

- Preparing risk management and control policies and procedures aligned with the Risk Appetite Framework, involving the first line of defense in the process and monitoring the respective fulfilment.
- Regular monitoring the effectiveness of the first and second lines of defense indicators and controls.
- Following up internal control weaknesses and establishing and implementing action plans to solve it.
- Issuing opinions on risk matters and risk control environment.

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 activities of the second line of defence and its opinion on the adequacy of the control environment of the Group are regularly reported to the bodies responsible for the control environment, following the established hierarchy, as well as to the supervisory bodies.

Risk Office

The Risk Office (ROFF) is second line of defence division 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 BoD, the EC, 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.
- 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 regarding 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 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, Credit and Non-Performing Assets Monitoring, Pension Funds Risk Monitoring, and participating in the Credit Commission, CALCO, Operational Resilience, Compliance and Operational Risk and Sustainability.
- 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 the second line of defence division responsible for the Compliance Function in the Bank. 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.

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.

The Compliance Officer is appointed by the BoD, reports to the Executive Committee, through the CRO, with a functional reporting 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.

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.

Third line of defence

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.

Audit Division

The Audit Division (DAU) is the third line of defence division 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 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.

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.

3.4. Commissions relevant to risk management and control

The Executive Committee created a set of commissions and sub-commissions to support its executive activity in a wide range of dimensions: business activity; credit decisions; risk and compliance management; planning, costs, and investments; capital and liquidity management; human resources; operational resilience and sustainability. These management commissions often 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.

Risk Commission

This Commission 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 BoD.

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 Conduct, 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.
- Approve alterations to the actuarial assumptions of the Fund.
- 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.

Conduct, 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.
- Promote the dissemination of a culture of good conduct, proposing adjustments to the Code of Conduct where necessary.
- Oversee and monitor, among other aspects, the determinations issued by the behavioural supervisory authorities, customer complaints, approval of products and services, advertising practices, commission structures and incentive schemes.

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 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 security management policies of IT systems.
- 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 about 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.

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 regarding 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, considering 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 BCP, 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.

Digital Transformation and Technology Commission

- This Commission is appointed by the EC to monitoring and decide on strategic plan initiatives on digital transformation and technology, particularly in the following aspects:
- Monitoring of relevant innovation and transformation projects, including those associated with digital banking platforms and capabilities.
- Supervision of initiatives associated with processes and operating models' transformation, leveraging the combination of emerging technologies and new platforms, to enhance competitive advantages in productivity and quality of service.
- Definition of priorities and monitoring of Artificial Intelligence (AI) initiatives in alignment with strategic objectives.
- Decision-making regarding the promotion of capability building in AI and new technologies at various organizational levels, through training and strategic partnerships.
- Monitoring the implementation of transversal, scalable and reusable capabilities, which serve as enablers for innovation and transformation projects.
- Monitoring new trends, emerging technologies, and assessment of implications in the financial sector.

3.5. Risk management strategic processes

The aim of the Group's strategic risk processes is to ensure that all risks are identified, measured, controlled and reported in a consistent and coordinated manner. This approach facilitates a holistic assessment of different risks to which the Group is exposed in the scope of its activity and strengthens the to anticipate and respond to potential impacts.

BCP Group risk taxonomy

The BCP Group risks' catalogue is based on a risk taxonomy approach, where the major risk categories (e.g. credit, market, liquidity, etc.) are cascaded down into a list of lower-level risk types (e.g. credit default risk, credit issuer risk, etc.).

Each type is related with a set of risk drivers that may influence its materiality, which the Group needs to identify and assess in a manner consistent with regulatory requirements and prevailing industry practices. Examples of these factors include: geopolitical developments (e.g., international conflicts, economic and monetary policy decisions, new regulations or trade tensions); digital and transformation initiatives driven by changes in technology or business models; and sustainability factors, including natural and climate-related drivers (e.g., extreme events, depletion or scarcity of natural resources, and impacts arising from the transition to a more sustainable economy), social factors (e.g., human rights, wellbeing and interests), and good governance practices, both within the BCPO Group and across other relevant stakeholders related with the Group's activity.

The risks taxonomy is monitored and updated on an ongoing base and includes the main risk categories:

TABLE 3.1. – **BCP Group risk taxonomy**

Risk category	Risk types
Credit risk	Credit default risk, Issuer credit risk, Counterparty credit risk, Sovereign risk, Settlement risk, Securitization risk, Country risk, Foreign currencies transfer risk, Migration risk, FX lending risk, Wrong way risk, Central banks risk, Residual risk
Credit concentration risk	Credit concentration single name risk, Sector concentration risk, Geography concentration risk

Risk category	Risk types
Liquidity risk	Intra-day liquidity risk, Short-term cash flow risk, Structural liquidity, FX Liquidity Risk, Funding concentration risk, Funding cost risk
Market risk	Traded market risk, CVA risk, Non-traded market risk - FX rate risk BB, Market concentration risk, Credit spread risk, Financial instruments Price Risk (BB), Default and migration risk, Market liquidity risk, Valuation risk
Real Estate risk	Real Estate risk
Operational risk	Process risk: Damage to physical assets, Execution, delivery & process management, External fraud risk, Employment practices and workplace safety, Model risk, Internal fraud risk ICT risks: Security risks, Availability and continuity risk, Data integrity risk, Change risk, ICT Outsourcing risk Legal and compliance risk: Compliance and conduct risk, Financial crime risk, Data protection risk, Litigation risk, Governance risk
Interest Rate risk in the Banking Book	Behavioural and optional risk, Gap risk, Basis risk
Business risk	Short term earnings risk, Strategic risk, Participations, IT Strategy risk
Reputational risk	Reputational risk, Industry-wide reputational risk, Insurance reputation
Other risks	Step-in risk, Pension fund risk, Underwriting risk, Equity risk, Insurance risk, Re-hypothecation risk, Financial System protection schemes risk, FX Lending Conversion, Assistance Programme Risk in Poland

The BCP Group risk taxonomy is regularly revised and updated by the EC and RAC and subject to discussion and approval by the BoD.

Risk identification process

The Risk Identification is a formal process (RIP) in which risks faced by the Group are identified, assessed and documented, along with a high-level decision on their materiality, concerning the impact they may have on the Group's earnings, capital and/or liquidity

The RIP is performed at the level of the main geographies of the BCP Group (Portugal, Poland and Mozambique) and at group consolidated level and is conducted by the Risk Office, with the active participation of a panel of experts, including executive directors and members of subsidiaries abroad.

The RIP is supported by an analysis of the risk context and a broad prospective view of the evolution of the risk environment covering aspects considered relevant as risk factors that may influence the evolution of the risks' materiality. Particularly, the RIP considered the macroeconomic environment and forecasted evolution, the financial and banking markets developments, regulation and supervision trends and priorities, the sustainability environment, including the C&E materiality assessment and the latest risks quantification, when applicable.

A risk types listed in the Group Risk Taxonomy are covered by the RIP, to ensure that all potential risks are regularly assessed in terms of materiality for both perspectives of capital and liquidity.

The risk considered material are quantified during the ICAAP and are an input for scenario generation and sensitivity analysis.

The output of the RIP is presented for discussion to the EC and the RAC and finally to the BoD, which is the management body responsible for the approving the RIP conclusions.

On a quarterly basis, the Group proceeds with an update of the RIP, reflecting the update of the macroeconomic scenarios, the expected developments in the business landscape, the assessment of the recent developments in the risk environment, including relevant geopolitical risk drivers, and the evolution of the risk profile / balance sheet of the Group.

The conclusions of the RIP inform the Risk Appetite Statement and the Risk Strategy.

Risk appetite statement

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 Risk Appetite Statement (RAS) clarifies those risks that the BCP Group is prepared to accept and manage in the pursuit of its objectives and those which it does not and includes quantitative measures concerning earnings, capital, risk measures, liquidity and other relevant measures considered appropriate.

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

The RAS is reviewed at least once a year (or whenever the risk circumstances identified at any given moment so determine), both in terms of the list of indicators considered and their limits thresholds.

In November 2025 the Bank reviewed and updated the RAS for 2026, in order to close monitor the capital and liquidity levels and all the material risks identified in the risk identification process for 2025. The RAS includes all material risks to which the Group is exposed and defines our target risk profile for the current and medium term, with a forward-looking view that considers stress scenarios. For each of the material risks, the Group selects at least one indicator for its monitoring within the scope of the RAS.

The Group shares the same risk appetite model, which sets common requirements for processes, metrics, governance bodies, controls and standards. Through a cascading-down process, each subsidiary's board also sets its own risk appetite.

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.

Compliance with risk appetite limits is monitored on a regular basis through dedicated reporting to senior management and the BoD and its committees. Breaches or potential breaches are subject to predefined escalation, remediation and follow-up processes, with oversight proportionate to their materiality through senior management and the Group's governing bodies

It should be mentioned the alignment of RAS with the strategy and business plans as before approving the strategic plans and annual budget, the Group verifies the consistency of the outputs with the limits set in the RAS.

Risk strategy

The BoD formally reviews and approves the BCP Group's Risk Strategy, ensuring its alignment with the budgeting process and the approved Risk Appetite. The definition of the Risk Strategy integrates the conclusions of the risk identification process, the results of the assessment of the adequacy of the internal capital and liquidity and influences the Group's strategic business options by defining the main lines of action to be developed to control, mitigate, or eliminate the material risks to which the Group's activity is subject in the medium term. The objective of the Risk Strategy is not to eliminate or avoid risks, but to assume acceptable risks and promote

proper management fostering the achievement of the strategic and operational objectives of the BCP Group.

The Risk Strategy is reviewed in coordination with the RAS update, focuses on the material risks identified in the RIP and before its formal approval by the BoD is subject to the opinion by the RAC and the EC. The Risk Strategy is regularly revisited within the scope of the quarterly risk assessment review.

The delimitation of risk appetite, translated into the RAS, is one of the guiding vectors of the Group's "Risk Strategy" which translates on a set of lines of action to be developed to address the mitigation and/or control of all identified risks.

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.

Risk culture

The Group has risk management policies and procedures, embodied in a vast set of risk manuals that define the rules to be observed within the scope of the risk management function and which contribute to the strengthening of an established risk culture in line with the risk appetite statement (RAS) defined by the BoD, supported by the involvement of Management and Senior Management and present in the day-to-day activities of the Bank, framing the internal attitudes and behaviours related to the risk awareness, risk taking and management and implementation of controls appropriate to business processes and activities concerning profitability and sustainability objectives, respecting social and environmental goals.

The structure of the Group and the Bank is based on the principle of segregation of functions not to harm the interactions between the organic units and the internal control functions, bearing in mind that possible situations of potential conflict of interest are previously identified, minimized and subject to a careful and independent monitoring, to guarantee the autonomy and independence of the internal control units. This ensures the necessary independence as the risk management and control functions operate independently according to the defined three-lines-of-defence model, with clearly defined roles and responsibilities.

The Bank's internal regulatory framework establishes detailed rules and standards of conduct, defines efficient business, risk and operating processes and the appropriate competencies for their execution. The internal regulatory framework is subject to constant update considering, particularly, the legal and regulatory dynamics and internal self-assessment exercises. The rules that make up the internal regulatory framework are regularly reviewed, at least every two years, ensuring its permanent updating and constant search for operational excellence, the maintenance of high ethical standards and an adequate governance model. The existence of a Code of Conduct approved by the Board of Directors that guides proper conduct and ethical values at all levels of the organization, prohibiting practices that may inadvertently provide incentives or temptations to inappropriate activities should be highlighted.

Regarding remuneration policies, the Bank defines policies capable of attracting and retaining the best talents and, at the same time, defending the Bank's reputation and long-term objectives, discouraging the focus exclusively on goals and short-term results.

Still within the scope of strengthening the risk culture, it is worth mentioning the periodic training of employees in risk and compliance matters, including e-learning actions under the coordination of the Millennium Banking Academy.

In this context all employees are responsible for risk management, must understand the risks arising from their activities and take ownership for managing them. For this purpose, the involvement of the senior management involvement through conduct, actions and communications, is relevant for promoting a consistent risk management, fostering the Group’s risk culture, and oversees that the risk profile remains within the appetite set.

The Bank shall pursue the continuous enhancement of the risk culture across the whole BCP Group through a comprehensive RAF, including methods and processes to identify and

manage risks and seize opportunities, assessing respective likelihood and magnitude of impact, determining a response strategy and a monitoring process, with the aim to foster the results of the Group within the boundaries defined by the risk appetite.

3.6. Reporting and risk measurement systems

Main risk supporting systems

The BCP Group has implemented an IT infrastructure – SAS Solution for Risk Management - that includes a specific risk DataMart originating in the Bank' Master Financial Database (MFDB) and SAS Risk Dimensions that captures the risk exposure at a Group level.

SAS Solution for Risk Management is a complete end-to-end application for measuring, exploring, managing, regulatory reporting (COREP/FINREP) and ALM (Assets & Liabilities Management), among other objectives. This solution integrates data access, mapping, enrichment, and aggregation with advanced analytics and flexible calculation and reporting, all in an open, extensible, client server framework.

The MFDB is an information repository that was designed as the bank's golden data source for financial and risk analysis including capital calculation. This repository collects the specific and relevant information in terms of financial characteristics (including for risk purposes), from all relevant systems of the Group (domestic and international operations).

MFDB aggregates and manages several types of information, namely financial, transactions, customer details, ratings, customer limits, collaterals / guarantees.

The data is obtained directly from the Group's IT systems through automated procedures, which regularly stores data corresponding to the Group's position by the end of each month. The procedures for the loading of updated data were designed by the relevant stakeholders (e.g. risk and finance functions) and implemented by the Group's IT Division and involve the feeding of data from the Group's operational systems, concerning transactions, positions, or entities (clients and counterparties) registered into those systems.

The information stored in MFDB is used to feed the SAS Risk Dimensions, a simulation software that implements advanced methods for credit risk management, performs risk assessment and mitigation of credit risks through an optimized allocation process, calculates the capital requirements for Pillar I and produces sensitivity analysis and feeds into stress tests exercises. This solution also covers liquidity risk and interest rate risk management.

The main outcomes from this system are:

- Assets & Liabilities Management (ALM), including interest rate risk identification and calculation for all balance sheet (and off-balance) interest-sensitive items, and Gap Analysis for liquidity risk control.
- Capital requirements calculation.
- Impairment calculation.
- Regulatory reporting, namely COREP and FINREP.

It also enables Credit risk analysis, monitoring, and reporting, such as exposures, risk weighted assets, non-performing loans, concentration risk, impairment and other credit risk indicators that can be aggregated by geography, business line, product, etc.

Governance and Data Quality (G&DQ) framework

A G&DQ Framework has been in place since 2018, following a decentralised operating model structured around the three lines of defence. Designated Data Stakeholders (e.g. Data Owners, Data Stewards, Report Owners) are embedded across business lines to ensure clear accountability and segregation of duties, while a central CDO function provides oversight, policies, and monitoring. Since its inception, the framework has been progressively expanded in both scope and maturity, supported by strong governance mechanisms at the highest level.

Senior Management oversight is ensured through the G&DQ Executive Report, presented to the Operational Resilience Commission (CROP), which covers, among other topics, information on the Bank's data quality, identified issues, and ongoing developments. Complementing this oversight, specific Data Quality RAS metrics are in place to monitor the data quality of the Group and its foreign subsidiaries.

This governance model also extends to the group dimension: certification exercises (including foreign subsidiaries) are regularly conducted by the Group CDO, consolidating results into a global report for Senior Management approval, with action plans defined and monitored to address identified gaps.

This framework is supported by a robust data architecture that ensures the consistency and reliability of the information being assessed. At the core of this data ecosystem lies the Bank's Golden Source.

This Golden Source is designed to support comprehensive regulatory and supervisory reports, with technical documentation ensuring data traceability, standardised taxonomy, and a centralised repository of business terms for risk reporting. Manual data transformation processes are documented and controlled, with a dedicated Platform established to facilitate the transfer of manual inputs and EUC-generated data. This platform enables their integration into RDARR pipelines, ensuring the standardization of data sources and the implementation of data quality controls at the point of upload.

Building on this architectural foundation, the Bank's reporting capabilities are governed by a robust Data Quality framework, with Data Quality Controls (DQCs) implemented throughout the entire data lifecycle.

Operationally, a structured Data Event process registers and manages confirmed data quality issues, while data quality dashboards enable data stakeholders to dynamically monitor quality indicators across the organisation.

Reflecting the continuous evolution of these governance, architecture, and data quality components, the year 2025 marked significant progress in the Bank's RDARR maturity journey:

- G&DQ Framework revision: the framework was reviewed to ensure alignment with the RDARR Guide.
- G&DQ Framework Validation Function: a new independent validation function was established at year-end 2025.
- Subsidiary Certification: certification exercises were completed in foreign subsidiaries, with action plans defined to address identified gaps.
- Reporting Automation: significant advances were achieved in report automation, leveraging the Golden Source as the reporting source.
- Phased Rollout Plan Approved: a prioritised plan was established to progressively extend the framework to additional Reports, Risk Models, and Indicators, enabling the Bank to test and refine the framework based on insights gained from previously rolled-out areas.

Looking ahead, the Bank intends to continue enhancing its G&DQ Framework, focusing on expansion, strengthening the quality control environment, and promoting strategic initiatives aimed at modernising its data architecture and reporting processes, including automation.

3.7. ESG (Sustainability) as a transversal risk factor

The BCP Group recognises environmental, social and governance (ESG) dimensions within its risk taxonomy as cross-cutting risk drivers that may affect the Group's financial performance and solvency.

Rather than being treated as standalone risks, ESG factors are understood as underlying drivers that may materialise through traditional risk categories, including credit, liquidity, business,

market and reputational risks. Their materialisation occurs through transmission channels: causal pathways that explain how ESG factors may impact the Group via its counterparties and invested assets.

Governance model

The governance and organisational model for the management of ESG risk drivers is structured based on the three lines of defence model. Under the leadership of the BoD and its delegated bodies - namely the EC, the RAC and the CGSES - this framework ensures the effective assessment, oversight and management of ESG-related risks.

The BoD holds overall responsibility for the Group's ESG strategy, management and control framework, including the design, assessment and ongoing enhancement of the governance and organisational structure. Specifically, the BoD approves the corporate policies and principles governing the management and disclosure of ESG risks. This includes defining, promoting and monitoring the Group's ESG strategy, ensuring its integration into business and support activities, as well as into risk management and control processes. The BoD also ensures that adequate resources are allocated to the management of ESG matters across the three lines of defence.

The EC is responsible for proposing to the BoD, through the CGSES and/or the RAC key ESG-related assessments and initiatives, including the Business Environment Analysis Report (BEAR) and the Climate and Nature Materiality Assessment (C&N MA). The EC is also responsible for overseeing their implementation and management, as well as ensuring compliance with applicable regulatory and supervisory requirements. This approach aims to ensure that ESG-related opportunities are appropriately explored and that associated risks are effectively identified and managed.

The CGSES is responsible for the oversight of matters related to Human Rights and sustainability, while the EC, supported by its Human Resources and Sustainability Commissions, is responsible for the management of these matters, including the implementation, monitoring and enforcement of this Policy and other related policies. Furthermore, the CGSES advises and supports the BoD in the assessment and approval of the Group's Sustainability Master Plan (SMP), monitors its implementation and progress, and oversees compliance with applicable national and international ESG legal and regulatory requirements.

The RAC is responsible for advising the BoD on the identification, management and control of ESG risk factors. Its responsibilities also include monitoring the Group's risk appetite and related performance, as well as overseeing the adequacy of the ESG internal control framework, with particular focus on the effectiveness of the risk management system in addressing ESG risk drivers.

The Sustainability Commission, reporting to the EC and chaired by the CEO, is responsible for evaluating, discussing and monitoring the implementation of the Group-wide sustainability strategy. The Commission supports the EC in integrating ESG considerations into the Group's business activities and risk management framework. Its responsibilities include monitoring implementation progress, ensuring compliance with established timelines, and validating the outcomes of the various sustainability initiatives.

In Portugal, the Sustainability Function is carried out by the Risk Office (ROFF) and the Economic Studies and Sustainability (GESS) divisions. Further details on the governance structure can be found in the table below. Subsidiaries have their own sustainability function divisions.

TABLE 3.2. – **Governance structure to address ESG issues**

Ownership	Activities
Board of Directors (BoD)	Overall responsibility for the Group's ESG strategy, management, and control framework in BCP Group, including setting, approving, and overseeing the effective implementation of the ESG strategy and risk framework and respective implementation agenda, including the approval of:

Ownership	Activities
	a) Risk Appetite Statement (RAS) and ESG metrics, as well as tolerance levels. b) Group Sustainability Master Plan. c) Sustainability and ESG related corporate policies and principles. d) Group Sustainability Report. e) Group's risk ESG disclosures for Pillar 3 purposes. f) Group's BEAR. g) Group C&N Materiality Assessment. h) Portfolio alignment goals and target-setting exercises. i) Transition Plan.
Corporate Governance, Ethics and Sustainability Committee (CGESS)	Recommend the adoption by the BoD of policies in accordance with ethical, sustainability and corporate social responsibility principles and best practices. Assist the BoD in evaluating and approving the Group's SMP, monitoring its progress, and supervising the compliance with national and international legal and regulatory ESG requirements. Issue opinions on the annual corporate governance and sustainability reports.
Risk Assessment Committee (RAC)	Advise the BoD concerning the identification, management, and control of ESG risk factors, while monitoring the Group's risk appetite and underlying performance. It is also responsible for supervising the adequacy of the ESG internal control system, with special focus on: a) The effectiveness of the risk management system in dealing with the ESG risk drivers. b) Dealing with any instance of reputational risk related to ESG to which the Group may be associated (directly or indirectly). c) Approving the scenarios for C&N stress testing. d) Issuing an opinion on the materiality threshold used for the C&N Materiality Assessment.
Executive Committee (EC)	Responsible for approving the DMA and for proposing the ESG Strategy, the BEAR and the C&N Materiality Assessment to the BoD, through the CGSES or the CAVR as applicable, and for its overall implementation and management, as for compliance with the regulatory and supervisory guidelines. It is also responsible for performing a first-level control of the overall sustainability framework, including: a) Ensuring the existence of adequate organizational arrangements to perform the Sustainability Function, and the necessary human and technological resources for its functioning. b) Ensuring that the responsibilities of ESG management are clearly and formally integrated into the organizational structure, both in the business and the internal control functions. c) Approving the methodological approaches and practices, from a business and a risk control perspective, to assess and manage the material ESG risk factors. d) Establishing the ESG commercial strategy, including aspects from client engagement to product development, and the definition of the business and operational targets to ensure the Group's sustainability strategy is accomplished. e) Leading the Group's communication plans and statements on ESG, including the definition of frameworks and respective commitments signed / to be signed by the Group.

Ownership	Activities
Sustainability Commission	The BCP Group entities representing more than 1% of the assets of BCP Group shall have in place a Sustainability Commission or be part of the Sustainability Commission of the parent entity, reporting to the EC, composed at least of the CEO (Chair of the Commission), the CRO, the ESG Officer, the Risk Officer and the Compliance Officer. The local entities ensure that BCP's ESG Officer and heads of the GESS, GESS-ASC and ROFF, are invitee members of the respective Sustainability Commission's meetings. The Sustainability Commission of each entity assists the respective EC in integrating the principles of sustainability / ESG approved by the management bodies. In the respective decision and management processes, being also responsible for assessing and approving the initiatives, changes or adaptions required to implement the relevant actions approved under the Group's SMP in force, compliance with the respective timelines and the progress of the results achieved, as well as the follow-up and monitoring of the approved ESG metrics. The Sustainability Commission monitors the completion levels of the sustainability related KPIs included in the SMP in force.

Additional information about the governance model is detailed in the Sustainability Report, which can be consulted at: Institutional/Sustainability/Non-Financial Information/Reporting Commitment

Sustainability Master Plan

The BCP Group's approach to sustainability is aligned with leading national and international trends in ESG reporting and performance. The Bank recognises its role in supporting the achievement of national and global commitments, as well as the importance of engaging and aligning the financial sector in the transition towards a more sustainable and inclusive economic development model.

Aware of (i) the potential impact of ESG risk drivers on the environment, communities and business activities, and (ii) the role of the financial sector in helping mitigate these impacts across its own operations and counterparties, BCP's management bodies have established the Sustainability Master Plan (SMP). The SMP sets out the Group's sustainability commitments, targets and priority actions. It was developed through a strategic assessment process based on stakeholder engagement and a materiality analysis, considering material impacts, risks and opportunities, internal capabilities, and the evolving regulatory, economic and competitive landscape. The plan defines a comprehensive portfolio of initiatives and actions focused on responsible and sustainable management, sustainable products and services, environmental impact, and support for people and communities. Examples of these initiatives are presented in the table below.

TABLE 3.3. – **BCP GROUP: 2026 Sustainability Master Plan**

Governance	Social	Environment
Prepare sustainability disclosure according to CSRD/ESRS requirements: 2025 and 2026 Sustainability Report. Define ESG Organisational Model to establish a regular process for assessing internal skills and capabilities regarding sustainability issues. Strengthen cybersecurity disclose mechanisms, identifying new information to	Design and execute annual action plans for corporate social responsibility and establish an articulation model at the Group level. Monitor the human rights management and disclosure process, including identification of vulnerabilities and improvement actions. Develop regular social and/or environmental awareness-	Perform the annual C&N materiality assessment exercise. Integrate the exercise's results in the Risk Identification Process and in the Risk Appetite Framework. Monitor and update of the target setting and portfolio alignment targets in line with Pillar 3 requirements Implement and monitor the Bank's Transition Plan.

Governance	Social	Environment
be disclosed publicly, and by maintaining a formal programme of compulsory annual cybersecurity training Define key performance indicators (KPIs) to monitor green housing (energy efficiency ratings) and affordable housing (e.g. subsidised loans, young people, vulnerable households), in line with the UNEP FI Recommendations on affordable and green housing.	raising activities for the Bank's Employees. Health and well-being Improve the Bank's communication to employees regarding measures targeting mental health and promote physical exercise and fitness at work (e.g., virtual gym).	Monitor ESG metrics for relevant portfolios and business lines, both at the consolidated and subsidiary levels. Perform annual stress test, including environmental scenario analysis. Continue enhancing the internal ESG data platform to centralise ESG data and enable automated reporting. Waste Management and Energy Efficiency, actions for waste reduction and energy efficiency optimization, to reduce our environmental impact.

3.8. Regulatory calculation methodologies

Following the request submitted by BCP in the first six months of 2009, the Bank received authorisation from Banco de Portugal to use the advanced approach (internal model) for the generic market risk and to use the standard approach for operational risk.

Banco de Portugal authorised, with effects as of 31 December 2010, the adoption of methodologies based on the Internal Ratings Based models (IRB) for the calculation of capital requirements for credit and counterparty risk, covering a substantial part of the risks of the activity in Portugal.

Subsequently, within the scope of the gradual adoption of the IRB approach in the calculation of capital requirements for credit and counterparty risks, Banco de Portugal authorised the extension of this methodology to the subclasses "Renewable Retail Positions" and "Other Retail Positions" in Portugal, effective as of 31 December 2011.

With reference to 31 December 2012, Banco de Portugal authorised the use of own estimates of Credit Conversion Factors (CCF) for the "Corporate" risk class in Portugal and the adoption of IRB models for "Loans secured by residential real estate" and for "Renewable Positions" in the retail portfolio of Bank Millennium, the Group's subsidiary in Poland.

On 31 December 2013, Banco de Portugal authorised the extension of the IRB method to the real estate promotion segment, as well as the adoption of own estimations of LGD (Loss Given Default) for the "Corporate" exposures in Portugal.

In the following table is shown a summary of the calculation methodologies of the capital requirements used in the regulatory reporting as well as of the respective geographic application scope.

TABLE 3.4. – **Calculation methods and scope of application**

	31 Dec. 2025	31 Dec. 2024
Credit Risk and Counterparty Credit Risk		
Portugal		
Retail	IRB Advanced	IRB Advanced
Corporates	IRB Advanced (1)	IRB Advanced (1)
Poland		

	31 Dec. 2025	31 Dec. 2024
Retail		
- Loans secured by residential real estate	IRB Advanced	IRB Advanced
- Renewable positions	IRB Advanced	IRB Advanced
Other Exposures (all Entities of the Group)	Standardized	Standardized
Market Risks (2)		
Generic market risk in debt and equity instruments	Internal Models	Internal Models
Foreign exchange risk	Internal Models	Internal Models
Commodities risk and market risk in debt and equity instruments	Standardized	Standardized
Operational Risk (3)	Standard	Standard

(1) Excluding the following exposures: those derived from the SOE rating systems and the simplified rating system and purchased receivables which were weighted by the standardised approach.
(2) For exposures in the perimeter centrally managed from Portugal; for all other exposures the only approach applied is the standardised method.
(3) The adoption of the standard method of operational risk was authorised in 2009

4. Capital

The BCP Group's adequate capital management and capital adequacy is a key concern of the Board of Directors which aims to guarantee the Group's solvency, the compliance with the regulatory requirements and with the strategic plan profitability targets.

The strategic objectives and risk appetite set by the BoD materialize in a set of defined targets and risk thresholds for the main capital indicators, such as capital ratios, MREL and leverage ratios, most of these are included in the Group RAS.

To meet the solvency targets within the adequate risk profile the Group's approach to capital management is based on a capital planning function, supported by the Planning and Control Division, which coordinates the Group's planning process, centralizes and consolidates the plans and budgets of the various activities and subsidiaries and ensures the analysis of their execution, preparing the information in these areas necessary for decision-making by the Executive Committee, including the permanent monitoring of the capital indicators compliance with the regulatory levels and ensuring the prospective view of their evolution in the scope of the ICAAP, Stress Tests, Resolution Plans, Recovery Plans and analysis of the impact of various scenarios and/or alternatives for action on these same indicators.

The Group's capital strategy includes the definition of management capital buffers above the regulatory minimum, which are considered in the RAS capital metrics. The Group considers the objective of achieving a favourable comparison within the relevant peer group, while ensuring a competitive remuneration to the shareholders. The Group strategy for generating capital is based on focusing on improving risk-adjusted returns through better allocation, analysing the performance of portfolios and its contribution to the capital generation. Finally, on the capital calculation side, the Group permanently seeks opportunities to optimise the numerator (CET1) and denominator (RWA). Technological infrastructure and systems, capital tools and other optimisers are cross-cutting elements and factors that allow for proper capital management.

The Strategic Plan 2025-2028 targets show the ambition of the Bank to maintain a CET1 ratio above 13.5% by the end of 2028, while delivering superior returns to the shareholders by distributing a substantial portion of the net income, subject to supervisory approval and achievement of Plan's relevant capital & business targets in Portugal and in the international area and fulfilment of CET1 target.

4.1. Regulatory framework

The Directive 2013/36/EU and the Regulation (EU) no. 575/2013 (Capital Requirements Directive / Capital Requirements Regulation), establishes capital requirements for credit institutions.

These requirements result from definition of own funds and risk weighted assets, together with the establishment of minimum ratios, including a capital conservation buffer and additional Pillar 2 requirements.

Additionally to these, Supervisory authorities may impose a capital buffer to systemically important institutions given their dimension, importance to the economy, business complexity or degree of interconnection with other institutions of the financial sector and, in the event of insolvency, the potential contagion of these institutions to the rest of the non-financial and financial sectors. The BCP Group has been considered an O-SII (other systemically important institution) and is obliged to comply with an additional buffer.

The Group does not use the derogation referred to in Article 7 CRR or individual consolidation method laid down in Article 9 CRR.

It is also considered a countercyclical buffer, which aims to ensure that the banking sector has enough capital to absorb the losses generated in macroeconomic downturn situations, especially after periods of excess credit expansion, and to moderate these movements, given that this buffer depends on a discretionary decision of the competent authorities, based on their assessment regarding the underlying risks of the evolution of credit aggregates. This buffer may vary between zero and 2.5% for each institution and the need to achieve the defined goals may also impose restrictions in terms of distributions that go against an adequate capital

conservation level. Pursuant to a decision of 30 September 2025, Banco de Portugal, in the exercise of its powers as national macroprudential authority, decided that the countercyclical buffer rate to be in force in the fourth quarter of 2025 would remain unchanged at 0% of the total risk exposure amount.

Likewise, from 1 October 2024, Banco de Portugal decided to apply to banking groups that use the internal ratings method a 4% sectoral systemic risk reserve, applicable to exposures to the retail portfolio of individuals secured by residential properties located in Portugal. This reserve aims to increase the resilience of the financial system in the event of a specific systemic risk materializing, providing sufficient resilience to absorb any losses in the underlying portfolio.

Considering all the requirements in force, including the ones related to the Supervisory Review and Evaluation Process (SREP), the minimum Own Funds requirements, applicable to the Group, for December 2025, were as follows:

TABLE 4.1. – Minimum capital requirements from SREP

	Minimum Requirement Pilar 1"	Additional Requirement Pilar 2"	Capital Conservation Buffer	Other Systemically Important Institution Buffer	Institution Specific Countercyclical Capital Buffer	Systemic Risk Buffer	Total
CET1	4.500%	1.266%	2.500%	1.000%	0.360%	0.271%	9.896%
T1	6.000%	1.688%	2.500%	1.000%	0.360%	0.271%	11.818%
Total	8.000%	2.250%	2.500%	1.000%	0.360%	0.271%	14.381%

The Bank complies with all Supervisory requirements and other recommendations in this area.

The consolidated capital ratios, as of 31 December 2025, were calculated applying methodologies based on Internal Rating Based Models (IRB) for the calculation of capital requirements for credit and counterparty risks, covering a substantial part of both its retail portfolio in Portugal and Poland, and its corporate portfolio in Portugal.

The advanced method (internal model) was used 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.

4.2. Own funds and capital adequacy

Own funds, calculated according to the applicable regulatory norms, include tier 1 and tier 2. Tier 1 comprises common equity tier 1 (CET1) and additional tier 1 (AT1).

Common equity tier 1 includes:

- Paid-up capital, share premium, reserves, and retained earnings with the deduction of expected dividends and other charges and non-controlling interests; and
- Deductions related to own shares and loans given to finance the acquisition of Bank's shares, the shortfall of value adjustments and provisions to expected losses concerning exposures whose capital requirements for credit risk are calculated under the IRB approach, goodwill and other intangible assets, the additional value adjustments required by applying prudent valuation requirements to all assets valued at fair value, adjustments related to minimum commitment with collective investments undertakings, with the 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 potential 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 minority shareholders.

In addition, the deferred tax assets arising from unused tax losses 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 additional value adjustments under Supervisory Review and Evaluation Process (SREP), as well as the irrevocable payment commitments for the Single Resolution Fund and the additional coverage of non-productive exposures are also deducted.

Tier 2 own funds include the subordinated debt that is compliant with the requirements of the Regulation, deducted from amounts related to loans granted to finance its acquisition and the non-controlling interests related to minimum total capital requirements of institutions that are not totally owned by the Group. Tier 2 instruments held in financial institutions and insurers of at least 10% are deducted.

By decision of the General Meeting of Shareholders the Bank decided to join the special regime applicable to the deferred tax assets.

The Bank has no restrictions applied to the own funds calculations, on the scope of the CRR article 437.° e).

The Group does not qualify as a financial conglomerate; therefore, the complementary capital requirements were not assessed.

The main aggregates of the consolidated own funds and own funds requirements, as of 31 December 2025, 30 September 2025, and 31 December 2024 as well as the respective capital ratios are shown in the next table:

TABLE 4.2. – Capital ratio and summary of the main aggregates

(Million euro)	Fully implemented			Phased-in		
	Dec. 25	Sep. 25	Dec. 24	Dec. 25	Sep. 25	Dec. 24
Own Funds						
Tier I	7,419	7,152	7,034	7,419	7,152	7,057
of which: Common Equity Tier I	6,922	6,659	6,540	6,922	6,659	6,563
Tier II	1,239	1,224	1,233	1,239	1,224	1,209
Total capital	8,658	8,376	8,267	8,658	8,376	8,266
RWA						
Credit risk and counterparty credit risk	35,228	34,399	33,892	34,661	33,872	33,909
Market risk	569	653	853	569	653	853
Operational risk	7,656	7,250	5,313	7,656	7,250	5,313
Credit Valuation Adjustments (CVA)	16	9	53	16	9	53
Total	43,469	42,311	40,111	42,902	41,784	40,128
Capital Ratios						
Common Equity Tier I	15.9%	15.7%	16.3%	16.1%	15.9%	16.4%
Tier I	17.1%	16.9%	17.5%	17.3%	17.1%	17.6%
Total capital	19.9%	19.8%	20.6%	20.2%	20.0%	20.6%

Note: The September ratios do not include the accumulated net income.

The estimated CET1 ratio as at 31 December 2025 stood at 16.1% phased-in and 15.9% fully implemented, reflecting a change of -22 and -38 basis points, respectively, compared to the 16.4% and 16.3% 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 31 December 2025 (CET1 9.89%, T1 11.81% and Total 14.37%) and in line with the 2025-2028 strategic plan.

The change in capital ratios reflects on the one hand, the Group's internal capital generation, supported by the strong performance of its core business and prudent capital management, despite the constraints limiting the contribution from international operations. On the other hand, it reflects the increase in risk-weighted assets, driven by the entry into force of CRR3 and by the growth in business activity and corporate financing.

Subsequent events

- The Banco de Portugal, in the exercise of its powers as the national macroprudential authority, has decided that the countercyclical capital buffer rate shall be set at 0.75% of the total risk exposure amount of all credit institutions having their registered office in Portugal, at the consolidated, sub-consolidated and individual levels, where applicable, in relation to exposures to the Portuguese non-financial private sector, with effect from 1 January 2026. This measure results in a 45 basis points increase in the minimum capital requirements applicable to the Group.
- Following the regulatory approval of the share buyback programme of up to 40% of consolidated net income, the CET1 ratios would stand at 15.6% on a fully implemented basis and 15.8% on a phased-in basis.

The table below shows the BCP Group risk weighted assets as of 31/12/2025 and 30/09/2025.

TABLE 4.3. – EU OV1 – Overview of total risk exposure amounts

(Million euro)		Total risk exposure amounts (TREA)		Total own funds requirements
		a	b	c
		31 Dec. 2025	30 Sep. 2025	31 Dec. 2025
1	**Credit risk (excluding CCR)**	**33,601**	**32,390**	**2,688**
2	Of which the standardised approach	14,692	14,239	1,175
3	Of which the foundation IRB (F-IRB) approach	1,285	1,281	103
4	Of which: slotting approach	534	562	43
EU 4a	Of which: equities under the simple risk weighted approach	596	591	48
5	Of which the advanced IRB (A-IRB) approach	13,666	12,769	1,093
6	**Counterparty credit risk - CCR**	**116**	**112**	**9**
7	Of which the standardised approach	93	105	7
8	Of which internal model method (IMM)	-	-	-
EU 8a	Of which exposures to a CCP	5	3	0
9	Of which other CCR	17	4	1
10	**Credit valuation adjustments risk - CVA risk**	**16**	**9**	**1**
EU10a	Of which the standardised approach (SA)	-	-	-
EU10b	Of which the basic approach (F-BA and R-BA)	16	9	1
EU10c	Of which the simplified approach	-	-	-
11	Not applicable			
12	Not applicable			
13	Not applicable			
14	Not applicable			
15	**Settlement risk**	**-**	**-**	**-**
16	**Securitisation exposures in the non-trading book (after the cap)**	**1,964**	**2,287**	**157**
17	Of which SEC-IRBA approach	67	135	5
18	Of which SEC-ERBA (including IAA)	-	-	-
19	Of which SEC-SA approach	877	1,235	70
EU 19a	Of which 1250%/ deduction	-	-	-
20	**Position, foreign exchange and commodities risks (Market risk)**	**569**	**653**	**46**
21	Of which the Alternative standardised approach (A-SA) [2]	-	-	-
EU 21a	Of which the Simplified standardised approach (S-SA) [2]	-	-	-
22	Of which the Alternative Internal Models Approach (A-IMA)	-	-	-
EU 22a	**Large exposures**	**-**	**-**	**-**
23	Reclassifications between the trading and non-trading books	-	-	-

(Million euro)		Total risk exposure amounts (TREA)		Total own funds requirements
		a	b	c
		31 Dec. 2025	30 Sep. 2025	31 Dec. 2025
24.	Operational risk	7,656	7,250	613
EU 24a	Exposures to crypto-assets	-	-	-
25	Amounts below the thresholds for deduction (subject to 250% risk weight)	2,006	2,097	160
26	Output floor applied (%)	50%	50%	
27	Floor adjustment (before application of transitional cap)	-	-	
28	Floor adjustment (after application of transitional cap)	-	-	
29	**Total**	**42,902**	**41,784**	**3,432**
20	**Position, foreign exchange and commodities risks (Market risk)**	**569**	**653**	**46**
	Of which the standardised approach [1]	276	293	22
	Of which IMA [1]	292	360	23

1 The information in this row is displayed according to the current calculation methodology.

2 This row contains no information since FRTB (Fundamental Review of the Trading Book) is not yet in effect

In accordance with the instructions in the ITS (Implementing Technical Standards) issued by EBA (EBA ITS 2025/01), regarding the public disclosure of the information referred to in Titles II and III of part Eight of Regulation (EU) No. 575/2013, we present below the information referred to in Article 437, points a), d), e) and f), of Regulation (EU) No. 575/2013 using the EU CC1 and CC2 templates and detailed information about the main characteristics of the main equity funds instruments of level 1, additional level 1 and level 2, as defined in point 1 (b) of the said article, using the EU CCA template.

TABLE 4.4. – EU CC1 – Composition of regulatory own funds

(Million euro)		a	B
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Common Equity Tier 1 (CET1) capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	3,016	
	of which: Instrument type 1	3,000	37
	of which: Instrument type 2	-	
	of which: Instrument type 3	-	
2	Retained earnings	1,895	41;43
3	Accumulated other comprehensive income (and other reserves)	1,483	41;43
EU-3a	Funds for general banking risk	-	
4	Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET1	-	45
5	Minority interests (amount allowed in consolidated CET1)	726	45
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	248	44
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	7,369	
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	-13	
8	Intangible assets (net of related tax liability) (negative amount)	-236	14;18
9	Not applicable		
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	-163	20
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	354	43
12	Negative amounts resulting from the calculation of expected loss amounts	-	
13	Any increase in equity that results from securitised assets (negative amount)	-	

(Million euro)		a	B
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	0	43
15	Defined-benefit pension fund assets (negative amount)	-218	21
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	-1	
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
20	Not applicable		
EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	-82	
EU-20b	of which: qualifying holdings outside the financial sector (negative amount)	-	
EU-20c	of which: securitisation positions (negative amount)	-82	
EU-20d	of which: free deliveries (negative amount)	-	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	-	20
22	Amount exceeding the 17,65% threshold (negative amount)	-	
23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	-	14
24	Not applicable		
25	of which: deferred tax assets arising from temporary differences	-	20
EU-25a	Losses for the current financial year (negative amount)	-	
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	-	
26	Not applicable		
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	-	
27a	Other regulatory adjustments	-88	14, 20, 21
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	-447	
29	Common Equity Tier 1 (CET1) capital	6,922	
Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts	400	40
31	of which: classified as equity under applicable accounting standards	400	
32	of which: classified as liabilities under applicable accounting standards	-	
33	Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1	-	
EU-33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1	-	
EU-33b	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1	-	
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	97	45
35	of which: instruments issued by subsidiaries subject to phase out	-	45
36	Additional Tier 1 (AT1) capital before regulatory adjustments	497	

(Million euro)		a	B
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Additional Tier 1 (AT1) capital: regulatory adjustments			
37	Direct and indirect holdings by an institution of own AT1 instruments (negative amount)	-1	
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	
41	Not applicable		
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	-	
42a	Other regulatory adjustments to AT1 capital	-	
43	Total regulatory adjustments to Additional Tier 1 (AT1) capital	-1	
44	Additional Tier 1 (AT1) capital	496	
45	Tier 1 capital (T1 = CET1 + AT1)	7,419	
Tier 2 (T2) capital: instruments			
46	Capital instruments and the related share premium accounts	990	26
47	Amount of qualifying items referred to in Article 484(5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR	-	
EU-47a	Amount of qualifying items referred to in Article 494a(2) CRR subject to phase out from T2	-	
EU-47b	Amount of qualifying items referred to in Article 494b(2) CRR subject to phase out from T2	-	
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	205	26, 45
49	of which: instruments issued by subsidiaries subject to phase out	-	
50	Credit risk adjustments	104	
51	Tier 2 (T2) capital before regulatory adjustments	1,299	
Tier 2 (T2) capital: regulatory adjustments			
52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-1	
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
54	Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
54a	Not applicable		
55	Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-59	5
56	Not applicable		
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	-	
EU-56b	Other regulatory adjustments to T2 capital	-	
57	Total regulatory adjustments to Tier 2 (T2) capital	-59	
58	Tier 2 (T2) capital	1,239	
59	Total capital (TC = T1 + T2)	8,658	
60	Total Risk exposure amount	42,902	

(Million euro)		a	B
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Capital ratios and requirements including buffers			
61	Common Equity Tier 1 capital	16.14%	
62	Tier 1 capital	17.29%	
63	Total capital	20.18%	
64	Institution CET1 overall capital requirements	9.90%	
65	of which: capital conservation buffer requirement	2.50%	
66	of which: countercyclical capital buffer requirement	0.36%	
67	of which: systemic risk buffer requirement	0.27%	
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	1.00%	
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	1.27%	
68	Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements	9.60%	
National minima (if different from Basel III)			
69	Not applicable		
70	Not applicable		
71	Not applicable		
Amounts below the thresholds for deduction (before risk weighting)			
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	59	
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	368	
74	Not applicable		
75	Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	434	
Applicable caps on the inclusion of provisions in Tier 2			
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	-	
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	203	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	137	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	104	
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)			
80	Current cap on CET1 instruments subject to phase out arrangements	-	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	
82	Current cap on AT1 instruments subject to phase out arrangements	-	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	
84	Current cap on T2 instruments subject to phase out arrangements	-	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	

The table below highlights the difference in the basis of consolidation for accounting and prudential purposes as it compares the carrying values as reported under IFRS with the carrying values under the scope of the regulatory consolidation. References in the last column of the table provide the mapping of regulatory balance sheet items used to calculate regulatory capital. The reference-columns presented below reconcile to the references-columns as presented in the Template EU CC1– Composition of regulatory own funds.

TABLE 4.5. – EU CC2 – Reconciliation of regulatory own funds to balance sheet in the audited financial statements

(Million euro)		a	b	c
		Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference to Template CC1
		31 Dec. 2025	31 Dec. 2025	
	Breakdown by asset classes according to the balance sheet in the published financial statements			
1	Cash and deposits at Central Banks	4,090	4,090	
2	Loans and advances to credit institutions repayable on demand	186	186	
3	Financial assets at amortised cost	-	-	
4	Loans and advances to credit institutions	861	859	
5	Loans and advances to customers	57,407	57,407	
	Of which:			
	Subordinated loans	-	59	55
6	Debt securities	24,539	24,539	
7	Financial assets at fair value through profit or loss	-	-	
8	Financial assets held for trading	1,063	1,063	
9	Financial assets not held for trading mandatorily at fair value through profit or loss	354	542	
10	Financial assets designated at fair value through profit or loss	-	-	
11	Financial assets at fair value through other comprehensive income	16,046	16,060	
12	Assets with repurchase agreement			
13	Hedging derivatives	32	32	
14	Investments in associated companies	455	400	
	Of which:			
	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	-	-	23
	Other regulatory adjustments to CET1 capital	-	-	27a
	Goodwill	-	22	8
15	Non-current assets held for sale	69	82	
16	Investment property	5	4	
17	Other tangible assets	582	524	
18	Goodwill and intangible assets	323	323	
	Of which:			
	Goodwill and intangible assets, excluding software classified as intangible assets not within the scope of article 13a of Regulation 241/2014	-	214	8
19	Current tax assets	22	22	
20	Deferred tax assets	1,744	1,738	
	Of which:			
	Deferred tax assets that rely on future profitability excluding those arising from temporary differences	-	163	10
	Arising from temporary differences (amount above 10% threshold)	-	-	21
	Arising from temporary differences (amount above 17,75% threshold)	-	-	25
	Other regulatory adjustments to CET1 capital	-	-	27a
21	Other assets	1,555	1,489	
	Of which:			
	Defined-benefit pension fund assets	-	218	15
	Single resolution fund	-	31	27a
	Total Assets	109,333	109,361	
	Breakdown by liability classes according to the balance sheet in the published financial statements			
1	Financial liabilities at amortised cost	-	-	
2	Deposits from credit institutions and other funds	879	879	
3	Deposits from customers and other funds	87,673	87,695	
4	Non subordinated debt securities issued	3,894	3,894	
5	Subordinated debt	1,412	1,412	
	Of which:			

(Million euro)		a	b	c
		Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference to Template CC1
		31 Dec. 2025	31 Dec. 2025	
	Capital instruments and the related share premium accounts	-	990	46
	Qualifying own funds instruments issued by subsidiaries and held by third parties	-	76	48, 49
6	Financial liabilities at fair value through profit or loss	-	-	
7	Financial liabilities held for trading	153	153	
8	Financial liabilities at fair value	-	-	
9	through profit or loss	3,614	3,614	
10	Hedging derivatives	43	43	
11	Non-current liabilities held for sale	-	-	
12	Provisions	1,239	1,237	
13	Current tax liabilities	86	86	
14	Deferred tax liabilities	6	6	
15	Other liabilities	1,275	1,293	
	Total Liabilities	100,272	100,311	
	Equity			
1	Share capital	3,000	3,000	1
2	Share premium	16	16	1
3	Preference shares	-	-	
4	Other equity instruments	400	400	31
5	Legal and statutory reserves	465	465	2;3
6	Treasury shares	-	-	1
7	Reserves and retained earnings	2,913	2,913	2;3;11;14
8	Net income for the year attributable to Bank's Shareholders	1,019	1,019	5a
	Total Equity attributable to Shareholders	7,813	7,813	
9	Non-controlling interests	1,248	1,236	
	Of which:			
	Amount allowed in consolidated CET1	-	726	4, 5
	Amount allowed in consolidated AT1	-	97	34, 35
	Amount allowed in consolidated T2	-	130	48, 49
	Total Equity	9,061	9,050	

The following table shows the main features of own funds' instruments in December 2025.

TABLE 4.6. – EU CCA – Main features of own funds' instruments

		PTBCPWOM0034	PTBCPMOM0051	PTBCPGOM0067	PTBCPJOM0056	PLBIG0000453	PLBIG0000461	PTBCPKOM0004	PTBCP0AM0015
1	Issuer	Banco Comercial Português, S.A.	Banco Comercial Português, S.A.	Banco Comercial Português, S.A.	Banco Comercial Português, S.A.	Bank Millennium S.A.	Bank Millennium S.A.	Banco Comercial Português, S.A.	Banco Comercial Português, S.A.
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	PTBCPWOM0034	PTBCPMOM0051	PTBCPGOM0067	PTBCPJOM0056	PLBIG0000453	PLBIG0000461	PTBCPKOM0004	PTBCP0AM0015
2a	Public or private placement	Public placement	Public placement	Public placement	Public placement	Public placement	Public placement	Public placement	Public placement
3	Governing law(s) of the instrument	English and Portuguese law	English and Portuguese law	English and Portuguese law	English and Portuguese law	Polish law	Polish law	English and Portuguese law	Portuguese law
3a	Contractual recognition of write down and conversion powers of resolution authorities	Yes	Yes	Yes	Yes	N/A	N/A	Yes	N/A
	Regulatory treatment								
4	Current treatment taking into account, where applicable, transitional CRR rules	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2	Additional Tier 1	Common Equity Tier 1
5	Post-transitional CRR rules	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2	Additional Tier 1	Common Equity Tier 1
6	Eligible at solo/(sub-)consolidated/ solo& (sub-consolidated	Solo / (Sub) consolidated	Solo / (Sub) consolidated	Solo / (Sub) consolidated	Solo / (Sub) consolidated	Solo / (Sub) consolidated	Solo / (Sub) consolidated	Solo / (Sub) consolidated	Solo / (Sub) consolidated
7	Instrument type (types to be specified by each jurisdiction)	Subordinated Debt	Subordinated Debt	Subordinated Debt	Subordinated Debt	Subordinated Debt	Subordinated Debt	Other Capital Instruments	Ordinary Shares
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date) (a)	34	514	299	143	35	41	400	2,999
9	Nominal amount of instrument	86,800,000	500,000,000	300,000,000	133,700,000	PLN 700.000.000 (153.498.673)	PLN 830.000.000 (182.005.570)	400,000,000	N/A
EU-9a	Issue price	100%	100%	100%	100%	100%	100%	100%	N/A
EU-9b	Redemption price	100%	100%	100%	100%	100%	100%	100%	N/A
10	Accounting classification	Liability - amortised cost	Liability - amortised cost	Liability - amortised cost	Liability - amortised cost	Liability - amortised cost	Liability - amortised cost	Shareholders' equity	Shareholders' equity
11	Original date of issuance	07 December 2017	20 March 2025	17 November 2021	5 December 2022	07 December 2017	30 January 2019	18 January 2024	N/A
12	Perpetual or dated	Dated	Dated	Dated	Dated	Dated	Dated	Perpetual	No maturity
13	Original maturity date	07 December 2027	20 March 2037	17 May 2032	5 March 2033	07 December 2027	30 January 2029	N/A	N/A
14	Issuer call subject to prior supervisory approval	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A
15	Optional call date, contingent call dates and redemption amount	Existence of an early repayment option, at any moment, in case of determined tax and regulatory events. If the option is exercised, the notes will be redeemed at par.	From 20 December 2031 to 20 March 2032. Existence of an early repayment option, at any moment, in case of determined tax and regulatory	From 17 November 2026 to 17 May 2027. Existence of an early repayment option, at any moment, in case of determined tax and regulatory events. If the	From 5 December 2027 to 5 March 2028. Existence of an early repayment option, at any moment, in case of determined tax and regulatory events. If the	08 December 2022. Existence of an early repayment option, on each interest payment date, in case of determined tax and regulatory events. If the option is	30 January 2024. Existence of an early repayment option, on each interest payment date, in case of determined tax and regulatory events. If the option is exercised, the	From 18 January 2029 to 18 July 2029. Existence of call option, any time, in case of determined tax and regulatory events. If the option is exercised, the	N/A

		PTBCPWOM0034	PTBCPMOM0051	PTBCPGOM0067	PTBCPJOM0056	PLBIG0000453	PLBIG0000461	PTBCPKOM0004	PTBCP0AM0015
			events. If the option is exercised, the notes will be redeemed at par.	option is exercised, the notes will be redeemed at par.	option is exercised, the notes will be redeemed at par.	exercised, the notes will be redeemed at par.	notes will be redeemed at par.	notes will be redeemed at par.	
16	Subsequent call dates, if applicable	N/A	N/A	N/A	N/A	N/A	N/A	On each interest payment date after the above-mentioned period	N/A
	Coupons / Dividends								
17	Fixed or floating dividend/coupon	Fixed	Fixed (reset)	Fixed (reset)	Fixed (reset)	Floating	Floating	Fixed (reset)	Floating
18	Coupon rate and any related index	6.888%, year	First 7 years. 4.750%. Refixing at the end of the 7th year: MS 5y rate + Initial Margin (2.150%)	First 5,5 years. 4%. Refixing at the end of the 5,5th year: MS 5y rate + Initial Margin (4.065%)	First 5,5 years. 8,75%. Refixing at the end of the 5,5th year: MS 5y rate + Initial Margin (6.051%)	Wibor 6M + 2.30%	Wibor 6M + 2.30%	MS 5y rate + 578 bps first 5 years; Refixing every 5 years. Until 18 January 2029: 8.125%	N/A
19	Existence of a dividend stopper	No	No	No	No	No	No	No	N/A
EU-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Fully discretionary	Fully discretionary
EU-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Fully discretionary	N/A
21	Existence of step up or other incentive to redeem	No	No	No	No	No	No	No	N/A
22	Noncumulative or cumulative	N/A	N/A	N/A	N/A	N/A	N/A	Noncumulative	Noncumulative
23	Convertible or non-convertible	Nonconvertible	Nonconvertible	Nonconvertible	Nonconvertible	Nonconvertible	Nonconvertible	Nonconvertible	Nonconvertible
24	If convertible, conversion trigger(s)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
25	If convertible, fully or partially	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
26	If convertible, conversion rate	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
30	Write-down features	N/A	N/A	No	No	N/A	No	Yes	No
31	If write-down, write-down trigger(s)	N/A	N/A	N/A	N/A	N/A	N/A	CET1 ratio below 5.125%	N/A
32	If write-down, full or partial	N/A	N/A	N/A	N/A	N/A	N/A	Partial	N/A
33	If write-down, permanent or temporary	N/A	N/A	N/A	N/A	N/A	N/A	Temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A	N/A	N/A	N/A	N/A	(b)	N/A
34a	Type of subordination (only for eligible liabilities)	Contractual	Contractual	Contractual	Contractual	Contractual	Contractual	Contractual	Legal
EU-34b	Ranking of the instrument in normal insolvency proceedings	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2	Additional Tier 1	Tier 1

		PTBCPWOM0034	PTBCPMOM0051	PTBCPGOM0067	PTBCPJOM0056	PLBIG0000453	PLBIG0000461	PTBCPKOM0004	PTBCP0AM0015
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Senior Debt Non-Preferred	Senior Debt Non-Preferred	Senior Debt Non-Preferred	Senior Debt Non-Preferred	Senior Debt Non-Preferred	Senior Debt Non-Preferred)	Tier 2	Additional Tier 1
36	Non-compliant transitioned features	N/A	N/A	No	N/A	N/A	N/A	N/A	No
37	If yes, specify non-compliant features	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
37a	Link to the full term and conditions of the instrument (signposting)	PTBCPWOM0034_FT_EMTN-Sr854_180109.pdf (millenniumbcp.pt)	PTBCPMOM0051_BCP_Final_Terms_March_2025_20032025 (millenniumbcp.pt)	PTBCPGOM0067_MTN858_BCP_Signed_Final_Terms_10122021.pdf (millenniumbcp.pt)	PTBCPJOM0056_BCP-MTN-860.pdf (millenniumbcp.pt)	Seria-C-Warunki-Emisji-EBK-C-01122021.pdf (bankmillennium.pl)	NOTA_INFORMACYJNA_Millennium_seriaW.pdf (gpwcatalyst.pl)	OFFERING CIRCULAR DATED 16 JANUARY 2024 (millenniumbcp.pt)	N/A

Notes:

(1) Amount included in the calculation of Bank's Own Funds (phased-in) as of 31 December 2025 (Million euro)

(2) Always subject to compliance with the regulations in force and with the terms and conditions of the issue, if, at any moment, while the issued bonds are written down, the issuer records a profit and provided that its CET1 ratio, in individual and consolidated terms, is equal to or greater than 5.125%, he can, at his exclusive and absolute discretion, decide to increase the nominal value of the bonds by an amount stipulated by him.

Disclosure of countercyclical capital buffers

The main objective of the countercyclical reserve is to ensure that the Bank has an adequate capital buffer to allow it to absorb unexpected losses in a situation of negative systemic shock, thus not compromising the granting of credit to the real economy. Banco de Portugal is responsible for defining the value of the countercyclical reserve, measured as a percentage of the total amount of exposures (between 0% and 2.5%). As noted in section 5.1, Banco de Portugal decided that the percentage of countercyclical capital reserve to be in force in the 4th quarter of 2025 would be 0%, for counterparties domiciled in Portugal. In compliance with the information disclosure requirements provided in Article 440, paragraph 1, point a) of the CRR, the tables below show the geographic distribution of the credit risk positions relevant for calculating the cyclical reserve of own funds and the determination of the countercyclical reserve for capital requirements (cf. Delegated Regulation (EU) 2015/1555).

TABLE 4.7. – EU CCyB1 – Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

(Million euro)		a	b	c	d	e	f	g	h	i	j	k	l	m
		General credit exposures		Relevant credit exposure – Market risk		Securitization exposures. Exposure value for non-trading book	Total exposure value	Own funds requirements				Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
		Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models			Relevant credit risk exposures - Credit risk	Relevant credit risk exposures - Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total			
010	Breakdown by country:													
	PT	1,468	44,369	981	-	1,515	48,332	1,371	0	22	1,394	17,419	59%	0%
	PL	9,569	7,487	-	-	2,164	19,219	707	-	53	760	9,499	32%	1%
	MZ	796	179	-	-	-	975	67	-	-	67	837	3%	0%
	Others	808	2,950	-	-	-	3,758	134	-	0	134	1,670	6%	
020	**Total**	**12,641**	**54,984**	**981**	**0**	**3,679**	**72,285**	**2,278**	**0**	**76**	**2,354**	**29,424**	**100%**	

TABLE 4.8. – EU CCYB2 – Amount of institution-specific countercyclical capital buffer

(Million euro)		a
1	Total risk exposure amount	42,902
2	Institution specific countercyclical capital buffer rate	0.36%
3	Institution specific countercyclical capital buffer requirement	154

Output floor

For the purpose of disclosure of implications on the application of Article 92 (3) defining a minimum relation between the un-floored total risk exposure amount (U-TREA) and standardised total risk exposure amount (S-TREA), usually described as the Basel IV Output Floor, EBA introduced two new templates, CMS1 and CMS2.

These aim to provide transparency on the impact of the output floor by comparing standardised and modelled risk-weighted exposure amounts (RWEA). Template EU CMS1 discloses RWEA calculated using the full standardised approach versus the actual RWEA and shows the RWEA used as the base for the output floor at risk level. It includes an additional column for the EU specific calculation of the output floor, considering transitional provisions under Article 465 CRR3.

Template EU CMS2 focuses on credit risk and provides a comparison between RWEA computed under standardised and internal model approaches at exposure class and sub-class levels. It adds a column for the RWEA used in the EU output floor calculation, including transitional provisions.

Additionally, to provide information regarding the application and potential impact of the 'output floor', the RWEAs resulting from applying only the standard approach to all types of risk are detailed under two scenarios: without applying the transitional provisions ('using full standardized approach') (d) and applying the transitional provisions ('base of the output floor') as laid down in Article 465 of CRR3 (EU) (d).

TABLE 4.9. – EU CMS1 – Comparison of modelled and standardised risk weighted exposure amounts at risk level

(Million euro)		a	b	c	d	EU d
		RWEAs for modelled approaches that banks have supervisory approval to use	RWEAs for portfolios where standardised approaches are used	Total actual RWEAs (a + b)	RWEAs calculated using full standardised approach	RWEAs that is the base of the output floor
1	Credit risk (excluding counterparty credit risk)	18,772	14,692	33,465	40,775	39,844
2	Counterparty credit risk	52	63	116	120	120
3	Credit valuation adjustment		16	16	16	16
4	Securitisation exposures in the banking book	67	877	944	944	944
5	Market risk	292	276	569	569	713
6	Operational risk		7,656	7,656	7,656	7,656
7	Other risk weighted exposure amounts		137	137	137	137
8	Total	19,184	23,718	42,902	50,216	49,430

TABLE 4.10. – EU CMS2 – Comparison of modelled and standardised risk weighted exposure amounts for credit risk at asset class level

(Million euro)		a	b	c	d	EU d
		Risk weighted exposure amounts (RWEAs)				
		RWEAs for modelled approaches that institutions have supervisory approval to use	RWEAs for column (a) if re-computed using the standardised approach	Total actual RWEAs	RWEAs calculated using full standardised approach	RWEAs that is the base of the output floor
1	Central governments and central banks	-	-	4,031	4,031	4,031
EU 1a	Regional governments or local authorities	-	-	205	205	205
EU 1b	Public sector entities	-	-	274	274	274
EU 1c	Categorised as Multilateral Development Banks in SA	-	-	-	-	-
EU 1d	Categorised as International organisations in SA	-	-	-	-	-
2	Institutions	-	-	473	473	473
3	Equity	1,483	1,483	1,774	1,774	1,774
4	Not applicable					
5	Corporates	9,447	10,262	13,631	12,696	11,765
5.1	Of which: F-IRB is applied	1,819	2,445	1,819	2,761	2,445
5.2	Of which: A-IRB is applied	7,628	7,817	7,628	8,432	7,817
EU 5a	Of which: Corporates - General	8,944	9,682	8,754	7,944	7,013
EU 5b	Of which: Corporates - Specialised lending	503	580	693	757	757
EU 5c	Of which: Corporates - Purchased receivables	-	-	-	-	-
6	Retail	6,038	11,603	9,636	6,993	6,993
6.1	Of which: Retail - Qualifying revolving	735	1,073	735	1,048	1,048
EU 6.1a	Of which: Retail - Purchased receivables	-	-	-	-	-
EU 6.1b	Of which: Retail - Other	1,183	2,554	4,781	5,945	5,945
6.2	Of which: Retail - Secured by residential real estate	4,120	7,977	4,120	-	-
7	Not applicable					
EU 7a	Of which: Retail - Categorised as secured by mortgages on immovable properties and ADC exposures in SA	-	-	1,172	11,598	11,598
EU 7b	Collective investment undertakings (CIU)	-	-	23	23	23
EU 7c	Categorised as exposures in default in SA	-	-	352	815	815
EU 7d	Categorised as subordinated debt exposures in SA	-	-	26	26	26
EU 7e	Categorised as covered bonds in SA	-	-	62	62	62
EU 7f	Categorised as claims on institutions and corporates with a short-term credit assessment in SA	-	-	-	-	-
8	Others	1,804	1,804	1,804	1,804	1,804
9	Total	18,772	25,151	33,465	40,775	39,844

As can be seen from the RWEAs resulting from applying only the standard approach, there is no impact from the application of the 'output floor', both under the phase-in approach (applying the transitional provisions, i.e. 50% for 2025) and the fully- loaded approach (72.5% factor that will be applicable from 2030).

4.3. Leverage ratio

Basel 3 established the leverage ratio as a non-risk-sensitive measure to limit excessive growth of the balance sheet relative to available capital. The calculation of the regulatory leverage ratio is specified in article 429 of the CRR, modified by the Delegated Act no. 62/2015 of 10 October 2014, the Regulation (EU) 876/2019 of 20 May 2019 and Regulation (EU) 2024/1623 of 31 May 2024..

The leverage ratio is defined as the proportion of Tier 1 capital (either in phased-in or fully implemented) divided by the exposure measure, i.e. balance sheet and off-balance sheet assets after certain value adjustments, namely those related to intra-group exposures, securities financing transactions (SFTs), items deducted from the total capital ratio's numerator and off-balance sheet items. Additionally, adjustments are made to account for different risk profiles of each type of exposure. For SFTs and derivatives add-ons for future risks are considered, while for off-balance sheet items, different CCFs are considered according to the risk of the exposure.

The Group calculates the leverage ratio every month and the results are reported to the Managing bodies of the Bank, which ensures adequate monitoring of the risk of excessive leverage.

The leverage ratio is a primary metric of the BCP Group RAS and is included in the Recovery Plan indicators, as part of the Group's commitment to preserve robust capital adequacy ratios. It is regularly monitored to ensure that the ratio comfortably exceeds the minimum regulatory requirements. The Group has established internal limits and alerts within its framework to ensure that leverage is kept at tolerable risk levels and is consistent with forecasted growth of the group's balance sheet. Any significant changes in the ratio main drivers are analysed and reported internally, thereby preventing breaches of limits. In the event of a risk appetite breach for the leverage ratio, the Group will undertake the necessary actions based on the source and severity of the breach.

During 2025 the leverage ratio deteriorated 5 basis points. This decline was caused by increase of 6% in the Total Exposure Measure since the Tier I Capital increased 5,13%. The increase in the Total Exposure Measure resulted, essentially, from the growth in on-balance sheet assets (7%).

The following tables show the leverage ratio exposure and the leverage ratio in December 2025.

TABLE 4.11. – EU LR1 – LRSUM: Summary reconciliation of accounting assets and Leverage Ratio exposures

(Million euro)		a
		Applicable amount
1	Total assets as per published financial statements	109,333
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	28
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	0
4	(Adjustment for temporary exemption of exposures to central banks (if applicable))	0
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429 a (1) CRR)	0
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	0
7	Adjustment for eligible cash pooling transactions	0
8	Adjustments for derivative financial instruments	250
9	Adjustment for securities financing transactions (SFTs)	0
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	8,160
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	0

(Million euro)		a
		Applicable amount
EU-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) and point (ca) of Article 429a (1) CRR)	0
EU-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a (1) CRR)	0
12	Other adjustments	-756
13	Total exposure measure	117,015

TABLE 4.12. – EU LR2 – LRCOM: Leverage Ratio Common disclosure

(Million euro)		CRR leverage ratio exposures	
		a	b
		31 Dec. 2025	30 Jun. 2025
	On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	109,167	104,872
2	Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework	0	0
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-25	-77
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	0	0
5	(General credit risk adjustments to on-balance sheet items)	0	0
6	(Asset amounts deducted in determining Tier 1 capital)	-731	-683
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**108,411**	**104,112**
	Derivative exposures		
8	Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	69	405
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	0	0
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	361	406
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach	0	0
EU-9b	Exposure determined under Original Exposure Method	0	0
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	0	0
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	0	0
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (Original Exposure Method)	0	0
11	Adjusted effective notional amount of written credit derivatives	0	0
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	0	0
13	**Total derivatives exposures**	**430**	**811**
	Securities financing transaction (SFT) exposures		
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	14	96
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	0	0
16	Counterparty credit risk exposure for SFT assets	0	0
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR	0	0
17	Agent transaction exposures	0	0
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)	0	0
18	**Total securities financing transaction exposures**	**14**	**96**
	Other off-balance sheet exposures		
19	Off-balance sheet exposures at gross notional amount	29,143	15,640
20	(Adjustments for conversion to credit equivalent amounts)	20,983	8,436

(Million euro)		CRR leverage ratio exposures	
		a	b
		31 Dec. 2025	30 Jun. 2025
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)	0	0
22	**Off-balance sheet exposures**	**8,160**	**7,203**
	Excluded exposures		
EU-22a	(Exposures excluded from the total exposure measure in accordance with point (c) and point (ca) of Article 429a(1) CRR)	0	0
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a (1) CRR (on and off-balance sheet))	0	0
EU-22c	(Excluded exposures of public development banks (or units) - Public sector investments)	0	0
EU-22d	(Excluded exposures of public development banks (or units) - Promotional loans)	0	0
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units))	0	0
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	0	0
EU-22g	(Excluded excess collateral deposited at triparty agents)	0	0
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)	0	0
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)	0	0
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)	0	0
EU-22k	(Excluded exposures to shareholders according to Article 429a (1), point (da) CRR)	0	0
EU-22l	(Exposures deducted in accordance with point (q) of Article 429a(1) CRR)	0	0
EU-22m	**(Total exempted exposures)**	0	0
	Capital and total exposure measure		
23	**Tier 1 capital**	**7,419**	**7,175**
24	**Total exposure measure**	**117,015**	**112,222**
	Leverage ratio		
25	Leverage ratio (%)	6.3%	6.4%
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	6.3%	6.4%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	6.3%	6.4%
26	Regulatory minimum leverage ratio requirement (%)	3.0%	3.0%
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)	0	0
EU-26b	of which: to be made up of CET1 capital	0	0
27	Leverage ratio buffer requirement (%)	0	0
EU-27a	Overall leverage ratio requirement (%)	3.0%	3.0%
	Choice on transitional arrangements and relevant exposures		
EU-27b	Choice on transitional arrangements for the definition of the capital measure	Transitional	Transitional
	Disclosure of mean values		
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable	126	278
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	14	96
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	117,126	112,404
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale	117,126	112,404

(Million euro)		CRR leverage ratio exposures	
		a	b
		31 Dec. 2025	30 Jun. 2025
	accounting transactions and netted of amounts of associated cash payables and cash receivables)		
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	6.3%	6.4%
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	6.3%	6.4%

TABLE 4.13. – EU LR3-LRSPL – Split-up of on balance sheet exposures (excluding derivatives, SFTS and exempted exposures)

(Million euro)		a
		CRR leverage ratio exposures
EU-1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**	**109,333**
EU-2	Trading book exposures	28
EU-3	Banking book exposures, of which:	0
EU-4	Covered bonds	0
EU-5	Exposures treated as sovereigns	0
EU-6	Exposures to regional governments, MDB, international organisations and PSE, not treated as sovereigns	0
EU-7	Institutions	0
EU-8	Secured by mortgages of immovable properties	250
EU-9	Retail exposures	0
EU-10	Corporates	8,160
EU-11	Exposures in default	0
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	-756

4.4. MREL

The Bank Recovery and Resolution Directive (BRRD) requires that institutions always meet a Minimum Requirement for own funds and Eligible Liabilities (MREL) to facilitate the implementation of the preferred resolution strategy. When determining MREL in accordance with BRRD, and in applying the bail-in tool, the resolution authority should ensure that the resolution entity has sufficient own funds and eligible liabilities to ensure that, if the bail-in tool or write down and conversion powers, respectively, were to be applied to them, losses could be absorbed and that it is possible to restore the total capital ratio and, as applicable, the leverage ratio.

Relevant laws are the Single Resolution Mechanism Regulation (SRMR) and BRRD II that was implemented in Portugal through Law no. 23-A/2022, of 9 December. According to Article 45i(3) of BRRD, the Bank is subject to public disclosures' obligations since 1 January 2024, which are clarified in Title II of Commission Implementing Regulation (EU) 2021/763.

On 11 July 2025, BCP announced that it has been notified by Banco de Portugal, as the National Resolution Authority, about the update of its MREL as decided by the Single Resolution Board ("SRB"). The resolution strategy applied is a multiple point of entry (MPE). MRELs for the different resolution groups (i.e. the points of entry) should be set in such a way that each can be resolved independently without causing immediate shortfalls in other resolution groups.

The MREL requirements to be met by the BCP Resolution Group, which consists of: the Bank, Banco ActivoBank, S.A. (ActivoBank) and all the subsidiary of the Bank apart from Bank Millennium and BIM and their respective subsidiaries, from July 2025 is of:

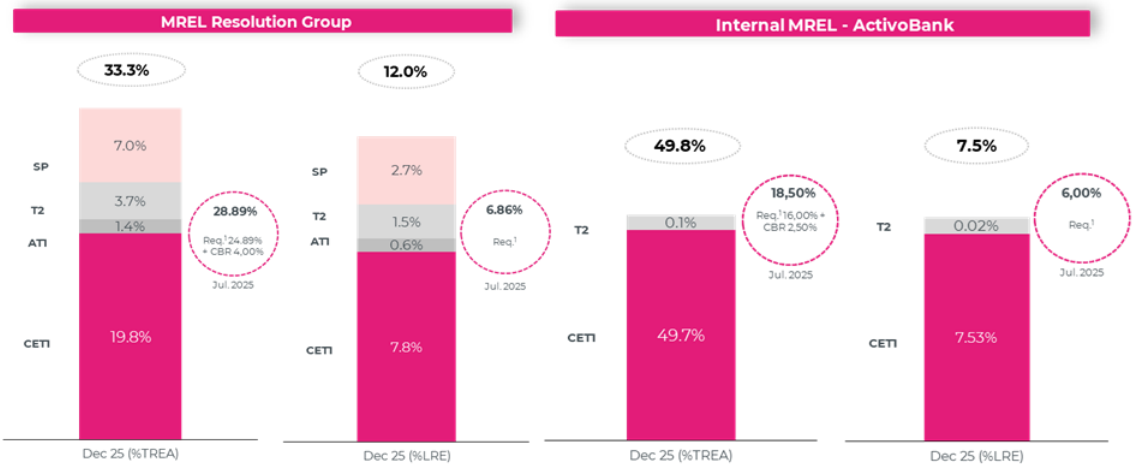
- 24.89% of the total risk exposure (TREA) (to which adds further a combined buffer requirement (CBR) - which includes, in addition to the capital conservation buffer (CCB)

and the O-SII buffer, the Sector Systemic Risk buffer (RRE) as well as the Countercyclical Capital buffer (CCyB) - which in December 2025 was of 4.00%, thus corresponding to total requirements of 28.89%), and

- 6.86% of the total exposure measure (TEM).

The Bank is not subject to subordination requirements.

The MREL for the Resolution Group and for ActivoBank are presented below:



[1] Requirements as of 2024 Resolution Planning Cycle.
CBR applicable at the time (including RRE and Ccyb if applicable)

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

The Bank complies with the currently applicable MREL requirement, both as a percentage of TREA (also including the applicable CBR) and as a percentage of TEM.

MREL ratios for the BCP Resolution Group are determined using a hybrid approach (i.e., own funds of the BCP Resolution Group and eligible liabilities of BCP on a solo basis).

The SRB has defined an internal MREL requirement (iMREL) for ActivoBank (non-resolution entity): it was required to meet an iMREL requirement of (i) 18.50% of TREA, including CBR currently of 2.50%, and (ii) 6.00% of leverage exposures.

ActivoBank currently comfortably complies with its iMREL requirement including the respective CBR buffer and complies also with its requirements as a percentage of leverage exposure.

Key metrics for own funds and eligible liabilities

The table below provides summary information about the BCP Resolution Group's "Minimum requirement for own funds and eligible liabilities".

TABLE 4.14. – EU KM2 – Key metrics – MREL and, where applicable, G-SII requirement for own funds and eligible liabilities

BCP Resolution Group (Million euro) 31 Dec. 2025		a Minimum requirement for own funds and eligible liabilities (MREL)
Own funds and eligible liabilities, ratios and components		
1	Own funds and eligible liabilities	9,191
EU-1a	Of which own funds and subordinated liabilities	7,191

BCP Resolution Group (Million euro) 31 Dec. 2025		a Minimum requirement for own funds and eligible liabilities (MREL)
2	Total risk exposure amount of the resolution group (TREA)	27,608
3	Own funds and eligible liabilities as a percentage of the TREA	33.29%
EU-3a	Of which own funds and subordinated liabilities	26.05%
4	Total exposure measure (TEM) of the resolution group	76,557
5	Own funds and eligible liabilities as percentage of the TEM	12.01%
EU-5a	Of which own funds or subordinated liabilities	9.39%
6a	Does the subordination exemption in Article 72b(4) of Regulation (EU) No 575/2013 apply? (5% exemption)	
6b	Aggregate amount of permitted non-subordinated eligible liabilities instruments if the subordination discretion in accordance with Article 72b(3) of Regulation (EU) No 575/2013 is applied (max 3.5% exemption)	
6c	If a capped subordination exemption applies in accordance with Article 72b (3) of Regulation (EU) No 575/2013, the amount of funding issued that ranks pari passu with excluded liabilities and that is recognised under row 1, divided by funding issued that ranks pari passu with excluded liabilities and that would be recognised under row 1 if no cap was applied (%)	
Minimum requirement for own funds and eligible liabilities (MREL)		
EU-7	MREL expressed as a percentage of the TREA	24.89%
EU-8	Of which to be met with own funds or subordinated liabilities	-
EU-9	MREL expressed as a percentage of the TEM	6.86%
EU-10	Of which to be met with own funds or subordinated liabilities	-

As of 31 December 2025, the MREL ratio was 33.29% as a percentage of TREA implying a surplus of 1,215 million euros, above the bank's MREL requirement + CBR. As a percentage of the TEM, the MREL ratio was 12.01%.

Composition of own funds and eligible liabilities

This section provides detailed information on the composition of the BCP Resolution Group, as well as ActivoBanks' own funds and eligible liabilities, their ranking in the creditor hierarchy and their maturities.

As of 31 December 2025, the BCP Resolution Group's available own funds and eligible liabilities amounted to 9,191 million euros, consisting of 7,138 million euros own funds and 53 million euros subordinated liabilities and 2,000 million euros non-subordinated liabilities.

TABLE 4.15. – EU TLAC1 – Composition – MREL and, where applicable, G-SII requirement for own funds and eligible liabilities

(Million euro) 31 Dec. 2025		a Minimum requirement for own funds and eligible liabilities (MREL)
Own funds and eligible liabilities and adjustments		
1	Common Equity Tier 1 capital (CET1)	5,719
2	Additional Tier 1 capital (AT1)	399
6	Tier 2 capital (T2)	1,019
11	Own funds for the purpose of Articles 92a of Regulation (EU) No 575/2013 and 45 of Directive 2014/59/EU	7,138
Own funds and eligible liabilities: Non-regulatory capital elements		
12	Eligible liabilities instruments issued directly by the resolution entity that are subordinated to excluded liabilities (not grandfathered)	0
EU-12a	Eligible liabilities instruments issued by other entities within the resolution group that are subordinated to excluded liabilities (not grandfathered)	0
EU-12b	Eligible liabilities instruments that are subordinated to excluded liabilities issued prior to 27 June 2019 (subordinated grandfathered)	0
EU-12c	Tier 2 instruments with a residual maturity of at least one year to the extent they do not qualify as Tier 2 items	53
13	Eligible liabilities that are not subordinated to excluded liabilities (not grandfathered pre-cap)	2,000

(Million euro) 31 Dec. 2025		a Minimum requirement for own funds and eligible liabilities (MREL)
EU-13a	Eligible liabilities that are not subordinated to excluded liabilities issued prior to 27 June 2019 (pre-cap)	0
14	Amount of non-subordinated eligible liabilities instruments, where applicable after the application of Article 72b(3) of Regulation (EU) No 575/2013	2,000
17	Eligible liabilities items before adjustments	2,053
EU-17a	Of which subordinated liabilities items	53
Own funds and eligible liabilities: Adjustments to non-regulatory capital elements		
18	Own funds and eligible liabilities items before adjustments	9,191
19	(Deduction of exposures between multiple point of entry (MPE) resolution groups)	
20	(Deduction of investments in other eligible liabilities instruments)	0
22	Own funds and eligible liabilities after adjustments	9,191
EU-22a	Of which: own funds and subordinated liabilities	7,191
Risk-weighted exposure amount and leverage exposure measure of the resolution group		
23	Total risk exposure amount (TREA)	27,608
24	Total exposure measure (TEM)	76,557
Ratio of own funds and eligible liabilities		
25	Own funds and eligible liabilities as a percentage of TREA	33.29%
EU-25a	Of which own funds and subordinated liabilities	26.05%
26	Own funds and eligible liabilities as a percentage of TEM	12.01%
EU-26a	Of which own funds and subordinated liabilities	9.39%
27	CET1 (as a percentage of the TREA) available after meeting the resolution group's requirements	8.40%
28	Institution-specific combined buffer requirement	
29	of which capital conservation buffer requirement	
30	of which countercyclical buffer requirement	
31	of which systemic risk buffer requirement	
EU-31a	of which Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	
Memorandum items		
EU-32	Total amount of excluded liabilities referred to in Article 72a(2) of Regulation (EU) No 575/2013	

As of 31 December 2025, ActivoBank has no MREL eligible liabilities in its balance sheet, therefore, its available own funds amounted to 420 million euros, with an excess of CET 1 capital of 33.85% of TREA after meeting the entity's MREL requirements.

TABLE 4.16. – EU ILAC – Internal loss absorbing capacity: Internal MREL and, where applicable, requirement for own funds and eligible liabilities for non-EU-EU G-SIIS – ActivoBank, S.A.

(Million euro) 31 Dec. 2025		a Minimum requirement for own funds and eligible liabilities (internal MREL)	c Qualitative information
Applicable requirement and level of application			
EU-1	Is the entity subject to a non-EU G-SII requirement for own funds and eligible liabilities? (Y/N)		N
EU-2	If EU-1 is answered by 'Yes', is the requirement applicable on a consolidated or individual basis? (C/I)		-
EU-2a	Is the entity subject to an internal MREL? (Y/N)		Y
EU-2b	If EU-2a is answered by 'Yes', is the requirement applicable on a consolidated or individual basis? (C/I)		I
Own funds and eligible liabilities			
EU-3	Common Equity Tier 1 capital (CET1)	418	
EU-4	Eligible Additional Tier 1 capital	0	
EU-5	Eligible Tier 2 capital	1	
EU-6	Eligible own funds	420	
EU-7	Eligible liabilities	0	

(Million euro) 31 Dec. 2025		a Minimum requirement for own funds and eligible liabilities (internal MREL)	c Qualitative information
EU-8	of which permitted guarantees	0	
EU-9a	(Adjustments)	0	
EU-9b	Own funds and eligible liabilities items after adjustments	420	
Total risk exposure amount and total exposure measure			
EU-10	Total risk exposure amount (TREA)	842	
EU-11	Total exposure measure (TEM)	5,560	
Ratio of own funds and eligible liabilities			
EU-12	Own funds and eligible liabilities as a percentage of the TREA	49.85%	
EU-13	of which permitted guarantees	0.00%	
EU-14	Own funds and eligible liabilities as a percentage of the TEM	7.54%	
EU-15	of which permitted guarantees	0.00%	
EU-16	CET1 (as a percentage of the TREA) available after meeting the entity's requirements	33.85%	
EU-17	Institution-specific combined buffer requirement		
Requirements			
EU-18	Requirement expressed as a percentage of the TREA	16.00%	
EU-19	of which part of the requirement that may be met with a guarantee	-	
EU-20	Requirement expressed as percentage of the TEM	6.00%	
EU-21	of which part of the requirement that may be met with a guarantee	-	
Memorandum items			
EU-22	Total amount of excluded liabilities referred to in Article 72a(2) of Regulation (EU) No 575/2013		

As of 31 December 2025, ActivoBank's MREL ratio was 49.85% as a percentage of TREA implying a surplus of 264 million euros above its MREL requirement + CBR. As a percentage of TEM, the MREL ratio was 7.54%.

Ranking in the creditor hierarchy and maturity

The following table provides a simplified overview of the ranking of liabilities in an insolvency proceeding under Portuguese law.

The ranking is presented from the more junior liabilities to the more senior liabilities. BCP's eligible liabilities qualify for MREL through meeting all the conditions defined in point (71a) of Article 2 (1) BRRD. Eligible liabilities instruments which are eligible for MREL rank in positions 7 and 9.

TABLE 4.17. – Ranking of liabilities in an insolvency proceeding under Portuguese Law

Rank	Claims	Legal Basis
1	Common Equity Tier 1 instruments	Articles 47(4)(b), 48(c) and 177(1) and (2) of CIRE Article 28(1)(j) and (k) CRR
2	Additional Tier 1 instruments	Articles 47(4)(b), 48(c) and 177(1) and (2) CIRE Article 52(1)(d) CRR
3	Tier 2 instruments	Articles 47(4)(b), 48(c) and 177(1) and (2) CIRE Article 63(d) CRR
4	Shareholder loans which are not Additional Tier 1 or Tier 2 instruments	Articles 47(4)(b), 48(g) and 177(1) and (2) CIRE
5	Claims relating to services provided free of payment by the debtor	Articles 47(4)(b), 48(d) and 177(1) and (2) CIRE
6	Claims that are contractually subordinated by agreement between the parties	Articles 47(4)(b), 48(c) and 177(1) and (2) CIRE

Rank	Claims	Legal Basis
7	Claims of people with a special relationship with the debtor and of those to whom such claims have been transferred in the two years prior to the start of insolvency proceedings.	Articles 47(4)(b), 48(a), 49 and 177(1) and (2) CIRE
8	Non-preferred senior debt corresponds to debt issued under the rules resulting from the transposition of Directive (EU) 2017/2399	Article 8-A(1) and (2) of Decree Law 199/2006 (Credit Institution Liquidation Act)
9	Common claims: unsecured, unpreferred and unsubordinated credit claims.	Article 47(4)(c) CIRE Articles 166-A(5) and 165(1) of the Portuguese Legal Framework of Credit Institutions and Financial Companies

Both BCP´s and ActivoBank's own funds and eligible liabilities fall into these insolvency ranks as per below tables EU TLAC3b and EU TLAC2b, based on the Portuguese insolvency law.

TABLE 4.18. – EU TLAC3b – Creditor ranking – Resolution Entity (BCP, S.A.)

(Million euro) 31 Dec. 2025		Insolvency ranking					Sum of 1 to 9
		1 (most junior)	2	3	7	9 (most senior)	
1	Description of insolvency rank	CET1	Additional Tier 1	Tier 2	Claims of persons with a special relationship with the debtor (1)	Common claims (2)	
5	Own funds and liabilities potentially eligible for meeting MREL	6,844	399	1,042	0	2,000	10,285
6	of which residual maturity ≥ 1 year < 2 years	0	0	87	0	500	587
7	of which residual maturity ≥ 2 year < 5 years	0	0	0	0	1,000	1,000
8	of which residual maturity ≥ 5 years < 10 years	0	0	441	0	500	941
9	of which residual maturity ≥ 10 years, but excluding perpetual securities	0	0	514	0	0	514
10	of which perpetual securities	6,844	399	0	0	0	7,243

(1) Claims of persons with a special relationship with the debtor and of those to whom such claims have been transferred in the two years prior to the start of insolvency proceedings.
(2) Common claims: unsecured, unpreferred and unsubordinated credit claims.

TABLE 4.19. – EU TLAC2B: Creditor Ranking – Entity That is not a Resolution Entity – ActivoBank, SA

(Million euro) 31 Dec. 2025		Insolvency ranking		Sum of 1 to 1
		1 (most junior) Resolution entity	1 (most junior) Other	
2	Description of insolvency rank	CET1	CET1	
6	Own funds and eligible liabilities for the purpose of internal MREL	424	0	424
7	of which residual maturity ≥ 1 year < 2 years	0	0	0
8	of which residual maturity ≥ 2 year < 5 years	0	0	0
9	of which residual maturity ≥ 5 years < 10 years	0	0	0
10	of which residual maturity ≥ 10 years, but excluding perpetual securities	0	0	0
11	of which perpetual securities	424	0	424

4.5. Stress test

Introduction

BCP Group participated in the 2025 EU-wide stress test exercise led by the European Banking Authority (EBA), in collaboration with the European Central Bank (ECB) and the European Systemic Risk Board (ESRB). The results were published in early August 2025.

This exercise is a core component of the prudential supervisory process. The ECB incorporates the qualitative results of the stress test into its assessment of risk governance under the SREP, with implications for the determination of Pillar 2 requirements (P2R) and uses the quantitative outcomes as the primary input for calibrating Pillar 2 guidance (P2G).

Methodological framework

The 2025 exercise was based on a static balance sheet assumption and assessed participating banks' loss-absorption capacity under two macroeconomic scenarios — a baseline and an adverse scenario — over a three-year horizon (2025–2027). Banks estimated the behaviour of key risk drivers — credit, market, counterparty and operational — as well as the evolution of their income sources under each scenario.

For the first time, the 2025 exercise incorporated the CRR III regulatory framework, requiring the restatement of the starting point under the new rules. For BCP Group, this restatement resulted in a CET1 fully loaded starting ratio of 15.79%, compared to the actual ratio of 16.31% as at December 2024.

Results

BCP Group achieved results that confirm its solid resilience under adverse scenarios, showing clear improvements compared to the previous exercise (maximum depletion of 449bps in the adverse scenario of ST2023, reached in year 3 of the exercise).

Under the adverse scenario, the maximum CET1 Fully Loaded erosion reached 280 basis points, recorded in the first year of the projection, with the ratio standing at 13.51%. By the end of the three-year horizon, the ratio recovered to 14.79%, corresponding to a cumulative erosion of 151 basis points relative to the actual starting point and 100 basis points relative to the restated starting point. Under the baseline scenario, the CET1 fully loaded ratio increased steadily over the period, reaching 18.58% in 2027. Throughout the projection period, the CET1 ratio remained comfortably above applicable regulatory requirements.

Compared to the 2023 exercise, the results demonstrate a substantial improvement in the Group's resilience, with maximum erosion declining from 449 to 280 basis points, reflecting the favourable evolution of the Bank's risk profile. Moreover, BCP ranked 11th resulting from a capital depletion of 100 basis points at the end of the exercise time horizon. This represents a significant improvement in the Bank's relative position when compared with the 2023 exercise (37th).

4.6. Internal Capital Adequacy Assessment Process (ICAAP)

Overview and governance

The Bank's internal capital adequacy to cover the level of risks to which the Group's activity is subject to permanent monitoring in the scope of the ICAAP (Internal Capital Adequacy Assessment Process).

The ICAAP is a key process within the BCP Group's risk management function and is developed under an internal governance model that guarantees the involvement of the Board of Directors (BoD, which is the body responsible for approving the results) and the Risk Assessment Committee (RAC), the Executive Committee (EC) and the top management of the Group, in its various phases.

The results of the ICAAP and the conclusions of its regular monitoring are a key input for the definition of the risk appetite of and of the risk strategy of the BCP Group. The ICAAP's results allow the Bank's management bodies – namely, the BoD and the EC - to test if the Group's

capitalisation is appropriate for the risks stemming from its activities and if the strategic plan and budget are sustainable in the medium term and comply with the risk limits defined in the Risk Appetite Statement (RAS) approved for the Group, allowing the Bank to anticipate possible situations of weakness and, if necessary, to develop active capital management policies in order to ensure the adequacy of both the solvency levels and the return on capital.

ICAAP Process

The ICAAP starts from a prospective view of the impacts of the materialisation of the various risks on the Group's capital (capital requirements), considering the respective scale or dimension, complexity, frequency, probability of occurrence and materiality, having as a backdrop fund the developments projected for the Group's activity in a medium-term time horizon (3 years). The impacts are estimated from a normative and economic perspective and consider different scenarios, including stress scenarios with a severely penalizing evolution of macroeconomic indicators. Through this process, it is possible to test the Group's resilience, checking if the capital levels are adequate to cover the risks to which its activities may be subject. To this end, the different risks are modelled or incorporated within the framework of the Group's stress testing methodology.

The process of identifying the material risks to which the Group's activity is subject (risk identification process) constitutes the first phase of each ICAAP cycle. This process involves the top management of the Bank and the main subsidiaries abroad, following a methodological approach based on an internal taxonomy of risks covering the more than 60 different types of risks listed in the BCP Group's risk taxonomy and defined materiality limits, assessing the importance for the Group's activity of each type of risk, based on the probability of occurrence and the magnitude of the impacts - either before or after the application of risk mitigation measures.

The result of this stage is the list of material risks to be considered by the ICAAP, as well as supporting data for the definition of the variables to be considered for the establishment of the base and the stressed scenarios, mentioned ahead. The approval of the results of the risks identification process is a capacity attributed to the Risk Assessment Committee.

Besides all risks considered to be material, the Group integrates in the ICAAP all of Basel's Pillar I risks, even if these do not attain levels that are material, at Group level.

In parallel, the base and stressed scenarios that are the ICAAP's framework are defined taking into consideration the main geographies in which the Group develops its business. While the baseline scenario corresponds to the Group's view on the most probable evolution of the medium-term business constraints, the stress scenarios incorporate extreme conditions, with a low probability of occurrence and with a severe expected impact over the Group's activity. The approval of the scenarios to be considered in ICAAP is also a responsibility assigned to the RAC.

In the third phase, the impact of the risks identified on the reference date is modelled, determining the capital requirements for that date. All material risks identified by the Bank are quantified in terms of impact at the level of the RWA, or in results, according to a set of methodologies and internal models, formally approved, documented, validated and audited internally, considering a level of significance aligned with capital requirements under Regulation (EU) 575/2013 (CRR - Capital Requirements Regulation) or Solvency 2 and a time horizon of 1 year. Non-quantifiable or non-material risks are considered through an additional capital buffer. The approval of the methodologies for estimating the impact of risks on the Group's activity is the responsibility of the Risk Commission.

In the prospective component, the Group considers scenarios for the projection of its activities over a medium-term horizon (3 years). These include a baseline scenario, corresponding to the Group's management current outlook, and adverse scenarios that explore severe macroeconomic conditions, institution-specific vulnerabilities and climate-related risk drivers, to test the Group's resilience and whether it has adequate capital levels to cover the risks to which its activity may be subject, even in adverse conditions.

The ICAAP is subject to independent validation carried out by the Models Monitoring and Validation Office (GAVM) and audited by the Internal Audit Division.

Material risks – Risk identification process

Within the ICAAP with reference 31st of December of 2025, the Group has considered the following risks (as materially relevant ones, after mitigation effects, or considered within the scope of Pillar I).

TABLE 4.20. – Material risks

Risk Category	Risk type
Credit risk	Default risk
	Issuer risk
	Sovereign risk
	Securitisation risk
Market risk	Traded market risk
Business risk	Short term earnings risk
	Strategy risk
	IT strategy risk
Operational risk	Process risk – External fraud risk
	ICT risk – Security risk
	ICT risk – Availability and continuity risk
	ICT risk – Data integrity risk
	ICT risk – Change risk
	Legal and compliance risk – Financial crime risk
	Legal and compliance risk – Litigation risk
Interest rate risk in the Banking book	Gap risk
Other risks	Pension fund risk

These risks are modelled or incorporated into the Group's stress testing methodology framework, producing estimated impacts on capital levels both through the impact on operating results or through changes in the risk-weighted assets (RWA) levels.

Once the impacts of the various risks on the Group's operating account and balance sheet - in particular, over own funds - have been estimated, the Group is able to assess the adequacy of its risk-absorbing capacity against the expected profile for its activity.

The Group assumes a high-quality Risk-Taking Capacity (RTC) in line with the definition of regulatory capital ratios under Directive 2013/36 / EU and CRR, including some adjustments to include others capital elements or instruments that the Group considers appropriate to cover existing risks, prudently projected over the time horizon under analysis.

The Bank considers that in December 2025 regulatory and economic capital held were sufficient to adequately capitalize the risks to which the Group was exposed on that date.

Normative perspective

Under the normative perspective, the Group assesses the adequacy of its regulatory capital ratios over the projection horizon, considering the impact of the materialisation of the identified risks on own funds and risk-weighted assets under both the baseline and adverse scenarios. As of December 2025, the evolution of the capital ratios and the capacity of the Bank to generate organic capital confirms the adequacy of the Group's capital position both at the reference date of the exercise as well as in the projection period – even in the worse adverse scenario (which combines worst severe macroeconomic conditions, institution-specific vulnerabilities and climate-related risk drivers). Throughout the projection period, the CET1 ratio remained comfortably above internal ratios and applicable regulatory requirements.

Economic perspective

Complementary to the regulatory approach, BCP Group has developed an economic capital framework that measures its available own funds and the capital requirements for all material and Pillar 1 risks arising from the Group's activity. The Bank updates the economic capital requirements quantification on a quarterly basis, reporting the results to the Bank's management bodies.

In contrast with regulatory capital, economic capital is an internal estimate that is adjusted according to the Group's level of tolerance to risk, the volume and type of business activity. In addition to the risks considered under Pillar 1 — credit, market and operational risk — the economic capital framework incorporates other material risks identified in the Group's risk taxonomy, including interest rate risk in the banking book (IRRBB), litigation risk, pension fund risk, business risk and other relevant categories. Climate-related risk drivers are also considered in the assessment of each risk, whenever relevant.

The table below shows the distribution of the economic capital requirements per type of risk as of December 2025:

TABLE 4.21. – Internal capital requirements per type of risk

Credit default risk	Sovereign risk	Operational risk	Litigation risk	Business and insurance risk	IRRBB	Other risks	Market risks
49%	16%	12%	8%	7%	4%	2%	1%

Given the nature of the Group's activity, credit default risk remains the most significant risk, accounting for 49% of internal capital needs. Sovereign risk represents the second largest component at 16% of total internal capital requirements, driven by the volume of the Group's excess liquidity invested in public debt securities. Operational risk accounts for 12%, representing an increased compared to 2024 due to higher business volumes and the revised regulatory standardized approach under CRR III. Litigation risk, arising mainly from the Swiss franc mortgage loan portfolio of Bank Millennium, accounts for 8% of internal capital requirement, representing a significant decrease compared to the prior year. This reflects the continued reduction of the outstanding CHF mortgage loan portfolio and the decrease in associated litigation costs.

4.7. Recovery and resolution plans

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 (BRRD II) and its transposition to the Regime Geral das Instituições de Crédito e Sociedades Financeiras (RGICSF) through Decree-Law 23-A/2015, from 26th March.

The Group has updated its Recovery Plan, which was approved by the Board of Directors in October 2025 and submitted to the Banco de Portugal and the ECB in the same month.

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 definition of the business continuity framework and its respective plans (see the Operational Risk section of this report), the Communication Plan – towards the market and stakeholders (in contingency situations) and the results of the capital and/or liquidity adequacy assessment processes already mentioned (ICAAP e ILAAP).

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.

To monitor the performance of the Group's business activity, a set of quantitative and qualitative key recovery indicators is presented in the Recovery Plan, in compliance with the guidelines defined by EBA. This set of indicators is continuously monitored, allowing for immediate management action whenever there are deviations that exceed pre-defined thresholds (also defined in the Plan), the report of which is mandatory, to the Group's management and Supervision Bodies. The Recovery Plan is fully integrated with the Risk Appetite of the Group as

most of the recovery indicators are also monitored in the RAS and consistency among the risk thresholds in both frameworks is ensured.

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 the occurrence of possible stress, namely, liquidity crises. Simultaneously, the Recovery Plan contains a 'playbook', intended to provide key information for rapid decision-making in a crisis, and considers the performance of dry-run exercises, with the aim of testing parts of the Plan and raising the Bank's preparedness to implement it in a potential crisis scenario.

Resolution plan

Within the scope of the Bank Recovery and Resolution Directive (BRRD) and the Single Resolution Mechanism Regulation (SRMR), the Group's resolution plan is developed by resolution authorities and details the strategies and tools to be deployed in the event of the institution's failure or likely failure. The primary objective of a resolution plan is to ensure an orderly resolution process, thereby safeguarding financial stability, minimizing the use of public funds, and mitigating adverse impacts on the real economy.

Complementing this, the Minimum Requirement for Own Funds and Eligible Liabilities (MREL) is a requirement stipulated within the resolution plan. MREL requires that Bank maintains a sufficient buffer of own funds and liabilities that incorporate loss-absorbing and recapitalisation capacity. In this scope the Group's funding plan comprises the issuance of eligible MREL instruments.

The resolution planning process aims to obtain a comprehensive understanding of the Group and its critical functions, to identify and address any impediments to its resolvability, and to be prepared for its resolution if needed.

Resolution planning shares some common areas with the Recovery Planning, namely the description and mapping of core business lines, critical functions and the degree of interconnectedness/ interdependency among entities and markets.

5. Credit Risk

Credit risk refers to the current or prospective risk to earnings, capital and liquidity arising from an obligor's failure to meet the terms of any contract with the institution or its failure to perform as agreed. Credit risk includes the risk generated by operations in the financial markets (counterparty risk). Credit risk is the most significant risk on the Group's balance sheet.

5.1. Annual evolution and composition of the loan portfolio

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.

The next table presents the evolution of the Group's portfolio subject to credit risk and counterparty credit risk between December 31, 2024, and December 31, 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 December 31, 2025.

TABLE 5.1. – Evolution of the Group's portfolio subject to credit risk and counterparty credit risk (EAD)

(Million euro)	December 2025	December 2024	Change	
			Amount	%
Portugal	71,884	65,656	6,228	9.5%
Poland	35,336	30,549	4,787	15.7%
Mozambique	2,606	2,811	(205)	-7.3%
TOTAL	**109,826**	**99,016**	**10,810**	**10.9%**

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).

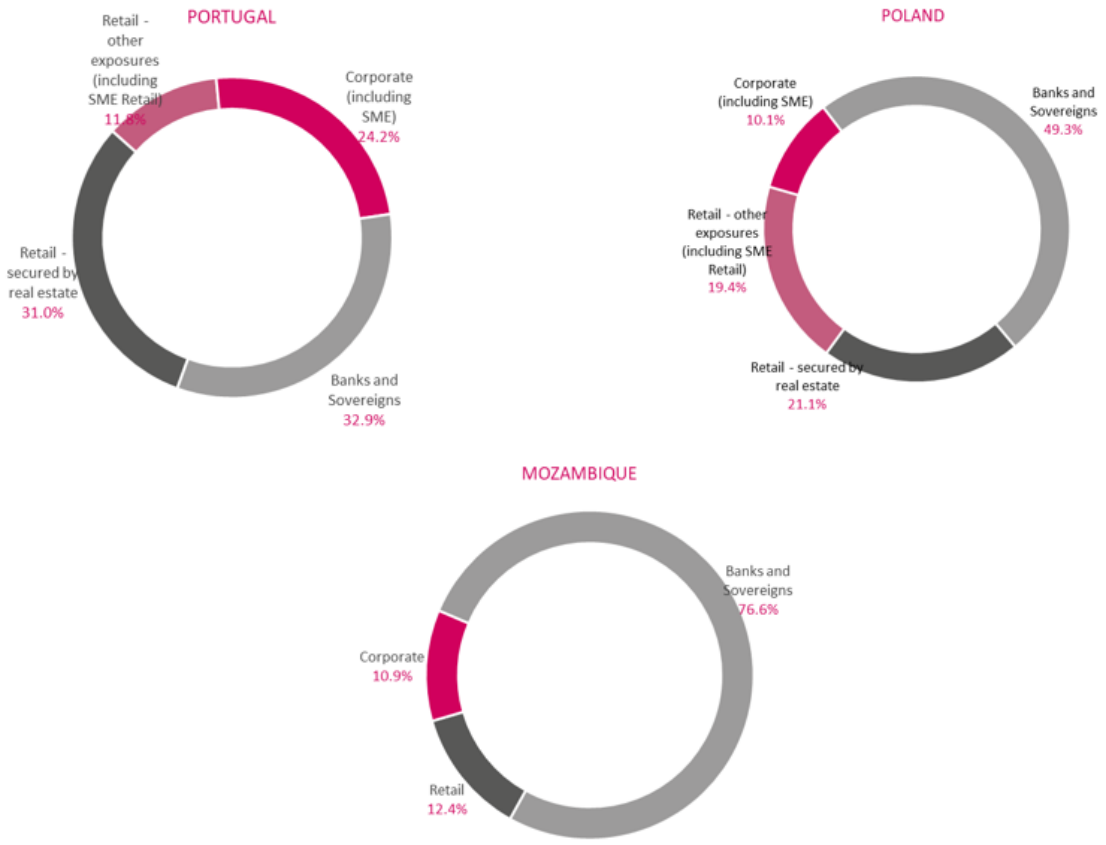
Compared to the position as of December 31, 2024, the Group's credit portfolio, measured in euros, recorded a growth of 10.9% during 2025, surpassing the 7.9% growth observed in 2024. This evolution is explained by significant growth in Portugal and Poland, contrasting with the decrease recorded in Mozambique.

The increase in the portfolio in Portugal is associated with the growth of Sovereign and Institutional exposures and the Corporate and Retail portfolios, offsetting the decrease in exposure to the Portuguese State and deposits with the Banco de Portugal. In addition to this factor, there was a decrease in the NPE portfolio in Portugal of 224 million euros (a reduction of approximately 23%) during 2025.

In Poland's credit portfolio, an increase of 15.7%, measured in euros, was observed, largely explained by the increase in exposure to Sovereigns and Institutions, which amounted to approximately 3.7 billion euros, accompanied by a growth in credit exposure to Corporate and Retail, which amounted to 1,068 million euros.

Regarding Mozambique, a decrease of 7.3% in the credit portfolio, measured in euros, was recorded, related to the decrease in exposure to the Banco de Moçambique.

The portfolio composition by risk classes is on December 31, 2025, is presented below:



Regarding the structure of portfolios by Counterparty segment, in Portugal, the most significant portion continues to be held by the Retail segment at 42.9% of the total, with two-thirds relating to exposures benefiting from mortgages. The Corporate segment represents approximately 24.2%, slightly lower than at the end of 2024, with a slight decrease in the weight of the Banks and Sovereigns segment, which saw its representation reduce to 32.9%, down from 34% on December 31, 2024.

In Poland, we highlight the Retail segment, with a weight of 40.6%, observing a decrease in the weight of exposures collateralized by mortgage guarantees to 21.1%, mainly seen in the CHF loan portfolio, a slight increase in the representation of the Corporate segment, and a growth in the Banks and Sovereigns component, ending 2025 with weights of 10.1% and 49.3%, respectively.

Concerning Mozambique, the relevance of the Banks and Sovereigns segment's weight is notable, which, despite a decrease, amounts to 76.6% of the portfolio. In turn, the Corporate and Retail segments represented 10.9% and 12.4%, respectively, with an increase in the weight of the Corporate segment by 2.3 percentage points and an increase of 2.1 percentage points in the Retail segment.

The Bank has performed the regular update of the sectors considered to be the most vulnerable in Portugal, taking into account the evolution of the prevailing environment, characterized by multiple geopolitical conflicts, instability in several relevant European countries, namely with uncertainties from the political point of view, a more modest level of economic growth and budgetary pressures. In addition to this context, the imposition of tariffs by the United States on imports of goods originating from the European Union should also be noted, with significant impacts on international trade and geopolitical alliances.

5.2. Credit risk management

The Credit Principles and Guidelines Policy, approved by the Board of Directors, establishes the general framework and basic principles for the management of the credit risk consistently with the groups' risk appetite and risk strategy and effective risk management at each stage of the credit risk management cycle

Description and general policy

The principles and guidelines regarding the credit activity carried out by the BCP Group's financial institutions are formalised in a Group Policy applicable to all geographies and reflected in the subsidiaries own regulations and procedures.

The risk management in the BCP Group is based on a strong culture of rigour and discipline, reflected in the overall attitudes and behaviour of all employees involved in credit risk management, aimed at ensuring that credit is granted to borrowers who meet the criteria defined in the group policy, guaranteeing adequate capital management in line with profitability and sustainability targets.

The internal regulations define the guiding principles, rules and decision-making process and responsibilities for the credit granting, monitoring and recovery process of the BCP Group and consider the type of product, the risk rating of the customers, the mitigation instruments, the type of counterparty as well as specific features such as customers classified as a Group Related Party.

The consistency of the credit risk management framework with the Group's risk appetite is ensured by the alignment of the credit regulations with the credit risk strategy and policy guidelines approved by the BoD.

Credit risk management, control structure and organization

The credit risk control and management function at BCP Group is organised within the three lines of defence model, ensuring a clear segregation of roles and responsibilities across the organisation.

The first line of defence is composed of the commercial area, including the Retail, Corporate, Investment Banking and Treasury business units that manage credit risk in the first instance, being responsible for the application of internal policies and procedures and for the implementation of adequate controls to identify, manage and mitigate risk. The Rating Division is also part of the first line of defence, ensuring the ratings classification of the customers and the appraisal of the real estate collateral. The Operations Division ensures that the operational support to the credit process, namely the adequate formalization of the transactions, including the management of the respective collaterals.

The credit granting decisions are assessed and decided by the credit decision bodies defined in the internal regulations, with intervention of the Credit Division, independent from the commercial area, and with decision escalation procedures according to the amount and characteristics of the credit proposal. The higher credit decision body is the Credit Commission, appointed by the Executive Committee, in accordance with the competences established by the internal Credit Granting, Monitoring and Recovery regulations. The Credit Commission has delegated powers to decide in every situation that is not of strict competence of the Board of Directors.

The second line of defence is carried out by the Risk Office (ROFF) and the Compliance Office (COFF), both operating independently from the business areas.

The ROFF is the structural unit responsible for the risk control function at consolidated Group level, promoting the overall alignment of concepts and procedures in risk monitoring and assessment. Within the scope of credit risk, ROFF supports the establishment of policies and methodologies for the identification, measurement, limitation, monitoring, mitigation and reporting of credit risk; oversees the governance of risk models, including PD and LGD; and

coordinates the monitoring of credit exposures and non-performing assets through the Credit and Non-Performing Assets Monitoring Committee.

The COFF ensures the compliance function in relation to credit activity, identifying and evaluating compliance risks within the credit approval process, products and services, and transactions with related parties, and issuing decisions with binding force for the relevant business and support areas aimed at ensuring legal and regulatory compliance.

The third line of defence is provided by the Audit Division (DAU), which performs its function on a permanent and independent basis, in accordance with internationally accepted principles and best practices of internal auditing, assessing the adequacy and effectiveness of the risk management process, the internal control system and the governance models of the BCP Group.

Credit origination, analysis and decision

The credit origination in the BCP Group is based on the principle that each subsidiary or business unit must ensure that its range of credit products is aligned with the credit risk appetite and with the sustainability principles and rules approved by the Board of Directors. Credit products should also be adequate to the profile of the customers, to the respective life cycle stage and to the purpose for which it is granted, to reduce to the greatest extent possible the likelihood of default. In this context, an adequate new products development policy is in place to ensure it's the above principles are met.

The pricing of a transaction shall be based on an analysis of the minimum break even spread required for the cost of the capital needed to cover the transaction risk, according to the internally adopted measurements, the expected cost of risk, including environmental related costs, the cost of funding, and the costs associated with loan origination, analysis, and contractual arrangements and monitoring.

The analysis and credit granting decision in the BCP Group is based on the different customer segments and the internal regulations define the credit decision level structure and process for each segment and size of the credit exposure under analysis. The competence of each credit decision level is defined considering the customer risk grade and the overall exposure level of the counterparty. The expected loss is already considered in the customer's rating. The decision level structure ensures the "four-eyes" principle of credit decisions and eliminate possible cases of personal interest, conflict of interests or other factors set out in the Group's Code of Conduct, approved by the BoD.

The credit regulations also ensure that the credit decision level structure and respective competencies respect a total segregation of functions between origination, rating assignment, credit decision and credit administration, ensuring that all process participants are responsible for the result of a transaction.

The credit decision is based on the internal risk grade of the customer, the analysis of its debt capacity, environmental and social characteristics, and the transaction protection level considering the respective credit risk mitigants. In assessing a counterparty debt capacity, the Group considers the entire involvement of the counterparty (and of companies belonging to the same customer group), information concerning the indebtment levels available in credit bureau operating under supervisory entities, banking associations or private entities, and data about the sustainability and social responsibility policy of customers.

Procedures for proper formalization and documentation of transactions and of the associated credit risk mitigation instruments and agreed covenants, verifying that the documents and contracts legally involve all the related parties and are legally enforceable in every applicable jurisdiction are in place in BCP Group.

Customers' rating

The Group has independent rating units that are responsible for defining the methodologies and designing the credit rating systems applicable for the different clients' segments. Each rating model is calibrated to the BCP Group Rating Master Scale, which includes 19 rating grades

with assigned interval of Probability of Default (PD). The risk grade of a Sovereign, Supranational, Bank counterparty may be assigned based on the ratings awarded by a recognized rating agency and its respective equivalence to the master scale. The risk classification is undertaken for all the members of an economic group at the same time and risk grade may also be assigned to the economic group, based on consolidated accounts.

TABLE 5.2. – Rating Master Scale

Rating Master Scale		
Rating grade	Mid-point PD	Rating grade description
101	0,005%	Maximum security
102	0.05%	Superior quality
103	0.10%	Very high quality
104	0.20%	High quality
105	0.35%	Very good quality
106	0.60%	Good quality
107	0.95%	Good quality
108	1.50%	Medium high quality
109	2.25%	Medium quality
110	3.30%	Medium low quality
111	4.65%	Medium low quality
112	6.40%	Low quality
113	8.55%	Very low quality
114	11.20%	Very low quality
115	14.45%	Conditional access on credit
123	45.00%	Weak signs of impairment
124	79.00%	Strong signs of impairment
125	100.00%	Default

TABLE 5.3. – External ratings equivalence to Rating Master Scale

External Rating Agencies					Rating grade
Fitch	Standard & Poor's	Moody's	DBRS	Scope	
AAA	AAA	Aaa	AAA	AAA	101
AA+	AA+	Aa1	AA (high)	AA+	102
AA	AA	Aa2	AA	AA	102
AA-	AA-	Aa3	AA (low)	AA-	103
A+	A+	A1	A (high)	A+	103
A	A	A2	A	A	104
A-	A-	A3	A (low)	A-	105
BBB+	BBB+	Baa1	BBB (high)	BBB+	105
BBB	BBB	Baa2	BBB	BBB	106
BBB-	BBB-	Baa3	BBB (low)	BBB-	107
BB+	BB+	Ba1	BB (high)	BB+	108
BB	BB	Ba2	BB	BB	109
BB-	BB-	Ba3	BB (low)	BB-	111
B+	B+	B1	B (high)	B+	112
B	B	B2	B	B	114
Lower B	Lower B	Lower B2	Lower B	Lower B	115

Customers that show signs of degradation in their debt service capacity and those who are classified, within the prudential scope, as being in default, are assigned specific rating grades (123 to 125). All the rating models and systems used in the Group have been duly calibrated for the Rating Master Scale

The development, calibration and implementation of rating models and systems is carried out by the Risk Office for Retail and Small/Mid Corporate segments and by the Rating Division for Corporate customers. The monitoring and validation of these models is guaranteed periodically by the Models Monitoring and Validation Office (GAVM). These models are reviewed / updated periodically or whenever events occur that justify it.

Risk-adjusted price

The purpose of the calculation of pricing or risk-adjusted pricing is to determine a price that covers the total cost of the transaction. Also, the transaction must provide minimum remuneration to the economic capital requirements.

The risk-adjusted return pricing methodology incorporates the impact of certain key elements including, but not limited to, credit risk, liquidity risk, interest rate risk, and prepayment options and other relevant factors associated with the prospective exposure that impact income, costs and/or required capital (such as additional regulatory requirements, commissions or transaction costs).

In principle, cross-subsidy of one credit transaction by other transactions/services is not allowed. However, exceptionally, the price of a given transaction may take into consideration the overall estimated profitability of the customer relationship, considering the overall income generated by other products/services provided to the same customer. Any such price adjustments should be clearly justified and approved at the appropriate decision level in each Entity.

The pricing of credit lines and guarantees is based on the exposure at default (EAD) that, as a minimum, reflects the statistically estimated or regulatory credit conversion factors (CCF) and the specific parameters embedded in the pricing model are aligned with each Entity of the Group's strategy.

Business units are responsible for approving the prices of the transactions according to specific levels of competence defined in the internal pricing regulations which are focused on obtaining minimum remuneration and adequate margins for the specific portfolios and products.

Credit risk monitoring

The Group adopts a policy of continuous monitoring of its credit risk management processes, promoting adjustments and enhancements whenever necessary, with the aim of ensuring greater consistency and effectiveness.

Within this framework, the Credit Risk Monitoring Area, integrated in the Risk Office, is responsible for the design and implementation of processes for monitoring the credit lifecycle, in alignment with the Risk Appetite Statement (RAS), Risk Strategy, and the Bank's policies and procedures. This includes monitoring the evolution of key risk parameters across existing portfolios, new production and restructured exposures.

The Bank has established robust portfolio management and monitoring processes, particularly focused on assessing the risk profile of exposures across different portfolios/segments. These processes aim to identify and closely monitor customers most affected by the prevailing macroeconomic environment, enabling the anticipation of potential financial distress. Based on this assessment, appropriate credit and performance strategies are defined, tailored to the specific characteristics of each customer or group of customers, with a dual objective: (i) maintaining support to viable customers and (ii) mitigating credit risk where there is a potential deterioration in exposure value.

The relevance of this approach is reinforced by the persistent uncertainty observed in recent years. The current environment is marked by the potential impacts of geopolitical tensions, military conflicts, political instability in several European countries, moderate economic growth, fiscal pressures, and possible shifts in international trade policies.

The main principles of the Bank's credit portfolio monitoring approach are as follows:

- Comprehensive and transversal: Covers the entire credit portfolio.

- Specialised: Monitoring is performed by the Credit Division, in coordination with the Rating Division and the Specialised Recovery Division for the corporate segment, and with the Retail Recovery Division for individuals and small businesses.
- Segmented: Prioritisation of monitoring intensity and frequency based on risk indicators, ensuring timely information gathering and the implementation of adequate and sustainable restructuring solutions.
- Prospective: Use of predictive models, to anticipate potential future defaults, avoiding a reactive approach.
- Standardised: Application of consistent risk models, monitoring procedures, and predefined credit solutions, particularly in retail portfolios.
- Client-centric and innovative: Simplification of restructuring processes, including the expansion of digital channels (e.g. mobile app) for consumer credit and mortgage solutions.
- In the corporate segment, the credit portfolio monitoring process can be broadly characterised as follows, with the assignment of credit strategies as a central component. These strategies are selected from predefined options and reviewed at time intervals depending on the associated risk level:
- Client assessment and definition of an Indicative Credit Strategy, performed by the Rating Division for customers subject to corporate rating models.
- Approval of the credit strategy by the competent decision-making bodies, considering the indicative strategy, input from the commercial area, and insights from the customer interaction process.
- Decision, negotiation and formalisation of credit operations required to implement the approved strategy and ensure compliance with established limits (Credit Division, commercial areas and Operations Division).
- Ongoing monitoring of the credit strategy and customer performance, carried out by the Credit Division and the business areas.
- Portfolio-level monitoring and assessment of process effectiveness, ensured by the Risk Office through a set of KPIs (e.g. coverage of valid strategies, evolution of exposures under reduction strategies, alignment between strategy and customer performance).
- Integration of transversal risk factors, including sectoral risk assessments (periodically reviewed with the support of the Economic Studies Area) and ESG considerations, particularly for customers with more relevant exposures.
- Trigger-based strategy review, whereby the occurrence of risk events (e.g. early warning signals, covenant breaches, material sector deterioration or changes in shareholder structure) leads to an early reassessment of the assigned strategy.

As part of this framework, the Bank also defines a list of sectors considered more vulnerable to macroeconomic risks. This list is reviewed periodically (at least annually) and supports dedicated monitoring reports on the evolution of the risk profile of exposures associated with these sectors.

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 are monitored for:

- Concentration in customers or "large risks" compliance with regulatory limits (25% of Tier 1 capital) and risk appetite framework thresholds. At the year-end there were no breaches of the defined thresholds.
- Exposures to Sovereigns.
- Exposures to Institutions (Banks/financial institutions).
- Geographic concentration (country risk).
- Exposure to economic sectors.

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.

The aggregate exposure to shadow banking entities at the end of 2025 is immaterial as the final exposure reported in the Corep-LE represents circa 0.8% of the Group own funds.

5.3. Credit risk mitigation techniques

Eligibility and mitigation instruments

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 Division 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 physical collaterals.
- Receivables.
- First demand guarantees, issued by banks or other entities with rating 107 or better on the Rating Master Scale.
- Personal guarantees when the persons are classified with rating 107 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 States, Japan, Canada, Hong Kong or Switzerland.

In this context, it is important to refer that the Bank's instruments eligible for own funds (e.g. shares, preferred shares, or subordinated bonds) are not accepted as financial collaterals of new credit operations.

Regarding guarantees and credit derivatives, it can be applied the substitution principle by replacing the rating of the client by the rating of the guarantor, (if the rating 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.
- Entities duly notified of the assignment of credits to the bank, as debtors in factoring contracts.

Protection levels

An internal level of protection is attributed to all credit operations in 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.

Collateral valuation

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.

The evaluations are performed by external expert valuers registered in the CMVM (Portuguese Securities Exchange Commission) and the analyse and ratification process is centralized in the Appraisals Unit, within the Rating Division, which is independent of the business areas.

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, 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 (CRR) and Law no. 153/2015 of 14 September and are ratified by the Appraisals Unit.

Regarding residential real estate, after the initial valuation and in accordance with Banco de Portugal Notice n. 5/2006 and e CRR, the Bank monitors the respective values through market indexes. If the index is lower than 0.9 (meaning a devaluation above 10%), the Bank revaluates the property, choosing one of the following two methods:

- Depreciation of the property by direct application of the index, if the amount owed does not exceed 300 thousand euro.
- Whenever it comes to residential property, an updated value is made using the property value review algorithms, resident in the internal Valuation Database, comparing the property under review with identical properties recently evaluated, in the same location.
- 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 Bank 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 a potential significant devaluation of the real estate value (more than 10%), a valuation review is subsequently carried out by an expert valuer, preserving the referred 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 provided to the Bank by a specialized external entity that has been collecting and processing information on the Portuguese real estate market for over a decade.

When evaluating properties, the Bank already considers environmental factors, namely in terms of physical risk factors, and the evaluator is responsible for collecting and disclosing information on:

- Flood risk: property built in the vicinity of water lines.
- Fire hazards: identification of fuel elements in the building structure.
- Risk of soil contamination or the existence of potentially hazardous materials included in the construction.

The conclusions regarding the physical risk factors identified are incorporated into the Bank's management processes, namely in terms of the management of insurance coverage associated with properties.

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.

The table below shows a breakdown of unsecured and secured credit risk exposures and credit risk exposures secured by various credit risk mitigants for all loans and debt securities including the carrying amounts of the total population which are in default in December 2025.

TABLE 5.4. – EU CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques

(Million euro)		Unsecured carrying amount	Secured carrying amount			
				Of which secured by collateral	Of which secured by financial guarantees	Of which secured by credit derivatives
		a	b	c	d	e
1	Loans and advances	17,635	44,238	38,518	5,720	0
2	Debt securities	40,105	695	162	533	
3	Total	57,740	44,933	38,680	6,253	0
4	Of which non-performing exposures	278	423	333	90	0
EU-5	Of which defaulted	278	423			

The table below shows the degree of use of credit risk mitigation techniques in exposures treated under the IRB method, including funded and unfunded protection, as well as the impact of these techniques on Risk Weighted Exposure Amounts (RWEA), broken down by exposure class as of December 2025.

TABLE 5.5. – EU CR7-A – IRB approach – Disclosure of the extent of the use of CRM techniques

(Million euro)		Total exposures	Credit risk Mitigation techniques											Credit risk Mitigation methods in the calculation of RWEAs	
A-IRB			Funded credit Protection (FCP)									Unfunded credit Protection (UFCP)		RWEA without substitution effects (reduction effects only)	RWEA with substitution effects (both reduction and substitution effects)
			Part of exposures covered by Financial Collaterals (%)	Part of exposures covered by Other eligible collaterals (%)	Part of exposures covered by Immovable property Collaterals (%)	Part of exposures covered by Receivables (%)	Part of exposures covered by Other physical collateral (%)	Part of exposures covered by Other funded credit protection (%)	Part of exposures covered by Cash on deposit (%)	Part of exposures covered by Life insurance policies (%)	Part of exposures covered by Instruments held by a third party (%)	Part of exposures covered by Guarantees (%)	Part of exposures covered by Credit Derivatives (%)		
		a	b	c	d	e	f	g	h	i	j	k	l	m	n
1	Central governments and central banks	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0	0
2	Regional governments and local authorities	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0	0
3	Public sector entities	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0	0
5	Corporates	**11,821**	**2.69%**	**27.89%**	**19.39%**	**0.00%**	**8.49%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**7,657**	**7,628**
5.1	Corporates – General	11,821	2.69%	27.89%	19.39%	0.00%	8.49%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	7,657	7,628
5.2	Corporates – Specialised lending	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0	0
5.3	Corporates - Purchased Receivables	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0	0
6	Retail	**36,167**	**1.16%**	**78.88%**	**78.83%**	**0.00%**	**0.05%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**6,038**	**6,038**
6.1	Retail – Qualifying revolving	3,462	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	735	735
6.2	Retail – secured by residential immovable property	27,964	0.04%	102.02%	101.96%	0.00%	0.07%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	4,120	4,120
6.3	Retail - Purchased Receivables	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0	0
6.4	Retail - Other retail exposures	4,741	8.62%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1,183	1,183
7	**Total**	**47,988**	**1.54%**	**66.32%**	**64.19%**	**0.00%**	**2.13%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**13,695**	**13,666**

(Million euro)		Total exposures	Credit risk Mitigation techniques											Credit risk Mitigation methods in the calculation of RWEAs	
F-IRB			Funded credit Protection (FCP)									Unfunded credit Protection (UFCP)		RWEA without substitution effects (reduction effects only)	RWEA with substitution effects (both reduction and substitution effects)
			Part of exposures covered by Financial Collaterals (%)	Part of exposures covered by Other eligible collaterals (%)	Part of exposures covered by Immovable property Collaterals (%)	Part of exposures covered by Receivables (%)	Part of exposures covered by Other physical collateral (%)	Part of exposures covered by Other funded credit protection (%)	Part of exposures covered by Cash on deposit (%)	Part of exposures covered by Life insurance policies (%)	Part of exposures covered by Instruments held by a third party (%)	Part of exposures covered by Guarantees (%)	Part of exposures covered by Credit Derivatives (%)		
		a	b	c	d	e	f	g	h	i	j	k	l	m	n
1	Central governments and central banks	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0	0
2	Regional governments and local authorities	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0	0
3	Public sector entities	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0	0
4	Institutions	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0	0
5	Corporates	**3,061**	**0.07%**	**7.39%**	**3.50%**	**0.00%**	**3.88%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**1,819**	**1,819**
5.1	Corporates – General	2,480	0.08%	9.11%	4.32%	0.00%	4.79%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1,316	1,316
5.2	Corporates – Specialised lending	580	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	503	503
5.3	Corporates - Purchased Receivables	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0	0
6	**Total**	**3,061**	**0.07%**	**7.39%**	**3.50%**	**0.00%**	**3.88%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**1,819**	**1,819**

The next table shows credit risk exposure and CRM effects in the standardized approach as well as related RWA and average risk weights broken down by regulatory exposure classes and a split in on- and off-balance sheet exposures in December 2025.

TABLE 5.6. – EU CR4 – Standardised approach – Credit risk exposure and CRM effects

(Million euro) Exposure classes		Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
		On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures	RWEAs	RWEAs density (%)
		a	b	c	d	e	f
1	Central governments or central banks	33,030	22	35,081	23	4,031	11.48%
2	Non-central government public sector entities	2,135	317	1,927	143	479	23.14%
EU 2a	Regional government or local authorities	1,540	77	1,334	31	205	15.04%
EU 2b	Public sector entities	595	240	593	113	274	38.81%
3	Multilateral development banks	200	-	991	20	-	0.00%
EU 3a	International organisations	5,477	-	5,477	-	-	0.00%
4	Institutions	1,484	318	1,254	44	473	36.45%
5	Covered bonds	391	-	391	-	62	15.87%
6	Corporates	4,133	4,519	3,887	688	4,184	91.46%
6.1	Of which: Specialised Lending	125	92	125	46	190	111.37%
7	Subordinated debt exposures and equity	164	-	164	-	317	193.81%
EU 7a	Subordinated debt exposures	17	-	17	-	26	150.00%
EU 7b	Equity	146	-	146	-	291	199.03%
8	Retail	5,360	737	4,838	160	3,598	71.99%
9	Secured by mortgages on immovable property and ADC exposures	2,495	333	2,426	102	1,172	46.37%
9.1	Secured by mortgages on residential immovable property - non IPRE	1,691	17	1,687	6	490	28.95%
9.2	Secured by mortgages on residential immovable property - IPRE	-	-	-	-	-	-
9.3	Secured by mortgages on commercial immovable property - non IPRE	710	308	647	94	618	83.38%
9.4	Secured by mortgages on commercial immovable property - IPRE	91	0	88	0	55	62.05%
9.5	Acquisition, Development and Construction (ADC)	3	8	3	3	10	150.00%
10	Exposures in default	372	61	318	8	352	107.80%
EU 10a	Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
EU 10b	Collective investment undertakings	30	-	30	-	23	75.43%
EU 10c	Other items	-	-	-	-	-	-
11	Not applicable						
12	TOTAL	55,269	6,307	56,785	1,188	14,692	25.34%

5.4. Definitions and Policies for Losses and Provisioning Assessment

Credit risk is associated with the potential losses and with the uncertainty concerning the expected returns due to the failure of the borrower – and of its guarantor if there is one – or of the issuer of a security or of the counterparty of a contract in complying with their duties.

Past due loans

Past due loans, for accounting purposes, correspond to the global value of the credits and instalments due and not collected associated to credit agreements recognised in the balance sheet in any form whatsoever. Thus, all the credits (capital) that have not been settled 30 days after their maturity date are accounted in past due loans.

This framework also includes the capital instalments contractually foreseen for future periods but that, due to the non-payment of one of the instalments (of capital or of interests) may, in accordance with the law, be considered due and there are doubts on whether they will be paid.

Forborne

Restructured credits (Forborne) are credit operations for which forbearance measures have been granted. Forbearance measures are concessions made to a debtor that is going through or will soon go through difficulties in meeting its financial commitments (financial difficulties).

Non-performing loan

A loan, including its components of principal, interest, and expenses, is "non-performing" whenever a previously established limit has been exceeded, whenever a contractual covenant has been breached or when an overdraft situation has occurred (with no previous approval and after its liquidation has been requested to the debtor). Materiality thresholds per client segment are defined for the monitoring of credit risk.

Forborne

Restructured credits (Forborne) are credit operations for which forbearance measures have been granted. Forbearance measures are concessions made to a debtor that is going through or will soon go through difficulties in meeting its financial commitments (financial difficulties).

Default triggers

The Bank adopted the internal definition of default (i.e., classified with Risk Grade 125 on the internal rating master scale) as the criterion for identifying financial instruments at Stage 3. In accordance with the provisions of the definition of default, which were subject to change at the beginning of 2020, a debtor is considered in default whenever at least one of the following conditions is met:

- Days past due: The obligor is more than 90 DPD on any obligation above the following thresholds: 100 euro, for retail obligors or above 500 euro for non-retail obligors; and 1% of total (on-balance sheet) exposure (irrespective of whether it is a retail obligor or not).
- Non-accrual status: The obligor has had at least one obligation that has ceased to recognize interest income because of a perceived decline in its credit quality.
- Debtor with credit impairment: The obligor has been submitted to the individual impairment analysis and marked as having objective signals of impairment.
- Sale of the credit obligation: The obligor's exposure(s) have been sold – partially or in full – with a material loss (≥5%).
- Restructuring due to financial difficulties: The debtor was subject to a restructuring due to financial difficulties with an economic loss higher than 1%.
- Bankruptcy: The obligor that has filed for bankruptcy or similar arrangements defined in the Portuguese Law: (i) PEAP; or (ii) EPR; or (iii) PER; or (iv) Pre-insolvency.
- Credit arrears after restructuring due to financial difficulties: The debtor has a significant credit obligation overdue for more than 30 days on a restructured credit obligation.
- Restructuring recurrence: The debtor has a restructured obligation and requests additional restructuring measures, regardless of the loss/gain from the restructuring.
- Legal recovery proceedings: The obligor that is sent to legal recovery proceedings.
- Guarantors of exposures in default: The obligor is a guarantor of a defaulted exposure, provided that (i) the guarantee has been officially claimed; and (ii) after the foreseen contractual period the overdue amount has not been paid.
- Credit fraud: The debtor has participated in credit fraud.
- Cross default at the BCP Group level: The common obligor (between BCP and any other Group entity) is in a default status in any entity of BCP Group.
- Breach of covenants in a credit agreement: The debtor that, resulting of a case-by-case analysis, is considered to have any other indication of reduced probability of payment, taking into consideration the breach of covenants in a credit agreement.
- Contagion of default in economic group: The debtor who, resulting of a case-by-case analysis, was assessed with reduced probability of payment, taking into consideration the contagion of default at the level of a group of related debtors.

- Days past due on joint credit obligations: The obligor has, together with other obligors classified as in default, a significant credit obligation overdue for more than 90 days (or 30 days in case of a restructured credit obligation) - in this case, the materiality thresholds are analysed considering only the amounts of the obligation.

It should be noted that, within the Bank, the definition of default is aligned with the definition of Non-Performing Exposure (NPE).

Write-off

In accordance with Banco de Portugal Circular Letter No. CC / 2017/00000020, the Bank has defined in its internal regulations a policy for the classification, derecognition and monitoring of credits considered uncollectible. The Bank recognizes a credit as written off to the balance sheet when there are no reasonable expectations of its recovery in whole or in part. This registration occurs after all the recovery actions carried out have proved unsuccessful. Thus, when a credit reaches 100% impairment, its classification as uncollectible should be considered. However, even if a loan does not yet have 100% impairment, it can also be classified as uncollectible if there are no expectations of recovery. In this case, impairment should be recognized for the remaining amount. In the case of credits that still have collateral, write-offs can only be made on the part not covered if there is evidence of the uncollectability of the excess on the value of the collateral and it is 100% covered by impairment.

The credit uncollectability decision is the responsibility of the Credit Decision Bodies, under the proposal of the recovery area responsible for the Client's management. As a rule, the removal of an uncollectible credit from the balance sheet is irreversible, so, if any amount related to these credits is recovered, the recovery amount is recognized as an income in the profit and loss account. Loans written off are recorded in off-balance sheet items when they are derecognised from the balance sheet and kept until the moment of the definitive extinguishment of the liabilities.

Impairment framework (IFRS 9)

Since January 1st, 2018, the process for calculating impairment of financial assets classified at amortized cost or at fair value through other comprehensive income and of credit commitments, documentary credits and financial guarantees integrates the general principles defined by IFRS 9 and the guidelines issued by the Banco de Portugal through Circular Letter 2018/00000062.

Under IFRS 9, the concept of impairment is based on expected losses. The expected credit losses of each operation are determined according to the changes in credit risk that have occurred since initial recognition. For this purpose, transactions are classified into stages according to the following criteria:

- **Stage 1**: Contracts whose credit risk has not increased significantly since its initial recognition (except for POCI cases) [1]
- **Stage 2**: Contracts whose credit risk has increased significantly since initial recognition, but for which there is no objective evidence of impairment.
- **Stage 3**: Contracts with objective signs of impairment.

Individual and collective impairment

Clients representing high risk and exposure for which objective signs of impairment exist (Stage 3) are submitted to individual impairment analysis.

This individual analysis consists of a regular process of assigning a recovery expectation concerning all the exposures, as well as of a term expected for the recovery. The impairment amount for each client is based, essentially, in the prospects of repayment and repayment term,

[1] POCI (*Purchased or Originated Credit Impaired*): financial assets with objective evidence of impairment at the time of initial recognition.

concerning monetary, financial, or physical assets. This process is based on the elements that are relevant for the impairment assessment, namely:

- Financial and economic data based on the Client's most recent accounting statements.
- Qualitative data that characterise the Client's situation in what concerns the economic viability of the business.
- Projected cash-flows for clients that are analysed in a 'going concern' perspective.
- Creditworthiness track-record of the Client within the Bank and the financial system.

Collateral and guarantees data are of particular importance, especially in real estate companies and in cases for which economic viability is reduced ("gone concern" approach).

The Bank has a conservative approach towards the treatment of collateral, materialised in the use of haircuts, aiming at incorporating the assets' devaluation risk, the costs inherent to their selling and the maintenance costs and term that occur until the sale.

For each client, impairment is calculated as the difference between the respective exposure and the total of expected cash-flows for the various operations, discounted at the effective interest rate of each operation.

The credits that are not subject to individual impairment analysis are grouped, taking into consideration their risk features and impairment assessed is based on homogeneous populations (collective analysis), defined in accordance with the risk grade and the segment of clients.

For these cases, the following main parameters are used for impairment assessment:

- PD: Probability of Default ('1-year' for credits in Stage 1, 'lifetime' for credits in Stage 2).
- LGD: Loss Given Default.
- CCF: Credit Conversion Factor applicable to the undrawn off-balance amount.

These parameters are estimated through statistical internal models, including macro-economic adjustments in a forward-looking perspective. Those models are updated annually and submitted for independent appreciation by the Models' Validation and Monitoring Office.

Macroeconomic scenarios update

Taking into consideration the evolution of the economic context and outlook, the macroeconomic scenarios used in the collective impairment analysis model in Portugal were updated in December 2025, based on three scenarios (Central Scenario, Optimistic and Pessimistic) prepared by the Bank's Economic Studies Area. The referred scenarios, which are used in the Bank for several purposes other than the impairment calculation, took into consideration the existing projections of reputed entities.

Impairment overlays

To incorporate an additional level of conservatism in the impairment values, the Bank defined and implemented a methodology for the identification of situations involving a significant increase in credit risk situations and potential signs of impairment.

The Impairment Overlays approach aims to incorporate into the Bank's Expected Credit Loss models the impact of risks and uncertainties arising from the current environment that may not be fully captured by the existing Impairment models.

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 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.

More recently, with the conflict in the Middle East, there has been: i) a rise in the prices of oil, crude and natural gas as well; ii) a revision downwards of the economy growth projections; iii) an increasing of interest rate risk in the market; iv) and an expectation of higher inflation rates.

As a result, certain adjustments to the overlays framework for the corporate segment were implemented in March 2026, aimed primarily at capturing the impact of rising fuel and energy costs.

This positioning is in line with the guidelines 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 considering 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 Bank 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 Bank's loan portfolio.

The application of overlay impairments and the respective methodology is approved by the Risk Commission.

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 31 December 2025 was approximately EUR 114 million in Portugal (EUR 99.1 million in December 2024), EUR 41,8 million in Poland (EUR 43.8 million in December 2024), and EUR 20,5 million in Mozambique (no impairment overlays in December 2024)..

5.5. Credit Recovery and NPL Management

The credit recovery and NPL management at the Millennium bcp is aligned with the Group's risk management guidelines. It is an integrated activity that is realized across all stages of credit exposures and all organizations structures involved in the credit granting and monitoring processes, always based on a customer centric approach, involving all credit facilities to which the Bank is exposed to each client.

Our processes are all based on automatic triggers to identify either prevention or recovery required activities and are supported by differentiated processes regarding the client whether they are included in Retail Risk Segment (Retail) or Non-Financial Corporation/Other Financial Corporation Risk Segments (Non-Retail).

The following major situations are covered by prevention and risk recovery activities:

- **Prevention** – with incidence on stage 1 customers still under commercial management by the branches. It covers clients that show early warning events that require additional evaluation and scrutiny, assured directly by the commercial branch responsible for the relationship. The main goal is to clearly identify the customers' situation and eventually negotiate a credit restructuring, if necessary.
- **Early Arrears** – covers delinquency at an early stage (30 DPD for Retail and 90 DPD for Non-Retail), still managed by commercial branches taking advantage of its proximity

and deep knowledge of each customer situation. The main objective of their action is to collect the amounts on arrears or to propose an adequate restructuring process whenever necessary.

- **Recovery** – operated under 2 specialized and dedicated centralized structures, one for Retail (Retail Recovery Division) and another for Non-Retail (Specialized Recovery Division). At this stage, the client is allocated, as a whole, to these departments, that become responsible for all contacts and negotiation processes. The main objective is to clearly identify the reasons behind the occurrence of delinquency and define the best possible solution within an adequate and strict timeframe. All solutions become possible, regarding their aim at reducing the Bank's exposure to default.
- **Litigation** – judicial execution processes, managed directly by external lawyers who report to the Recovery Division according to the Client's Risk Segment. At this stage, regular negotiation has ended, and any eventual restructuring will only occur in court of law.
- **Credit Sales** – supervised by the Risk Office, each Recovery Division identifies credit facilities at customer level (all exposures) that become unavailable for cure for a long period of time, to be placed on market for sale, thus exiting the Bank's exposure.

Through these processes, all decisions that require impact on credit risk are subject to joint evaluation and approval by the management unit – network branches at prevention and early arrears phases; Recovery Divisions at late recovery and litigation – together with the Credit Division, taking in consideration the risk appetite of the Bank, the NPV of the proposed solution and its comparison with alternative solutions. In the negotiation and decision processes, particular attention is always present when approaching individual customers (households), to ensure compliance with all consumer rights.

All these activities are supported in the Bank's internal regulations which are compliant with CRR, Portuguese Law and EBA's guidelines.

In periods of high and unprecedent stress or uncertainty scenarios, such as the Covid pandemic, Russia-Ukraine war, or even the more recent Middle East conflict, the Bank puts in force specific actions and analysis identifying economic sectors and vulnerable customers that require in deep follow-up, putting in action any available alternative solutions, such as state moratoria or state supported financing credit lines, always committed to assure financial stability.

Credit rating of exposure

This section presents FINREP information on the quality and management of the Group's credit risk exposure, broken by maturity of exposure, exposure category, sector of activity and geographical area.

In accordance with Article 431(3) of the CRR, all information considered relevant for disclosing the Group's risk profile regarding non-productive assets is presented. In this context, it is deemed that the Entity is not subject to additional regulatory reporting requirements for this asset class, as the exposure ratio in a regulatory default situation or under accounting Stage 3 does not exceed 5%. The amounts shown in the tables in this section do not include counterparty, securitisation or equity portfolio exposure.

The table below provides the Group's original risk positions by residual maturity term at the end of 2025.

TABLE 5.7. – EU CR1-A – Maturity of exposures

(Million euro)		a	b	c	d	e	f
		Net exposure value					
		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
1	Loans and advances	3,825	4,821	11,588	38,103	0	58,337
2	Debt securities	0	9,369	24,066	7,230	136	40,801
3	Total	3,825	14,190	35,653	45,333	136	99,138

TABLE 5.8. – EU CR2 – Changes in the stock of non-performing loans and advances

(Million euro)		a
		Gross carrying amount
010	**Initial stock of non-performing loans and advances**	**1,820**
020	Inflows to non-performing portfolios	898
030	Outflows from non-performing portfolios	-1,251
040	Outflows due to write-offs	-69
050	Outflow due to other situations	-1,182
060	**Final stock of non-performing loans and advances**	**1,467**

Non-performing loan (NPL) inflows remained low, reflecting improved recovery performance across the Group, supported by enhanced recovery and collections practices and write-offs. The BCP Group continues to focus on maintaining low levels of NPL ratios.

TABLE 5.9. – EU CR1 – Performing and non-performing exposures and related provisions

(Million euro)		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collaterals and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures - Accumulated impairment and provisions			Non-performing exposures - Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
			of which: stage 1	of which: stage 2		of which: stage 2	of which: stage 3		of which: stage 1	of which: stage 2		of which: stage 2	of which: stage 3			
005	Cash balances at central banks and other demand deposits	3,536	3,536	0	0	0	0	0	0	0	0	0	0	0	0	0
010	Loans and advances	58,187	51,802	6,378	1,467	0	1,449	-549	-253	-296	-768	0	-760	0	43,817	421
020	Central banks	373	373	0	0	0	0	0	0	0	0	0	0	0	0	0
030	General governments	806	584	222	0	0	0	-22	-1	-21	0	0	0	0	373	0
040	Credit institutions	568	539	29	0	0	0	-1	0	0	0	0	0	0	7	0
050	Other financial corporations	1,192	1,029	163	15	0	15	-21	-15	-6	-13	0	-13	0	922	1
060	Non-financial corporations	17,400	14,536	2,862	582	0	576	-305	-156	-149	-327	0	-327	0	13,170	166
070	Of which: SMEs	13,057	10,720	2,335	446	0	440	-245	-123	-122	-243	0	-243	0	10,484	151
080	Households	37,848	34,741	3,101	870	0	858	-200	-80	-120	-428	0	-419	0	29,345	253
090	Debt Securities	40,920	39,883	681	37	0	37	-122	-29	-93	-35	0	-35	0	693	2
100	Central banks	2,443	2,443	0	0	0	0	0	0	0	0	0	0	0	0	0
110	General governments	32,270	31,627	643	0	0	0	-108	-16	-92	0	0	0	0	146	0
120	Credit institutions	1,542	1,542	0	0	0	0	0	0	0	0	0	0	0	245	0
130	Other financial corporations	758	402	0	0	0	0	-1	-1	0	0	0	0	0	49	0
140	Non-financial corporations	3,906	3,868	38	37	0	37	-12	-11	-1	-35	0	-35	0	253	2
150	Off-balance sheet exposures	17,939	16,256	1,683	312	0	311	-54	-30	-23	-92	0	-92		3,055	115
160	Central banks	0	0	0	0	0	0	0	0	0	0	0	0		0	0
170	General governments	103	102	1	0	0	0	0	0	0	0	0	0		1	0
180	Credit institutions	360	201	159	0	0	0	0	0	0	0	0	0		87	0
190	Other financial corporations	837	715	122	2	0	2	-1	-1	-1	0	0	0		103	0
200	Non-financial corporations	13,045	11,775	1,270	299	0	298	-36	-18	-19	-87	0	-87		2,834	113
210	Households	3,594	3,462	131	11	0	11	-15	-12	-4	-4	0	-4		30	2
220	**Total**	**120,582**	**111,476**	**8,742**	**1,816**	**0**	**1,797**	**-725**	**-312**	**-412**	**-895**	**0**	**-887**	**0**	**47,566**	**538**

Note: Item 010- In what regards to Portugal, an amount involving EUR 3,9 billion of exposure is covered by State Guarantees/Mutual Guarantee, EIF and EIB (9,8% of the total) of which EUR 3,1 billion is related to guarantees for Non-Financial Corporations (covering 24,4% of NFC exposure). Guarantees represent EUR 1,9 billion (4,9% of the total) and an amount of EUR 1,6 billion was subject to securitisation (4,1% of the total).

The following tables present the breakdown of both on-balance and off-balance sheet items' credit quality, excluding counterparty credit positions.

TABLE 5.10. – EU CQ3 – Credit quality of performing and non-performing exposures by past due days

(Million euro)		a	b	c	d	e	f	g	h	i	j	k	l
		Gross carrying amount/nominal amount											
		Performing exposures			Non-performing exposures								
			Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
005	Cash balances at central banks and other demand deposits	3,536	3,536	0	0	0	0	0	0	0	0	0	0
010	Loans and advances	58,187	57,934	254	1,467	725	165	229	189	141	7	11	1,467
020	Central banks	373	373	0	0	0	0	0	0	0	0	0	0
030	General governments	806	717	88	0	0	0	0	0	0	0	0	0
040	Credit institutions	568	568	0	0	0	0	0	0	0	0	0	0
050	Other financial corporations	1,192	1,192	0	15	12	0	1	1	0	0	0	15
060	Non-financial corporations	17,400	17,350	49	582	295	73	92	79	34	3	5	582
070	Of which SMEs	13,057	13,015	42	446	213	64	72	68	23	1	5	446
080	Households	37,848	37,733	116	870	417	92	136	109	107	4	6	870
090	Debt securities	40,920	40,920	0	37	33	0	0	4	0	0	0	37
100	Central banks	2,443	2,443	0	0	0	0	0	0	0	0	0	0
110	General governments	32,270	32,270	0	0	0	0	0	0	0	0	0	0
120	Credit institutions	1,542	1,542	0	0	0	0	0	0	0	0	0	0
130	Other financial corporations	758	758	0	0	0	0	0	0	0	0	0	0
140	Non-financial corporations	3,906	3,906	0	37	33	0	0	4	0	0	0	37
150	Off-balance-sheet exposures	17,939			312								312
160	Central banks	0			0								0
170	General governments	103			0								0
180	Credit institutions	360			0								0
190	Other financial corporations	837			2								2
200	Non-financial corporations	13,045			299								299
210	Households	3,594			11								11
220	Total	120,582	102,390	254	1,816	758	165	229	193	141	7	11	1,816

NPL ratio (Loans and Advances) **2.46%**

TABLE 5.11. – EU CQ4 – Quality of non-performing exposures by geography

(Million euro)		a	b	C	d	e	f	g
		Gross carrying/Nominal amount				Accumulated impairment	Provisions on off-balance sheet commitments and financial guarantee given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			of which: non-performing		of which: subject to impairment			
				of which: defaulted				
010	On balance sheet exposures	104,147	1,504	1,504	103,790	-1,473		-1
020	Portugal	45,131	697	697	44,960	-712		0
030	Poland	33,011	723	723	33,010	-560		-1
040	Mozambique and others	26,006	84	84	25,820	-201		0
080	Off balance sheet exposures	18,251	312	312			146	
090	Portugal	13,007	306	306			119	
100	Poland	3,968	5	5			25	
110	Mozambique and others	1,277	1	1			2	
150	**Total**	**122,399**	**1,816**	**1,816**	**103,790**	**-1,473**	**146**	**-1**

TABLE 5.12. – EU CQ5 – Credit quality of loans and advances to non-financial corporations by industry

(Million euro)		a	b	c	d	e	f
			Gross carrying amount			Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			of which: non-performing		of which: loans and advances subject to impairment		
				of which defaulted			
010	Agriculture, forestry and fishing	378	12	12	378	-13	0
020	Mining and quarrying	97	2	2	97	-2	0
030	Manufacturing	3,700	237	237	3,700	-228	0
040	Electricity, gas, steam and air conditioning supply	428	1	1	428	-5	0
050	Water supply	198	2	2	198	-6	0
060	Construction	1,671	67	67	1,671	-66	0
070	Wholesale and retail trade	3,880	105	105	3,880	-98	0
080	Transport and storage	1,301	51	51	1,301	-37	0
090	Accommodation and food service activities	1,168	25	25	1,168	-32	0
100	Information and communication	470	8	8	470	-9	0
110	Financial and insurance activities	160	0	0	160	-1	0
120	Real estate activities	2,098	30	30	2,098	-60	0
130	Professional, scientific and technical activities	794	21	21	794	-31	0
140	Administrative and support service activities	530	9	9	530	-11	0
150	Public administration and defense, compulsory social security	10	0	0	10	0	0
160	Education	134	3	3	134	-3	0
170	Human health services and social work activities	315	2	2	315	-4	0
180	Arts, entertainment and recreation	150	1	1	150	-3	0
190	Other services	504	6	6	504	-21	0
200	**Total**	**17,982**	**582**	**582**	**17,982**	**-632**	**0**

TABLE 5.13. – EU CQ1 – Credit quality of forborne exposures

(Million euro)		a	b	c	d	e	f	g	h
		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
		Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures		
				Of which defaulted	Of which impaired				Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
005	Cash balances at central banks and other demand deposits	0	0	0	0	0	0	0	0
010	Loans and advances	641	440	440	436	-25	-246	662	118
020	Central banks	0	0	0	0	0	0	0	0
030	General governments	60	0	0	0	-1	0	53	0
040	Credit institutions	0	0	0	0	0	0	0	0
050	Other financial corporations	45	13	13	13	-2	-13	44	0
060	Non-financial corporations	148	138	138	138	-10	-77	177	49
070	Households	388	289	289	285	-12	-157	389	69
080	Debt Securities	9	36	36	36	0	-34	10	2
090	Loan commitments given	3	0	0	0	0	0	0	0
100	**Total**	**653**	**476**	**476**	**472**	**-25**	**-280**	**673**	**120**

TABLE 5.14. – EU CQ7 – Collateral obtained by taking possession and execution processes

(Million euro)		a	b
		Collateral obtained by taking possession	
		Value at initial recognition	Accumulated negative changes
010	Property, plant and equipment (PP&E)	0	0
020	Other than PP&E	326	-138
030	Residential immovable property	24	-8
040	Commercial Immovable property	117	-49
050	Movable property (auto, shipping, etc.)	18	-10
060	Equity and debt instruments	167	-71
070	Other collateral	0	0
080	**Total**	**326**	**-138**

5.6. Own Funds requirements for Credit Risk

Framework of the approaches used

On 31 December 2025, the Group calculated the own funds requirements for credit risk in accordance with the authorisations granted by the Supervisor for the approach to calculate risk weighted assets (RWA).

For the portfolio that, on those dates, fitted the standardised approach, the original exposures were classified according to regulatory risk classes in line with the nature of the counterparty, to which specific regulatory weights are applied after carrying out some adjustments - such as the ones related with provisions and value corrections, the ones due to the application of CCF, namely, in the case of off-balance sheet exposures, and those resulting from risk mitigation - thus finding the value of the risk weighed assets.

In the capital requirements calculation based on the standardised approach, the exposures are weighted according to the provisions of the CRR. Credit ratings of issuers or issues are used, provided they have been attributed by recognised credit rating agencies (ECAI – External Credit Assessment Institutions), for the purpose of determining the respective risk quality levels, as per which the corresponding risk weights are applied. Whenever the same issuer or issue has two or more risk evaluations, the second-best rating attributed is used. The ECAI used by the Group were Standard & Poor's, Moody's, and Fitch Ratings.

Concerning the risk classes "Central Government and Central Banks", "Regional Governments and local authorities", "Public Sector Entities", "Multilateral Development Banks", "International Organisations", "Institutions", "Covered Bonds" and "Subordinated Debt", in Portugal, the Group uses the standardised approach, pursuant to the conditions for permanent partial use of such approach, defined by article 150, Section 1, Chapter 3, Title II, Part III of the CRR.

On 31 December 2025, according to the Supervisory authorisations granted for the Group's activities in Portugal, the Bank used the internal ratings-based approach for the exposure classes " Corporates" and "Retail Exposures" (in both cases, with own LGD estimates), "Equity exposures", "Items representing securitisation positions" and "Other non-credit obligations". Regarding the Corporates exposure class, the exposures treated under the "State Owned Enterprises" (SOE) and simplified rating systems were weighted using the standardised approach. Purchased receivables positions, for both corporate and retail classes, were also treated according to standardised approach.

Also, in Portugal, exposures to Customers that did not receive an internal risk level were computed according to the IRB approach, considering the most conservative PD related to the last performing risk grade available.

From 31 December 2012, also, according to the Supervisory authorisations granted for the Group's activities in Poland, the Bank used the internal ratings-based approach for "Retail Exposures" (with own LGD estimates), regarding the positions of individual clients guaranteed by residential real estate collateral and the retail renewable positions (QRRE – Qualified Retail Renewable Exposures).

For all the other geographies where the Group operates, the consolidated own funds requirements as of 31 December 2025 were estimated following the standardised approach.

IRB Approach – parameters and general information

In the IRB Approach, the weight of exposures to determine the value of risk weighted assets is based on the PD corresponding to the various internal risk ratings of the Customers, using internal rating systems and models, adequate for each Customers segment/sub-segment.

In addition, in this approach, the computation of the risk weighted assets also uses the internally estimated LGD as well as CCF factors on off-balance sheet exposures. On the IRB approach, the effect of the credit risk decrease by means of collaterals for credit exposures is incorporated into the estimate of the risk weighted assets through the LGD parameters.

The internal ratings are given based on the Rating Master Scale, common to all the rating systems and models used, presented in the section 5.2.

The risk ratings attributed by the rating systems and models are valid for one year and are periodically revised/updated or whenever there are grounds to do so (e.g. requests for new loans or evidence of a decrease/increase in the debtor's credit quality).

The Rating Division is responsible for assigning risk ratings - a unit that is independent from the credit decision-making bodies and business areas – even though most risk scores are granted by automatic decision-making models used for the debtors of the Retail exposure class.

All customers are rated, but the corresponding PD is only used to compute own funds requirements through the IRB Approach for exposures that fit the risk classes for which the Supervisor authorised the use of this approach.

The rating models included in the various rating systems are regularly subject to validation, carried out by the validation unit of the Models Monitoring and Validation Office (GAVM), which is independent from the units that are responsible for the development and maintenance of rating models.

The conclusions of GAVM's validation, as well as its amendment/ improvement recommendations and proposals, are analysed and ratified by a specific Models Monitoring and Validation Sub-Commission Models, whose composition varies according to the type of model analysed. The proposals to amend the models originated in the validation subcommittees are submitted to the approval of the Risk Commission. Besides its responsibilities regarding the PD models and the Rating Master Scale, GAVM is also responsible for validating the models used to estimate LGD and CCF parameters. Regarding these models, the Bank estimates them all based on the methods validated by the Supervisor within the scope of the process to approve the use of the IRB approach.

In terms of LGD parameters, the computation model used is based on the gathering and analysis of past data on credit risk losses, and all losses verified are computed and the various cash flows underlying credit recovery processes are discounted, including financial losses.

CCF are estimated based on the analysis of data on the use of credit lines and limits within the time frame of one year prior to the defaults.

It should be underlined that there is a model owner for each credit risk model - PD, LGD and CCF – responsible for:

- Ensuring compliance with the regulatory requirements for storing input and output data.
- Ensuring the adequacy of the model's documentation, including the development documentation, development samples and all the documents regarding changes to the model.
- Being the senior responsible in charge of all requests pertaining to the decision process based on the model.
- Changing the model whenever necessary.
- Ensuring the existence of monitoring processes.
- Ensuring the necessary support to the GAVM pursuant to the model validation work and do the Internal Audit Division in the audit exercises performed.

In addition, regarding the rating systems in which rating models are integrated, there is also a model owner, who is responsible for:

- Ensuring the necessary support to the GAVM within the scope of the analysis of the rating systems decision flow.
- Promoting the execution of changes to the rating system whenever necessary.

The Bank has defined a model risk management framework, duly documented in the form of a specific Group Policy, approved by the Board of Directors, which is applied throughout the model's life cycle and based on a robust governance structure that ensures a holistic understanding of the application and use of models, the identification, measurement, monitoring, management, and risk mitigation of the model. More details are presented in the section Model Risk in the Chapter 11.

The models in force at the Bank are approved by the Models Monitoring and Validation Sub-Commission or by the Risk Commission, as applicable. The Risk Office is responsible for requesting the approval of the use of risk models from the Supervisory Authorities, when applicable.

The relevant IRB portfolio parameters in 2025/2024, weighted by exposure including cases in default (PD = 100%), were, respectively, the following:

- Average LGD: 29%/28%
- Average CCF: 67%/59%
- Average PD: 3,4%/4,2%

The next table shows the off-balance credit facilities' amounts for the IRB portfolio and their use, weighted by own estimates for CCF (in accordance with paragraphs i) to iii) of article 452(g) of the CRR.

TABLE 5.15. – Off-balance sheet credit facilities

(Million euro)	Original exposure		Exposure at risk		Risk weighted assets		% RWA	
	Non-used	Used	Non-used	Used	Non-used	Used	Non-used	Used
Corporate	**7,659**	**12,034**	**3,844**	**11,038**	**2,247**	**7,200**	**58%**	**65%**
Large Corporate	5,171	6,258	2,730	6,105	1,643	4,054	60%	66%
Small and Medium Corporate	2,366	5,210	1,100	4,366	590	2,657	54%	61%
Specialised lending	122	567	14	567	14	489	105%	86%
Retail	**3,784**	**33,722**	**3,007**	**33,160**	**365**	**5,673**	**12%**	**17%**
Residential retail	257	27,985	113	27,850	14	4,106	13%	15%
QRRE	2,926	1,143	2,319	1,143	226	510	10%	45%
Other Retail	601	4,594	575	4,167	125	1,058	22%	25%
Equity	**9**	**397**	**9**	**397**	**109**	**504**	**1250%**	**127%**

IRB Approach – "Corporates" risk class

In this risk class, the computation of own funds requirements using the IRB Approach is based on the weights resulting from the risk assessment made by the Rating Division system and on the PD that correspond to the risk ratings given by the Real Estate Promotion and the Corporates rating systems.

The Bank uses several rating models to grant risk scores (and the respective PD used to compute the applicable weights): Large, Mid and Small Corporate models, models for Holdings of Economic Groups and for Investment Holdings, models for Real Estate Promotion projects and companies (in both cases, with specific approaches to investment or development cases), Real Estate Investment Funds model and Small Real Estate Companies/Small Real Estate Projects models.

The risk grades attributed by those models result from two to four evaluation components, depending on the model, of which two are common: a quantitative component (economic-financial grade, based on the Customer's accounting data) and a qualitative component, based on an evaluation questionnaires / matrix of qualitative factors, which in the Large Corporate model are different according to the Client's sector of activity and include the Sector Risk itself (The Bank's Economic Studies Area developed and runs periodically a sectoral risk model). The

risk grade resulting from these components may be adjusted (upwards or downwards) by checking several situations that are typified and pre-defined in specific internal regulations. Subsequently, the degree of risk is adjusted according to the economic group to which the company belongs (if applicable), with a parent and affiliate template to determine the level of relevance of the company in the group itself (e.g. core, strategic) and as a consequence, the level of adjustment that the company's degree of risk can / should be subject to (are called Group Adjustments).

Whenever the Bank uses the Project Finance rating model, it consists of the mapping between the scoring of a specific questionnaire and one of four possible classifications (besides the possibility of default) for the risks in question, which then define the weights to be used in the computation of risk weighted assets in accordance with no. 5 of article 153, Sub-Section 2, Section 2, Chapter 3, Title II, Part III of the CRR.

Finally, if the rating analyst proposes an override to the Client's Integrated Rating, this must be approved by the Rating Commission[2], resulting in the Final Rating. It should be mentioned that the overrides are not frequent. The next table summarises these rating models and systems:

TABLE 5.16. – **Corporates rating models and systems**

Rating system	Description
Rating system for Corporates	Large Corporate Model: quantitative component (quantitative score, based on accounting data and taking into consideration the Client's activity sector) + qualitative component (based on expert judgment and following sectorial rating matrixes that incorporate the sectors' risk) + adjustments stemming from pre-defined situations (including those arising from the identification of "imminent risk" evidence) + Group adjustments.
	Small and Mid-Corporate Models: quantitative component (economic /financial grade based on accounting data and taking into consideration the Client's activity sector) + qualitative component (based on information gathered by the commercial area on specific templates for that purpose) + credit bureau component + behavioural component + adjustments stemming from pre-defined situations (including those arising from the identification of imminent risk evidence) + Group adjustments.
	Business Model for Real Estate Development/Model for Investment Companies/Real Estate income: quantitative component (specific ratios, financial score, financial flexibility) + qualitative component (sector, management quality, assets/projects quality, market, and competitiveness) + adjustments stemming from pre-defined situations (including those arising from the identification of imminent risk evidence) + Group adjustments.
	Model for Small Real Estate agents (development projects / investment / income): quantitative component + qualitative component + credit bureau component + behavioural component + adjustments stemming from pre-defined situations or from the identification of imminent risk evidence.
Rating system for Projects	Rating model for Project Finance: scoring of specific questionnaires on the financial strength, the politic and regulatory frameworks, other features of the operation, the ability of sponsors/shareholders and the package of collaterals.
	Model for Real Estate Promotion Projects for sale / Model for Real Estate Promotion Projects for income/Model for Real Estate Investment Funds: quantitative component (specific ratios, financial score, financial flexibility) + qualitative component (sector,

[2] The Rating Commission is a collegial body within the Rating Division which is composed of the head of the Division (chair) and at least two second line managers.

Rating system	Description
	management quality, assets/projects quality, market, and competitiveness) + adjustments stemming from pre-defined situations (including those arising from the identification of imminent risk evidence) + Group adjustments.
	Model for small Real Estate Projects (for sale / income): quantitative component + qualitative component + credit bureau component + behavioural component + adjustments stemming from pre-defined situations (including those arising from the identification of imminent risk evidence) + Group adjustments.

IRB Approach – "Retail Portfolio" Risk Class

In this risk class, the risk weighted assets calculation by the IRB Approach is based on the PD that correspond to the risk scores given by the rating systems for Small Businesses and for Individuals.

In these rating systems, the attribution of risk scores is made using two types of automated decision models: (i) a behavioural model (TRIAD), based on the past financial data of the Customers at the Bank (executed by computer monthly), which is complemented by (ii) acceptance scoring models, used whenever the behavioural model does not apply (new Customers for instance) and defined based on the credit product the Customer wants or on the products the Customer already has.

In the Small Businesses Rating System, the TRIAD model is composed by two assessment grids that allow the model to fit the evaluated Customer's profile. In this rating system, as mentioned before, risk scores may also be granted by an acceptance scoring model designed for the segment in question.

In the Individuals Rating System, the TRIAD model is composed by four assessment grids defined based on the products already owned by the Customer, and the complementary acceptance scoring models are defined based on the credit product the Customer wants or on the products the Customer already has. The rating systems and models used by the Bank for the Retail Portfolio are broken down in next table:

TABLE 5.17. – Retail portfolio rating models and systems

Rating system	Description
Rating system for Small Business	TRIAD model - automatic decision based on Client financial behaviour and two scorecards (according to the Client profile).
	Application Scoring model for the Small Businesses (whenever TRIAD cannot be applied - e.g. new Clients).
Rating system for Individuals	TRIAD model - Automatic decision based on Client financial behaviour and four scorecards (according to the products already owned by the Client).
	Application Scoring model for Individuals (whenever TRIAD cannot be applied - e.g. new customers), for each intended product or for products already owned by the Client.

The table below shows the values related to PD Backtesting, by risk class, at the end of 2025.

TABLE 5.18. – EU CR9 – IRB approach – Back-testing of PD per exposure class (fixed PD scale)

A-IRB

Exposure class	PD range	Number of obligors at the end of previous year	Of which number of obligors which defaulted in the year	Observed average default rate (%)	Exposures weighted average PD (%) average PD	Average PD (%)	Average historical annual default rate (%)
a	b	c	d	e	f	g	h
GENERAL CORPORATES	0.00 to <0.15	197	0	0.00%	0.12%	0.11%	0.11%
	0.00 to <0.10	9	0	0.00%	0.00%	0.05%	0.00%
	0.10 to <0.15	188	0	0.00%	0.12%	0.11%	0.12%
	0.15 to <0.25	245	0	0.00%	0.24%	0.22%	0.00%
	0.25 to <0.50	281	0	0.00%	0.42%	0.38%	0.08%
	0.50 to <0.75	363	0	0.00%	0.71%	0.65%	0.22%
	0.75 to <2.50	603	3	0.50%	1.36%	1.53%	0.34%
	0.75 to <1.75	401	0	0.00%	1.13%	1.28%	0.23%
	1.75 to <2.5	202	3	1.49%	1.84%	2.03%	0.59%
	2.50 to <10.00	496	6	1.21%	4.64%	4.69%	0.82%
	2.5 to <5	344	3	0.87%	3.88%	3.68%	0.47%
	5 to <10	152	3	1.97%	6.26%	6.97%	1.15%
	10.00 to <100.00	316	9	2.85%	16.43%	17.74%	4.19%
	10 to <20	261	5	1.92%	15.17%	14.02%	2.75%
	20 to <30	7	1	14.29%	0.00%	23.84%	50.00%
	30.00 to <100.00	48	3	6.25%	32.35%	37.07%	28.48%
	100.00 (Default)	51	0	0.00%	100%	100%	0.00%

A-IRB

Exposure class	PD range	Number of obligors at the end of previous year	Of which number of obligors which defaulted in the year	Observed average default rate (%)	Exposures weighted average PD (%) average PD	Average PD (%)	Average historical annual default rate (%)
a	b	c	d	e	f	g	h
RETAIL - Secured by immovable property non-SME	0.00 to <0.15	220,992	105	0.05%	0.09%	0.08%	0.11%
	0.00 to <0.10	135,304	68	0.05%	0.07%	0.07%	0.17%
	0.10 to <0.15	85,688	37	0.04%	0.10%	0.10%	0.07%
	0.15 to <0.25	54,985	67	0.12%	0.20%	0.20%	0.16%
	0.25 to <0.50	28,595	61	0.21%	0.36%	0.36%	0.32%
	0.50 to <0.75	20,527	84	0.41%	0.61%	0.63%	0.50%
	0.75 to <2.50	29,178	208	0.71%	1.42%	1.47%	1.15%
	0.75 to <1.75	21,576	134	0.62%	1.18%	1.19%	0.99%
	1.75 to <2.5	7,602	74	0.97%	2.25%	2.25%	1.38%
	2.50 to <10.00	14,654	281	1.92%	5.10%	5.25%	2.06%
	2.5 to <5	8,644	132	1.53%	3.83%	3.88%	1.57%
	5 to <10	6,010	149	2.48%	7.25%	7.21%	2.56%
	10.00 to <100.00	8,168	851	10.42%	23.81%	24.03%	9.90%
	10 to <20	5,831	316	5.42%	15.04%	14.75%	5.77%
	20 to <30	56	6	10.71%	26.01%	24.77%	19.24%
	30.00 to <100.00	2,281	529	23.19%	47.75%	47.75%	34.93%
	100.00 (Default)	6,203	0	0.00%	100%	100%	0.00%

A-IRB

Exposure class	PD range	Number of obligors at the end of previous year	Of which number of obligors which defaulted in the year	Observed average default rate (%)	Exposures weighted average PD (%) average PD	Average PD (%)	Average historical annual default rate (%)
a	b	c	d	e	f	g	h
RETAIL - Secured by immovable property SME	0.00 to <0.15	324	0	0.00%	0.10%	0.09%	0.06%
	0.00 to <0.10	47	0	0.00%	0.07%	0.05%	0.21%
	0.10 to <0.15	277	0	0.00%	0.10%	0.10%	0.06%
	0.15 to <0.25	1,137	0	0.00%	0.20%	0.20%	0.14%
	0.25 to <0.50	1,028	1	0.10%	0.35%	0.35%	0.31%
	0.50 to <0.75	561	1	0.18%	0.60%	0.60%	0.25%
	0.75 to <2.50	883	3	0.34%	1.39%	1.41%	0.68%
	0.75 to <1.75	698	3	0.43%	1.13%	1.19%	0.52%
	1.75 to <2.5	185	0	0.00%	2.25%	2.25%	0.96%
	2.50 to <10.00	526	15	2.85%	5.32%	5.19%	2.19%
	2.5 to <5	322	6	1.86%	3.73%	3.89%	1.86%
	5 to <10	204	9	4.41%	7.29%	7.25%	2.59%
	10.00 to <100.00	740	49	6.62%	24.07%	24.25%	6.96%
	10 to <20	94	6	6.38%	11.41%	11.67%	5.51%
	20 to <30	605	27	4.46%	23.84%	23.84%	10.71%
	30.00 to <100.00	41	16	39.02%	55.62%	59.12%	35.18%
	100.00 (Default)	263	0	0.00%	100%	100%	0.00%

A-IRB

Exposure class	PD range	Number of obligors at the end of previous year	Of which number of obligors which defaulted in the year	Observed average default rate (%)	Exposures weighted average PD (%) average PD	Average PD (%)	Average historical annual default rate (%)
a	b	c	d	e	f	g	h
RETAIL - Other non-SME	0.00 to <0.15	15,219	22	0.14%	0.09%	0.08%	0.11%
	0.00 to <0.10	3,543	8	0.23%	0.05%	0.03%	0.09%
	0.10 to <0.15	11,676	14	0.12%	0.10%	0.10%	0.11%
	0.15 to <0.25	18,456	45	0.24%	0.20%	0.20%	0.28%
	0.25 to <0.50	30,932	87	0.28%	0.35%	0.35%	0.87%
	0.50 to <0.75	40,493	284	0.70%	0.60%	0.60%	1.74%
	0.75 to <2.50	90,751	1,695	1.87%	1.43%	1.46%	3.12%
	0.75 to <1.75	68,858	1,057	1.54%	1.20%	1.21%	2.66%
	1.75 to <2.5	21,893	638	2.91%	2.25%	2.25%	3.91%
	2.50 to <10.00	39,974	2,425	6.07%	4.85%	4.92%	6.26%
	2.5 to <5	26,987	1,290	4.78%	3.79%	3.78%	4.85%
	5 to <10	12,987	1,135	8.74%	7.32%	7.27%	7.60%
	10.00 to <100.00	19,354	3,991	20.62%	29.58%	29.85%	26.73%
	10 to <20	5,640	544	9.65%	13.13%	12.70%	18.52%
	20 to <30	9,516	1,799	18.91%	26.01%	26.01%	52.05%
	30.00 to <100.00	4,198	1,648	39.26%	61.81%	61.57%	74.53%
	100.00 (Default)	12,299	0	0.00%	100%	100%	0.00%

A-IRB

Exposure class	PD range	Number of obligors at the end of previous year	Of which number of obligors which defaulted in the year	Observed average default rate (%)	Exposures weighted average PD (%) average PD	Average PD (%)	Average historical annual default rate (%)
a	b	c	d	e	f	g	h
RETAIL - Other SME	0.00 to <0.15	4,398	2	0.05%	0.10%	0.10%	0.04%
	0.00 to <0.10	229	1	0.44%	0.05%	0.03%	0.11%
	0.10 to <0.15	4,169	1	0.02%	0.10%	0.10%	0.04%
	0.15 to <0.25	12,199	12	0.10%	0.20%	0.20%	0.17%
	0.25 to <0.50	10,131	34	0.34%	0.35%	0.35%	0.47%
	0.50 to <0.75	5,218	42	0.80%	0.60%	0.60%	0.76%
	0.75 to <2.50	7,359	146	1.98%	1.41%	1.41%	1.79%
	0.75 to <1.75	5,753	92	1.60%	1.18%	1.18%	1.42%
	1.75 to <2.5	1,606	54	3.36%	2.25%	2.25%	2.54%
	2.50 to <10.00	4,404	254	5.77%	4.96%	5.30%	4.60%
	2.5 to <5	2,549	125	4.90%	3.83%	3.89%	3.61%
	5 to <10	1,855	129	6.95%	7.25%	7.23%	5.63%
	10.00 to <100.00	15,381	950	6.18%	24.55%	24.34%	9.67%
	10 to <20	1,655	88	5.32%	11.26%	12.03%	8.03%
	20 to <30	13,142	612	4.66%	23.84%	23.84%	35.90%
	30.00 to <100.00	584	250	42.81%	58.23%	70.38%	52.89%
	100.00 (Default)	3,889	0	0.00%	100%	100%	0.00%

A-IRB

Exposure class	PD range	Number of obligors at the end of previous year	Of which number of obligors which defaulted in the year	Observed average default rate (%)	Exposures weighted average PD (%) average PD	Average PD (%)	Average historical annual default rate (%)
a	b	c	d	e	f	g	h
RETAIL - Qualifying revolving	0.00 to <0.15	844,925	475	0.06%	0.10%	0.07%	0.08%
	0.00 to <0.10	655,094	344	0.05%	0.10%	0.07%	0.08%
	0.10 to <0.15	189,831	131	0.07%	0.10%	0.10%	0.08%
	0.15 to <0.25	156,291	308	0.20%	0.20%	0.20%	0.15%
	0.25 to <0.50	130,393	475	0.36%	0.36%	0.36%	0.54%
	0.50 to <0.75	111,063	713	0.64%	0.63%	0.64%	1.06%
	0.75 to <2.50	206,291	2,994	1.45%	1.50%	1.52%	1.91%
	0.75 to <1.75	144,345	1,786	1.24%	1.20%	1.21%	1.65%
	1.75 to <2.5	61,946	1,208	1.95%	2.25%	2.25%	2.27%
	2.50 to <10.00	180,065	5,487	3.05%	5.47%	5.59%	3.94%
	2.5 to <5	88,929	2,383	2.68%	3.81%	3.95%	3.08%
	5 to <10	91,136	3,104	3.41%	7.54%	7.18%	4.63%
	10.00 to <100.00	90,220	9,127	10.12%	23.54%	22.77%	11.81%
	10 to <20	67,471	3,680	5.45%	15.08%	14.85%	9.02%
	20 to <30	7,761	1,530	19.71%	26.12%	26.06%	33.18%
	30.00 to <100.00	14,988	3,917	26.13%	57.02%	56.70%	60.91%
	100.00 (Default)	46,093	0	0%	100%	100%	0%

A-IRB

Exposure class	PD range	Number of obligors at the end of previous year	Of which number of obligors which defaulted in the year	Observed average default rate (%)	Exposures weighted average PD (%) average PD	Average PD (%)	Average historical annual default rate (%)
a	b	c	d	e	f	g	h
TOTAL	0.00 to <0.15	962,811	545	0.00%	0.09%	0.00%	0.00%
	0.00 to <0.10	736,749	392	0.05%	0.07%	0.07%	0.01%
	0.10 to <0.15	226,062	153	0.07%	0.10%	0.10%	0.01%
	0.15 to <0.25	202,614	374	0.18%	0.20%	0.20%	0.04%
	0.25 to <0.50	164,056	568	0.35%	0.37%	0.36%	0.07%
	0.50 to <0.75	140,745	860	0.61%	0.64%	0.63%	0.13%
	0.75 to <2.50	264,292	3,772	1.43%	1.45%	1.51%	0.32%
	0.75 to <1.75	188,060	2,280	1.21%	1.22%	1.21%	0.27%
	1.75 to <2.5	76,232	1,492	1.96%	2.18%	2.25%	0.44%
	2.50 to <10.00	209,420	6,685	3.19%	4.74%	5.51%	0.76%
	2.5 to <5	107,795	2,946	2.73%	3.53%	3.93%	0.62%
	5 to <10	101,625	3,739	3.68%	7.08%	7.18%	0.91%
	10.00 to <100.00	116,663	11,189	9.59%	22.25%	23.13%	2.94%
	10 to <20	74,496	3,998	5.37%	14.43%	14.66%	1.59%
	20 to <30	24,299	2,578	10.61%	24.31%	24.81%	0.00%
	30.00 to <100.00	17,868	4,613	25.82%	42.88%	56.16%	33.49%
	100.00 (Default)	57,809	0	0%	100%	100%	0%

TABLE 5.19. – EU CR6 – IRB approach – Credit risk exposures by exposure class and PD range

A-IRB	PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
		a	b	c	d	e	f	g	h	i	j	k	l
Corporates Other													
	0.00 to <0.15	**195**	**602**	**88%**	**726**	**0.10%**	**1,635**	**40.24%**	**1.70**	**124**	**17%**	**0**	**-1**
	0.00 to <0.10	0	111	114%	126	0.06%	3	39.73%	1.17	15	12.2%	0	0
	0.10 to <0.15	195	492	82%	599	0.11%	1,632	40.35%	1.81	109	18.1%	0	0
	0.15 to <0.25	**658**	**648**	**80%**	**1,178**	**0.23%**	**1,164**	**35.16%**	**2.10**	**353**	**29.9%**	**1**	**-1**
	0.25 to <0.50	**1,047**	**683**	**72%**	**1,541**	**0.40%**	**1,319**	**40.52%**	**2.14**	**720**	**46.8%**	**2**	**-3**
	0.50 to <0.75	**1,136**	**569**	**69%**	**1,530**	**0.68%**	**1,032**	**39.83%**	**2.14**	**894**	**58.4%**	**4**	**-5**
	0.75 to <2.50	**1,929**	**1,332**	**49%**	**2,578**	**1.48%**	**3,006**	**36.74%**	**2.21**	**1,638**	**63.5%**	**14**	**-17**
	0.75 to <1.75	1,445	952	48%	1,900	1.27%	2,088	36.28%	2.08	1,105	58.2%	9	-9
	1.75 to <2.5	484	381	51%	678	2.09%	918	38.03%	2.57	533	78.6%	5	-7
	2.50 to <10.00	**2,605**	**1,030**	**31%**	**2,922**	**4.52%**	**3,040**	**31.71%**	**2.65**	**2,332**	**79.8%**	**43**	**-81**
	2.5 to <5	1,753	774	29%	1,978	3.38%	1,903	31.40%	2.71	1,502	75.9%	21	-37
	5 to <10	853	256	36%	944	6.92%	1,137	32.35%	2.54	831	88.0%	21	-43
	10.00 to <100.00	**657**	**402**	**53%**	**870**	**19.53%**	**2,315**	**34.94%**	**2.80**	**1,179**	**135.5%**	**60**	**-75**
	10 to <20	440	302	55%	605	14.17%	1,524	34.18%	2.92	824	136.3%	29	-50
	20 to <30	65	5	54%	68	23.84%	201	32.45%	3.82	80	117.5%	5	-6
	30.00 to <100.00	151	96	48%	197	34.50%	590	38.11%	2.10	275	139.2%	26	-19
	100.00 (Default)	**224**	**129**	**25%**	**256**	**100.00%**	**821**	**48.98%**	**3.18**	**271**	**106.0%**	**179**	**-190**
Subtotal Corporates Other		**8,451**	**5,395**	**58%**	**11,601**	**5.3%**	**14,332**	**36.6%**	**2.32**	**7,511**	**64.7%**	**304**	**-372**
Secured by Residential Real Estate													
	0.00 to <0.15	**14,008**	**115**	**41%**	**14,055**	**0.09%**	**202,555**	**22.46%**	**0.00**	**656**	**4.7%**	**3**	**-2**
	0.00 to <0.10	6,395	36	40%	6,410	0.07%	115,921	29.68%	0.00	358	5.6%	1	-2
	0.10 to <0.15	7,613	79	41%	7,646	0.10%	86,634	16.41%	0.00	298	3.9%	1	0
	0.15 to <0.25	**4,928**	**58**	**43%**	**4,953**	**0.20%**	**53,479**	**19.70%**	**0.00**	**386**	**7.8%**	**2**	**-1**
	0.25 to <0.50	**2,560**	**31**	**51%**	**2,576**	**0.36%**	**26,545**	**20.44%**	**0.00**	**322**	**12.5%**	**2**	**-1**
	0.50 to <0.75	**1,902**	**27**	**38%**	**1,912**	**0.61%**	**19,046**	**20.48%**	**0.00**	**353**	**18.5%**	**2**	**-2**
	0.75 to <2.50	**2,512**	**18**	**56%**	**2,523**	**1.42%**	**26,082**	**20.35%**	**0.00**	**798**	**31.6%**	**7**	**-5**
	0.75 to <1.75	1,941	15	56%	1,949	1.18%	19,591	19.96%	0.00	539	27.7%	5	-3

A-IRB	PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
		a	b	c	d	e	f	g	h	i	j	k	l
	1.75 to <2.5	571	3	54%	573	2.25%	6,491	21.69%	0.00	259	45.1%	3	-2
	2.50 to <10.00	**1,036**	**5**	**66%**	**1,039**	**5.11%**	**11,900**	**21.12%**	**0.00**	**710**	**68.4%**	**11**	**-8**
	2.5 to <5	648	2	66%	650	3.83%	7,283	20.64%	0.00	378	58.1%	5	-3
	5 to <10	388	2	67%	390	7.25%	4,617	21.93%	0.00	333	85.4%	6	-4
	10.00 to <100.00	**564**	**2**	**82%**	**566**	**23.84%**	**6,617**	**19.00%**	**0.00**	**547**	**96.7%**	**26**	**-15**
	10 to <20	377	1	40%	377	15.01%	4,688	18.54%	0.00	363	96.2%	11	-6
	20 to <30	49	1	98%	50	23.90%	250	21.05%	0.00	47	93.8%	3	-3
	30.00 to <100.00	139	0	40%	139	47.84%	1,679	19.51%	0.00	137	99.2%	13	-6
	100.00 (Default)	**339**	**0**	**26%**	**339**	**100.00%**	**4,770**	**32.49%**	**0.00**	**348**	**102.4%**	**108**	**-98**
Subtotal Secured by Residential Real Estate		**27,850**	**256**	**44%**	**27,964**	**2.2%**	**350,994**	**21.5%**	**0.00**	**4,120**	**14.7%**	**161**	**-132**
Qualifying Revolving Retail Exposures													
	0.00 to <0.15	**243**	**1,942**	**77%**	**1,736**	**0.10%**	**909,859**	**56.03%**	**0.00**	**59**	**3.4%**	**1**	**-1**
	0.00 to <0.10	189	1,482	75%	1,297	0.10%	700,002	57.80%	0.00	45	3.5%	1	-1
	0.10 to <0.15	54	460	84%	439	0.10%	209,857	50.79%	0.00	13	3.1%	0	0
	0.15 to <0.25	**103**	**320**	**81%**	**364**	**0.20%**	**174,456**	**57.85%**	**0.00**	**22**	**6.1%**	**0**	**-1**
	0.25 to <0.50	**110**	**226**	**86%**	**303**	**0.36%**	**143,169**	**58.39%**	**0.00**	**31**	**10.1%**	**1**	**-1**
	0.50 to <0.75	**117**	**155**	**84%**	**247**	**0.63%**	**118,087**	**59.73%**	**0.00**	**40**	**16.2%**	**1**	**-2**
	0.75 to <2.50	**248**	**192**	**88%**	**418**	**1.50%**	**224,799**	**60.48%**	**0.00**	**131**	**31.4%**	**4**	**-7**
	0.75 to <1.75	167	150	88%	300	1.20%	158,556	58.53%	0.00	77	25.8%	2	-4
	1.75 to <2.5	80	42	89%	118	2.25%	66,243	65.46%	0.00	54	45.8%	2	-3
	2.50 to <10.00	**172**	**60**	**89%**	**226**	**5.47%**	**197,318**	**67.54%**	**0.00**	**195**	**86.2%**	**9**	**-11**
	2.5 to <5	91	36	94%	125	3.81%	97,300	64.00%	0.00	81	64.9%	3	-4
	5 to <10	81	24	82%	100	7.54%	100,018	71.96%	0.00	113	112.8%	5	-7
	10.00 to <100.00	**94**	**25**	**67%**	**111**	**23.54%**	**99,500**	**69.36%**	**0.00**	**183**	**165.8%**	**18**	**-18**
	10 to <20	65	22	67%	80	15.08%	78,381	69.63%	0.00	129	160.9%	8	-9
	20 to <30	9	2	77%	11	26.12%	7,351	59.52%	0.00	18	171.2%	2	-2
	30.00 to <100.00	19	1	53%	19	57.02%	13,768	73.64%	0.00	36	183.3%	8	-7
	100.00 (Default)	**57**	**5**	**42%**	**59**	**100.00%**	**38,593**	**71.63%**	**0.00**	**75**	**125.6%**	**39**	**-36**

A-IRB	PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
		a	b	c	d	e	f	g	h	i	j	k	l
Subtotal Qualifying Revolving Retail Exposures		**1,143**	**2,926**	**79%**	**3,462**	**3.2%**	**1,905,781**	**58.7%**	**0.00**	**735**	**21.2%**	**72**	**-77**
Other Retail													
	0.00 to <0.15	**289**	**111**	**131%**	**435**	**0.09%**	**19,697**	**29.32%**	**0.00**	**26**	**6.0%**	**0**	**0**
	0.00 to <0.10	40	25	137%	75	0.05%	2,357	25.56%	0.00	3	3.6%	0	0
	0.10 to <0.15	249	86	129%	360	0.10%	17,340	30.10%	0.00	23	6.5%	0	0
	0.15 to <0.25	**648**	**151**	**92%**	**787**	**0.20%**	**31,513**	**29.71%**	**0.00**	**79**	**10.0%**	**0**	**-2**
	0.25 to <0.50	**724**	**89**	**104%**	**817**	**0.35%**	**42,406**	**28.97%**	**0.00**	**120**	**14.7%**	**1**	**-2**
	0.50 to <0.75	**581**	**48**	**110%**	**632**	**0.60%**	**46,837**	**27.94%**	**0.00**	**128**	**20.2%**	**1**	**-4**
	0.75 to <2.50	**1,073**	**66**	**107%**	**1,144**	**1.43%**	**101,853**	**28.89%**	**0.00**	**350**	**30.6%**	**5**	**-13**
	0.75 to <1.75	841	53	102%	894	1.20%	78,437	28.81%	0.00	260	29.0%	3	-8
	1.75 to <2.5	233	13	127%	250	2.25%	23,416	29.17%	0.00	90	36.1%	2	-5
	2.50 to <10.00	**418**	**24**	**102%**	**443**	**4.89%**	**42,376**	**31.49%**	**0.00**	**188**	**42.4%**	**7**	**-17**
	2.5 to <5	289	16	104%	306	3.81%	28,554	31.81%	0.00	128	41.7%	4	-10
	5 to <10	129	8	100%	137	7.30%	13,822	30.77%	0.00	60	43.9%	3	-7
	10.00 to <100.00	**255**	**57**	**66%**	**292**	**26.77%**	**33,621**	**28.81%**	**0.00**	**164**	**56.2%**	**23**	**-38**
	10 to <20	56	7	85%	61	12.60%	6,800	29.18%	0.00	30	49.4%	2	-5
	20 to <30	162	48	66%	193	24.48%	22,770	28.41%	0.00	111	57.8%	13	-22
	30.00 to <100.00	38	2	27%	38	60.90%	4,051	30.22%	0.00	23	59.3%	7	-10
	100.00 (Default)	**161**	**48**	**27%**	**174**	**100.00%**	**15,296**	**37.46%**	**0.00**	**125**	**71.8%**	**78**	**-92**
Subtotal Other Retail		**4,149**	**595**	**97%**	**4,724**	**6.3%**	**333,599**	**29.5%**	**0.00**	**1,179**	**25.0%**	**115**	**-168**
Total (all exposures classes)		**41,594**	**9,171**	**67%**	**47,750**	**3.41%**		**28.63%**		**13,545**	**28.4%**	**652**	**-749**

F-IRB	PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
		a	b	c	d	e	f	g	h	i	j	k	l
Corporates Other													
	0.00 to <0.15	**274**	**422**	**33%**	**413**	**0.12%**	**25**	**39.99%**	**2.50**	**121**	**29.3%**	**0**	**0**
	0.00 to <0.10	0	0	0%	0	0.00%	0	0.00%	0.00	0	0.0%	0	0
	0.10 to <0.15	274	422	33%	413	0.12%	25	39.99%	2.50	121	29.3%	0	0
	0.15 to <0.25	**826**	**846**	**36%**	**1,132**	**0.24%**	**51**	**40.00%**	**2.50**	**486**	**42.9%**	**1**	**-1**
	0.25 to <0.50	**269**	**111**	**18%**	**289**	**0.42%**	**62**	**32.93%**	**2.50**	**135**	**46.8%**	**0**	**-1**
	0.50 to <0.75	**125**	**354**	**29%**	**228**	**0.71%**	**85**	**39.50%**	**2.50**	**161**	**70.9%**	**1**	**-1**
	0.75 to <2.50	**64**	**130**	**29%**	**101**	**1.36%**	**71**	**39.85%**	**2.50**	**91**	**89.8%**	**1**	**-1**
	0.75 to <1.75	51	61	28%	68	1.13%	48	40.00%	2.50	58	85.5%	0	0
	1.75 to <2.5	13	69	29%	33	1.84%	23	39.55%	2.50	33	98.4%	0	0
	2.50 to <10.00	**181**	**120**	**19%**	**204**	**4.64%**	**92**	**34.46%**	**2.50**	**228**	**111.7%**	**3**	**-7**
	2.5 to <5	125	91	15%	139	3.88%	63	33.48%	2.50	142	102.6%	2	-4
	5 to <10	56	29	32%	65	6.26%	29	36.57%	2.50	85	131.1%	1	-2
	10.00 to <100.00	**37**	**35**	**23%**	**45**	**16.43%**	**59**	**37.98%**	**2.50**	**85**	**188.2%**	**3**	**-7**
	10 to <20	35	33	22%	42	15.17%	55	38.19%	2.50	79	187.7%	2	-6
	20 to <30	0	0	0%	0	0.00%	0	0.00%	0.00	0	0.0%	0	0
	30.00 to <100.00	2	2	45%	3	32.35%	4	35.37%	2.50	6	195.0%	0	0
	100.00 (Default)	**41**	**54**	**22%**	**53**	**100.00%**	**12**	**29.26%**	**2.50**	**0**	**0.0%**	**15**	**-51**
Subtotal Corporates Other		**1,816**	**2,073**	**31%**	**2,465**	**3.1%**	**457**	**38.4%**	**2.50**	**1,308**	**53.0%**	**24**	**-67**
Total (all exposures classes)		**1,816**	**2,073**	**31%**	**2,465**	**3.1%**		**38.4%**		**1,308**	**53.0%**	**24**	**-67**

TABLE 5.20. – EU CR6-A – Scope of the use of IRB and SA approaches

(Million euro)		a	b	c	d	e
		Total exposure value as defined in Article 166 CRR for exposures subject to IRB approach	Total exposure value for exposures subject to the Standardised approach and to the IRB approach	Percentage of total exposure value subject to the permanent partial use of the SA (%)	Percentage of total exposure value subject to IRB Approach (%)	Percentage of total exposure value subject to a roll-out plan (%)
1	Central governments or central banks	0	38,932	100%	0%	0%
2	Regional governments and local authorities	0	1,579	100%	0%	0%
3	Public sector entities	0	750	100%	0%	0%
4	Institutions		2,049	100%	0%	0%
5	Corporates	14,882	20,921	3.2%	74.1%	22.7%
5.1	Of which Corporates - General		18,234	3.7%	82.5%	13.8%
5.2	Of which Corporates - Specialised lending		587	0.0%	77.3%	22.7%
5.2.1	Of which Corporates - Specialised lending, excluding slotting approach		171	0.0%	0.0%	100.0%
5.2.2	Of which Corporates - Specialised lending under slotting approach		415	0.0%	100.0%	0.0%
5.3	Of which Corporates - Purchased Receivables		2,100	0.0%	0.0%	100.0%
6	Retail	36,167	44,794	1%	84%	14%
6.1	of which Retail – Qualifying revolving		3,606	0.0%	100.0%	0.0%
6.2	of which Retail – Secured by residential immovable property		29,691	0.0%	94.5%	5.5%
6.3	Of which Retail - Purchased Receivables	0	218	0.0%	0%	100.0%
6.4	of which Retail - Other retail exposures	4,741	11,498	7.0%	51%	42.2%
7	Equity	650	796	18.4%	82%	0.0%
EU 7a	Collective investment undertakings (CIU)	0	30	75.3%	0%	24.8%
8	Other non-credit obligation assets	3,221	3,221	0.0%	100%	0.0%
9	Total	54,920	113,074	41.8%	48.6%	9.6%

TABLE 5.21. – EU CR5 – Standardised approach

(Million euro)	Exposure classes	Risk weight																									Total	Of which unrated
		0%	2%	4%	10%	20%	30%	35%	40%	45%	50%	60%	70%	75%	80%	90%	100%	105%	110%	130%	150%	250%	370%	400%	1250%	Others		
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	y	z	aa
1	Central governments or central banks	31,910		30	0	89											2,067				573	434					35,104	3,612
2	Non-central government public sector entities	554				1,030					457						0				30						2,071	94
EU 2a	Regional governments or local authorities	338				1,027															0						1,365	39
EU 2b	Public sector entities	216				3					457						0				30						706	55
3	Multilateral development banks	1,011																									1,011	209
EU 3a	International organisations	5,477																									5,477	378
4	Institutions		68			225	635				316						6				48						1,298	88
5	Covered bonds				162	230																					391	
6	Corporates					15					95			444			3,851			171							4,575	733
6.1	Of which: Specialised Lending																			171							171	171
7	Subordinated debt exposures and equity																11				17	13	8	0		114	164	0
EU 7a	Subordinated debt exposures																				17						17	0
EU 7b	Equity																11					13	8	0		114	146	
8	Retail exposures													4,998													4,998	310
9	Secured by mortgages on immovable property and ADC exposures					1,424					5	413	70	249		17	199				150						2,528	95
9.1	Secured by mortgages on residential immovable property - non IPRE					1,420						14		240			18				1						1,692	9
9.1.1	No loan splitting applied					1								0			3										4	0
9.1.2	loan splitting applied (secured)					1,420						14															1,433	7
9.1.3	loan splitting applied (unsecured)													239			15				1						256	1

(Million euro)	Exposure classes	Risk weight																									Total	Of which unrated
		0%	2%	4%	10%	20%	30%	35%	40%	45%	50%	60%	70%	75%	80%	90%	100%	105%	110%	130%	150%	250%	370%	400%	1250%	Others		
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	y	z	aa
9.2	Secured by mortgages on residential immovable property - IPRE													0													0	
9.3	Secured by mortgages on commercial immovable property - non IPRE					4					5	399		9			181				142						741	26
9.3.1	No loan splitting applied											1		0			2										3	
9.3.2	loan splitting applied (secured)					3						398					18										420	17
9.3.3	loan splitting applied (unsecured)					1					5			9			162				142						319	9
9.4	Secured by mortgages on commercial immovable property - IPRE											1	70			17											88	54
9.5	Acquisition, Development and Construction (ADC)																				7						7	7
10	Exposures in default																275				51						326	8
EU 10a	Claims on institutions and corporates with a short-term credit assessment																										0	
EU 10b	Collective investment undertakings (CIU)																				8					23	30	
EU 10c	Other items																										0	
11	not applicable																											
EU 11c	TOTAL	38,952	68	30	162	3,013	635				873	413	70	5,691		17	6,409			171	877	448	8	0		137	57,973	5,526

TABLE 5.22. – EU CR10 – Specialised lending and equity exposures

Template EU CR10.1

Specialised lending: Project finance (Slotting approach)							
Regulatory categories	Remaining maturity	On-balance sheet exposure	Off-balance sheet exposure	Risk weight	Exposure value	Risk weighted exposure amount	Expected loss amount
		a	b	c	D	e	f
Category 1	Less than 2.5 years	0	0	50%	0	0	0
	Equal to or more than 2.5 years	0	0	70%	0	0	0
Category 2	Less than 2.5 years	0	0	70%	0	0	0
	Equal to or more than 2.5 years	410	74	90%	416	350	3
Category 3	Less than 2.5 years	0	0	115%	0	0	0
	Equal to or more than 2.5 years	191	41	115%	196	181	5
Category 4	Less than 2.5 years	0	0	250%	0	0	0
	Equal to or more than 2.5 years	0	6	250%	1	3	0
Category 5	Less than 2.5 years	0	0	-	0	0	0
	Equal to or more than 2.5 years	0	1	-	0	0	0
Total	Less than 2.5 years	0	0		0	0	0
	Equal to or more than 2.5 years	601	122		614	534	9

Template EU CR10.5

(Million euro)

Equity exposures under Articles 133 (3) to (6) and 495a(3) CRR						
Categories	On-balance sheet exposure	Off-balance sheet exposure	Risk weight	Exposure value	Risk weighted exposure amount	Expected loss amount
	a	b	c	d	e	f
Private Equity Exposures	276	0	190%	276	524	2
Exchange-traded equity exposures	0	0	290%	0	0	0
Other equity exposures	20	0	370%	20	73	0
Total	295	0		295	596	3

TABLE 5.23. – EU CR8 – RWEA flow statements of credit risk exposures under the IRB approach

(Million euro)		a
		Risk weighted exposure amount
1	Risk weighted exposure amount as at the end of the previous reporting period	16,391
2	Asset size (+/-)	702
3	Asset quality (+/-)	0
4	Model updates (+/-)	0
5	Methodology and policy (+/-)	0
6	Acquisitions and disposals (+/-)	0
7	Foreign exchange movements (+/-)	-52
8	Other (+/-)	64
9	Risk weighted exposure amount as at the end of the disclosure period	17,104

5.7. Quantitative Information on ESG Risk

This section presents the quantitative disclosures relating to environmental, social and governance (ESG) risks in accordance with the EBA Implementing Technical Standards on prudential disclosures on ESG risks (EBA/ITS/2022/01) and Article 449a of Regulation (EU) No 575/2013, as amended ("CRR"). The disclosures are intended to provide transparency regarding the Group's exposure to ESG-related risk drivers, with a primary focus on climate-related and environmental risks and their potential impact on the Group's risk profile, business model and financial resilience over the short, medium and long term.

The quantitative information presented in this section includes exposures to counterparties and sectors considered potentially more sensitive to climate-related transition and physical risks, together with related asset quality metrics and impairments. The disclosures further include indicators intended to support the assessment of the Group's vulnerability to environmental risk factors, including metrics associated with carbon-intensive sectors, collateral potentially exposed to physical climate hazards, and exposures subject to transition-related pressures arising from policy, technological, legal and market developments.

The Group considers Credit Risk to be the traditional risk category most directly impacted by climate-related risk drivers, reflecting the potential effect of such factors on the creditworthiness and repayment capacity of borrowers, as well as on the valuation and recoverability of collaterals. Climate-related risks are therefore incorporated within the Group's broader risk management framework and are progressively being integrated into risk identification, monitoring, governance and decision-making processes, in line with regulatory expectations and the Group's risk appetite framework.

- **Transition risk** is primarily assessed through a sector-based approach, considering the varying degree of sensitivity of economic activities to decarbonisation pathways, evolving regulatory and supervisory requirements, technological developments, and changing market and consumer preferences. The assessment is complemented by counterparty-level analysis, taking into consideration factors such as the nature and geographic location of financed activities and the maturity profile of exposures.
- **Physical risk** assessments consider the potential impacts arising from both acute and chronic climate events, including floods, wildfires, storms, droughts, heat stress and sea level rise. The analysis considers the geographic distribution of exposures and collaterals, the location-specific exposure to climate hazards, and the characteristics of the underlying assets, where relevant information is available. The assessment considers the direct impact of climate events on physical assets.

The quantitative disclosures presented in this section are based on internal methodologies, regulatory guidance, supervisory expectations and data currently available to the Group for the identification, measurement and monitoring of ESG-related risks. In certain areas, the assessment relies on estimates, assumptions, sectoral classifications, third-party information and methodological proxies, reflecting the evolving nature of ESG data availability and market practices. As methodologies, regulatory frameworks and industry standards continue to develop, the related metrics, assumptions and disclosures remain subject to ongoing refinement and enhancement.

The Group continues to strengthen its ESG risk management capabilities, including data governance, methodological frameworks, scenario analysis and risk monitoring tools, with the objective of progressively enhancing the robustness, consistency and comparability of climate-related and environmental risk disclosures over time

TABLE 5.24. – Template 1 – Banking book – Climate change transition risk: credit quality of exposures by sector, emissions and residual maturity

(Million euro)		a	b	c	d	e	F	g	h	i	j	k	l	m	n	o	p
		Gross carrying amount					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO2 equivalent)		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity
Sector/subsector			of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with Article 12(1) points (d) to (g) and Article 12(2) of Regulation (EU) 2020/1818	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures		Of which Stage 2 exposures	Of which non-performing exposures		Of which Scope 3 financed emissions						
1	**Exposures towards sectors that highly contribute to climate change***	**16,417**	**0**	**0**	**2,379**	**567**	**-589**	**-124**	**-335**	**9,840,553**	**6,306,237**	**31%**	**12,105**	**2,881**	**1,298**	**133**	**4**
2	A - Agriculture, forestry and fishing	386	0	0	91	12	-13	-4	-6	325,961	166,030	27%	256	101	23	6	5
3	B - Mining and quarrying	192	0	0	8	2	-3	0	-2	113,641	66,874	61%	147	44	1	0	3
4	B.05 - Mining of coal and lignite	0	0	0	0	0	0	0	0	0	0	0%	0	0	0	0	0
5	B.06 - Extraction of crude petroleum and natural gas	4	0	0	0	0	0	0	0	0	0	0%	0	4	0	0	7
6	B.07 - Mining of metal ores	99	0	0	0	0	0	0	0	61,250	32,239	100%	99	0	0	0	0
7	B.08 - Other mining and quarrying	50	0	0	8	2	-2	0	-2	34,041	23,694	36%	42	7	1	0	3
8	B.09 - Mining support service activities	40	0	0	0	0	0	0	0	18,350	10,941	0%	7	33	0	0	7
9	C - Manufacturing	4,274	0	0	630	241	-236	-37	-160	3,320,644	2,182,231	32%	3,565	608	77	24	3
10	C.10 - Manufacture of food products	703	0	0	93	32	-30	-4	-23	474,807	344,136	28%	610	78	11	4	3
11	C.11 - Manufacture of beverages	249	0	0	38	4	-4	-2	-1	62,221	37,506	45%	222	22	4	1	2
12	C.12 - Manufacture of tobacco products	5	0	0	0	0	0	0	0	2,626	1,893	0%	5	0	0	0	0
13	C.13 - Manufacture of textiles	225	0	0	41	25	-16	-2	-13	148,878	88,671	35%	170	50	3	1	4
14	C.14 - Manufacture of wearing apparel	151	0	0	25	20	-15	-1	-13	52,912	37,699	15%	129	16	3	2	3
15	C.15 - Manufacture of leather and related products	69	0	0	11	5	-3	0	-3	29,014	23,648	12%	57	6	5	1	4
16	C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	236	0	0	63	9	-7	-2	-4	115,664	93,049	24%	190	39	6	1	3
17	C.17 - Manufacture of pulp, paper and paperboard	96	0	0	9	1	-1	0	-1	79,261	29,810	15%	73	22	1	0	4
18	C.18 - Printing and service activities related to printing	68	0	0	12	1	-1	0	0	17,270	10,779	12%	46	20	1	0	4

(Million euro)		a	b	c	d	e	F	g	h	i	j	k	l	m	n	o	p
		Gross carrying amount					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO2 equivalent)		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity
Sector/subsector			of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with Article 12(1) points (d) to (g) and Article 12(2) of Regulation (EU) 2020/1818	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures		Of which Stage 2 exposures	Of which non-performing exposures		Of which Scope 3 financed emissions						
19	C.19 - Manufacture of coke oven products	13	0	0	2	0	0	0	0	11,125	6,953	23%	11	1	0	0	1
20	C.20 - Production of chemicals	147	0	0	12	1	-2	0	0	572,912	366,231	63%	140	7	0	0	2
21	C.21 - Manufacture of pharmaceutical preparations	98	0	0	6	0	-1	0	0	10,679	4,115	68%	93	2	3	0	2
22	C.22 - Manufacture of rubber products	283	0	0	46	10	-9	-2	-5	522,843	446,106	24%	220	56	6	1	3
23	C.23 - Manufacture of other non-metallic mineral products	420	0	0	63	37	-19	-3	-15	339,008	141,825	50%	339	78	1	2	3
24	C.24 - Manufacture of basic metals	90	0	0	11	7	-6	0	-5	118,219	50,812	30%	86	4	0	0	1
25	C.25 - Manufacture of fabricated metal products, except machinery and equipment	691	0	0	97	20	-16	-4	-8	365,696	219,663	24%	563	108	17	3	3
26	C.26 - Manufacture of computer, electronic and optical products	30	0	0	5	5	-3	0	-3	7,346	6,196	49%	24	6	0	0	2
27	C.27 - Manufacture of electrical equipment	115	0	0	7	2	-2	0	-1	87,800	63,621	20%	104	10	1	0	2
28	C.28 - Manufacture of machinery and equipment n.e.c.	169	0	0	36	4	-4	-1	-2	99,660	72,402	41%	145	22	2	0	3
29	C.29 - Manufacture of motor vehicles, trailers and semi-trailers	64	0	0	5	20	-8	0	-8	75,039	63,067	47%	57	6	1	0	2
30	C.30 - Manufacture of other transport equipment	39	0	0	12	3	-2	0	-2	19,310	12,853	43%	35	4	0	0	3
31	C.31 - Manufacture of furniture	149	0	0	17	20	-12	-1	-10	44,737	33,228	26%	118	26	4	1	4
32	C.32 - Other manufacturing	42	0	0	10	1	-1	-1	0	13,734	7,335	17%	32	8	2	0	4
33	C.33 - Repair and installation of machinery and equipment	122	0	0	9	12	-74	-14	-43	49,884	20,632	37%	96	17	4	6	6
34	D - Electricity, gas, steam and air conditioning supply	815	0	0	39	1	-7	-2	0	331,840	158,497	63%	355	241	175	45	8
35	D35.1 - Electric power generation, transmission and distribution	785	0	0	39	1	-6	-2	0	310,914	155,841	62%	346	219	175	45	8
36	D35.11 - Production of electricity	372	0	0	35	0	-4	-2	0	80,150	42,483	3%	88	110	129	45	15
37	D35.2 - Manufacture of gas; distribution of gaseous fuels through mains	28	0	0	0	0	0	0	0	18,510	1,909	97%	7	21	0	0	6
38	D35.3 - Steam and air conditioning supply	3	0	0	0	0	0	0	0	2,416	748	17%	2	0	0	0	2

(Million euro)		a	b	c	d	e	F	g	h	i	j	k	l	m	n	o	p
		Gross carrying amount					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO2 equivalent)		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity
Sector/subsector			of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with Article 12(1) points (d) to (g) and Article 12(2) of Regulation (EU) 2020/1818	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures		Of which Stage 2 exposures	Of which non-performing exposures		Of which Scope 3 financed emissions						
39	E - Water supply; sewerage, waste management, remediation activities	231	0	0	52	2	-6	-5	-1	184,353	24,725	48%	164	35	32	0	5
40	F - Construction	1,687	0	0	244	67	-66	-11	-41	806,899	633,076	25%	1,352	241	89	5	3
41	F.41 - Construction of buildings	858	0	0	95	30	-25	-4	-17	491,475	444,929	19%	705	72	79	3	3
42	F.42 - Civil engineering	378	0	0	94	19	-20	-3	-15	77,440	27,993	42%	282	94	1	2	3
43	F.43 - Specialised construction activities	450	0	0	55	18	-22	-5	-9	237,984	160,154	21%	365	76	9	0	3
44	G - Wholesale and retail trade; repair of motor vehicles & motorcycles	4,080	0	0	532	105	-98	-25	-46	3,287,290	2,286,483	21%	3,301	610	157	12	3
45	H - Transportation and storage	1,376	0	0	218	51	-37	-13	-17	1,062,647	605,345	32%	1,097	260	18	1	3
46	H.49 - Land transport and transport via pipelines	1,023	0	0	163	43	-27	-7	-15	952,266	561,363	24%	844	170	8	1	3
47	H.50 - Water transport	32	0	0	26	0	-4	-4	0	7,208	206	98%	7	24	0	0	6
48	H.51 - Air transport	5	0	0	1	0	0	0	0	846	426	85%	3	3	0	0	5
49	H.52 - Warehousing and support activities for transportation	295	0	0	28	7	-4	-1	-2	97,655	42,017	53%	225	61	9	0	3
50	H.53 - Postal and courier activities	20	0	0	2	1	-2	-1	0	4,672	1,334	18%	18	2	0	0	3
51	I - Accommodation and food service activities	1,207	0	0	275	25	-32	-12	-13	281,323	135,700	15%	497	312	361	37	8
52	L - Real estate activities	2,169	0	0	291	61	-90	-15	-49	125,956	47,276	39%	1,373	429	366	2	5
53	**Exposures towards sectors other than those that highly contribute to climate change***	**4,600**	**0**	**0**	**515**	**51**	**-89**	**-27**	**-25**				**3,563**	**684**	**341**	**13**	**3**
54	K - Financial and insurance activities	440	0	0	7	0	-1	0	0				429	6	5	0	1
55	Exposures to other sectors (NACE codes J, M - U)	4,160	0	0	507	51	-88	-26	-25				3,134	677	336	13	4
56	**TOTAL**	**21,017**	**0**	**0**	**2,894**	**618**	**-678**	**-150**	**-360**	**9,840,553**	**6,306,237**	**31%**	**15,668**	**3,565**	**1,639**	**146**	**4**

* In accordance with the Commission delegated regulation EU) 2020/1818 supplementing regulation (EU) 2016/1011 as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks -Climate Benchmark Standards Regulation - Recital 6: Sectors listed in Sections A to H and Section L of Annex I to Regulation (EC) No 1893/2006

TABLE 5.25. – Template 2 – Banking book – Climate change transition risk: Loans collateralised by immovable property – Energy efficiency of the collateral

(Million euro)		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Total gross carrying amount															
			Level of energy efficiency (EP score in kWh/m² of collateral)						Level of energy efficiency (EPC label of collateral)							Without EPC label of collateral	
Counterparty sector			0; <= 100	> 100; <= 200	> 200; <= 300	> 300; <= 400	> 400; <= 500	> 500	A	B	C	D	E	F	G		Of which level of energy efficiency (EP score in kWh/m² of collateral) estimated
1	**Total EU area**	**31,279**	**16,949**	**7,234**	**3,837**	**1,038**	**404**	**371**	**1,502**	**2,355**	**3,890**	**3,255**	**1,739**	**652**	**17**	**17,869**	**91.9%**
2	Of which Loans collateralised by commercial immovable property	3,352	1,045	1,067	239	3	0	0	1	3	91	7	0	1	0	3,248	69.3%
3	Of which Loans collateralised by residential immovable property	27,857	15,897	6,160	3,598	1,034	404	371	1,501	2,350	3,798	3,246	1,737	650	17	14,557	97.3%
4	Of which Collateral obtained by taking possession: residential and commercial immovable properties	71	7	6	0	0	0	0	0	2	1	1	2	1	0	64	9.8%
5	Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated	19,627	13,713	4,081	1,806	15	5	7								16,423	100.0%
6	**Total non-EU area**	**1,384**	**816**	**216**	**97**	**48**	**24**	**23**	**155**	**135**	**182**	**157**	**91**	**33**	**0**	**630**	**74.4%**
7	Of which Loans collateralised by commercial immovable property	76	0	0	0	0	0	0	0	0	0	0	0	0	0	76	0.0%
8	Of which Loans collateralised by residential immovable property	1,238	816	216	97	48	24	23	155	135	182	157	91	33	0	483	96.9%
9	Of which Collateral obtained by taking possession: residential and commercial immovable properties	70	0	0	0	0	0	0	0	0	0	0	0	0	0	70	0.0%
10	Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated	529	502	26	0	0	0	1								468	100.0%

TABLE 5.26. – Template 3 – Banking book – Climate change transition risk: alignment metrics

(Million euro) Sector		a	b	c	d	e	f
		NACE Sectors	Portfolio gross carrying amount (Mn EUR)	Alignment metric	Year of reference	Distance to IEA NZE2050 in % (*)	Target (year of reference + 3 years)
1	Power	35.11	861.9	113.0 gCO2/kWh	2025	0%	140.9 gCO2/kWh
2	Fossil fuel combustion	06.1, 06.2, 08.92, 09.1, 19.2,	380.6	63.9 kgCO2/GJ	2025	17%	62.2 kgCO2/GJ
3	Automotive	29.1	17.8	124.2 gCO2/km	2025	50%	115.2 gCO2/km
4	Aviation	51.1	4.9	108.9 gCO2/km	2025	16%	115.4 gCO2/km
5	Maritime transport	50.2	4.8	7.0 gCO2/km	2025	52%	6.0 gCO2/km
6	Cement, clinker and lime production	23.51	90.9	628.0 kgCO2/t	2025	28%	593.2 kgCO2/t
7.1	Steel	24.1	6.7	0.5 tCO2/t	2025	0%	1.3 tCO2/t
7.2	Aluminium	24.42	29.1	1.2 tCO2/t	2025	0%	2.0 tCO2/t
8	Chemicals	20.1	69.8	26.5 kgCO2/GJ	2025	19%	25.3 kgCO2/GJ

(*) PiT distance to 2030 NZE2050 scenario in % (for each metric)

TABLE 5.27. – Template 4 – Banking book – Climate change transition risk: Exposures to top 20 carbon-intensive firms

(Million euro)	a	b	c	d	e
	Gross carrying amount (aggregate)	Gross carrying amount towards the counterparties compared to total gross carrying amount (aggregate)*	Of which environmentally sustainable (CCM)	Weighted average maturity	Number of top 20 polluting firms included
1	0	0	0	0	0

" For counterparties among the top 20 carbon emitting companies in the world

TABLE 5.28. – Template 5 – Banking book – Climate change physical risk: Exposures subject to physical risk

a		b	c	d	e	f	g	h	i	j	k	l	m	n	o
Portugal		Gross carrying amount (Mln EUR)													
			of which exposures sensitive to impact from climate change physical events												
			Breakdown by maturity bucket					of which exposures sensitive to impact from chronic climate change events	of which exposures sensitive to impact from acute climate change events	of which exposures sensitive to impact both from chronic and acute climate change events	Of which Stage 2 exposures	Of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
			<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity							of which Stage 2 exposures	Of which non-performing exposures
1	A - Agriculture, forestry and fishing	348	143	69	21	6	5	199	6	34	77	8	-11	-3	-4
2	B - Mining and quarrying	138	111	4	1	0	1	114	0	2	6	1	-2	-0	-1
3	C - Manufacturing	3,141	1,225	198	36	14	3	1,154	192	127	522	154	-194	-34	-129
4	D - Electricity, gas, steam and air conditioning supply	654	230	73	71	45	7	362	2	54	35	0	-5	-2	-0
5	E - Water supply; sewerage, waste management and remediation activities	156	44	8	31	0	6	66	7	9	47	1	-6	-5	-0
6	F - Construction	1,295	634	74	60	3	4	635	93	43	196	45	-54	-8	-35
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	2,546	1,116	311	94	8	4	1,276	103	151	443	51	-73	-22	-30
8	H - Transportation and storage	641	207	68	10	1	3	245	13	27	125	9	-18	-9	-5
9	L - Real estate activities	1,794	828	248	265	1	5	1,226	59	58	235	48	-77	-14	-41
10	Loans collateralised by residential immovable property	21,691	129	7	331	11,163	26	9,747	936	946	1,452	235	-60	-10	-47
11	Loans collateralised by commercial immovable property	2,640	392	510	570	10	8	1,219	119	144	608	73	-67	-23	-33
12	Repossessed collaterals	71	-	-	-	2	-	-	2	0	-	-	-36	-	-
13	Other relevant sectors (breakdown below where relevant)	-	-	-	-	-	-	-	-	-	-	-	-	-	-

a		b	c	d	e	f	g	h	i	j	k	l	m	n	o
Poland		Gross carrying amount (Mln EUR)													
			of which exposures sensitive to impact from climate change physical events												
			Breakdown by maturity bucket					of which exposures sensitive to impact from chronic climate change events	of which exposures sensitive to impact from acute climate change events	of which exposures sensitive to impact both from chronic and acute climate change events	Of which Stage 2 exposures	Of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
			<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity							of which Stage 2 exposures	Of which non-performing exposures
1	A - Agriculture, forestry and fishing	22	0	-	-	-	3	0	0	-	3	2	-1	-0	-1
2	B - Mining and quarrying	16	-	-	-	-	2	-	-	-	2	0	-0	-0	-0
3	C - Manufacturing	1,081	9	1	-	-	2	8	2	-	105	66	-35	-4	-25
4	D - Electricity, gas, steam and air conditioning supply	128	-	-	-	-	12	-	-	-	4	1	-2	-0	-0
5	E - Water supply; sewerage, waste management and remediation activities	74	1	-	-	-	3	0	1	-	5	1	-1	-0	-0
6	F - Construction	376	9	2	-	-	3	7	3	-	44	20	-11	-3	-6
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	1,485	5	1	-	-	2	3	2	-	82	51	-24	-3	-14
8	H - Transportation and storage	713	18	2	-	-	3	16	3	-	86	39	-18	-4	-10
9	L - Real estate activities	373	0	0	-	-	3	0	0	-	56	13	-13	-1	-8
10	Loans collateralised by residential immovable property	7,391	2	0	57	36	20	60	36	-	465	110	-69	-11	-54
11	Loans collateralised by commercial immovable property	725	3	2	-	-	3	4	1	-	94	27	-23	-2	-15
12	Repossessed collaterals	0	-	-	-	-	-	-	-	-	-	-	-0	-	-
13	Other relevant sectors (breakdown below where relevant)	-	-	-	-	-	-	-	-	-	-	-	-	-	-

a		b	c	d	e	f	g	h	i	j	k	l	m	n	o
Mozambique		Gross carrying amount (Mln EUR)													
			of which exposures sensitive to impact from climate change physical events												
			Breakdown by maturity bucket					of which exposures sensitive to impact from chronic climate change events	of which exposures sensitive to impact from acute climate change events	of which exposures sensitive to impact both from chronic and acute climate change events	Of which Stage 2 exposures	Of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
			<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity							of which Stage 2 exposures	Of which non-performing exposures
1	A - Agriculture, forestry and fishing	15	0	-	-	-	2	0	0	-	11	2	-1	-0	-1
2	B - Mining and quarrying	4	0	4	-	-	6	0	4	-	0	1	-1	-0	-1
3	C - Manufacturing	25	5	-	-	-	2	0	4	0	2	2	-0	-0	-0
4	D - Electricity, gas, steam and air conditioning supply	33	11	-	-	-	5	0	0	11	0	0	-0	-0	-0
5	E - Water supply; sewerage, waste management and remediation activities	1	0	-	-	-	1	0	0	-	0	-	-0	-0	-
6	F - Construction	16	2	0	-	-	1	0	2	-	3	2	-1	-0	-1
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	30	15	0	-	-	1	3	12	0	5	2	-1	-0	-1
8	H - Transportation and storage	22	12	-	-	-	2	5	7	-	7	3	-2	-0	-2
9	L - Real estate activities	0	0	-	-	-	1	0	0	-	0	0	-0	-0	-0
10	Loans collateralised by residential immovable property	13	2	0	5	0	9	0	7	0	1	3	-1	-0	-1
11	Loans collateralised by commercial immovable property	63	19	4	-	-	2	2	20	0	16	5	-2	-0	-1
12	Repossessed collaterals	70	-	-	-	-	-	-	-	-	-	-	-21	-	-
13	Other relevant sectors (breakdown below where relevant)	-	-	-	-	-	-	-	-	-	-	-	-	-	-

A		b	c	d	e	f	g	h	i	j	k	l	m	n	o
Other geographies		Gross carrying amount (Mln EUR)													
			of which exposures sensitive to impact from climate change physical events												
			Breakdown by maturity bucket					of which exposures sensitive to impact from chronic climate change events	of which exposures sensitive to impact from acute climate change events	of which exposures sensitive to impact both from chronic and acute climate change events	Of which Stage 2 exposures	Of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
			<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity							of which Stage 2 exposures	Of which non-performing exposures
1	A - Agriculture, forestry and fishing	1	1	-	-	-	5	1	-	-	-	-	-0	-	-
2	B - Mining and quarrying	33	-	33	-	-	7	33	-	-	-	-	-0	-	-
3	C - Manufacturing	27	3	-	-	-	7	0	3	-	1	19	-6	-0	-6
4	D - Electricity, gas, steam and air conditioning supply	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	E - Water supply; sewerage, waste management and remediation activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	F - Construction	0	0	-	-	-	2	-	-	0	0	-	-0	-0	-
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	19	1	2	-	-	1	2	-	-	3	0	-0	-0	-0
8	H - Transportation and storage	0	-	-	-	-	0	-	-	-	-	-	-0	-	-
9	L - Real estate activities	2	0	-	-	-	3	0	-	-	0	1	-0	-0	-0
10	Loans collateralised by residential immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Loans collateralised by commercial immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Repossessed collaterals	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Other relevant sectors (breakdown below where relevant)	-	-	-	-	-	-	-	-	-	-	-	-	-	-

5.8. Equity Exposures in the Banking Book

The Group holds equity exposures in the Banking Book, with stable character and with the objective of creating value. The holding of these positions, which include shares and venture capital funds participation units / restructured companies, complies with at least one of the following objectives:

- The development of companies or projects of strategic interest for the Group.
- Generating a return or opportunities for growth of the banking business.
- The development of companies with appreciation potential.
- The turnaround of viable companies under recovering processes, including namely shares received as payment or by converting credits into capital.

The equity exposures in the Banking Book are initially recognised at fair value, including gains and losses associated with the transactions, and are afterwards valued at their fair value based on the following hierarchy of criteria: market price listed in regulated and active market or, in its absence, based on external valuations made by independent entities, duly recognised, or based on the valuation measurement input from transactions deemed valid between reputable counterparties.

The Group maintains a monitoring process of these positions' fair value. Changes in the fair value of these equities are registered against fair value changes until they are sold.

Impairment for equity instruments at fair value is not recognized through other comprehensive income, and the respective accumulated gains or losses are recorded in changes in fair value, according to the rules established in IFRS 9 for this type of assets. Dividends are recognized in the income statement when the right to receive is attributed.

According to the latest revision of EU Regulation 575/2013 (CRR) transitional arrangements for this class of exposures (Articles 495, 495a) the Group maintains the calculation of equity exposures these type of exposures within the scope of the approval by Banco de Portugal for the use of IRB methodologies, using the simple risk weight method to compute own funds requirements for the equity portfolio in the Banking Book held by Group entities headquartered in Portugal and Poland. For the remaining exposures in this scope, calculation of capital requirements follows the determinations of Article 133, using the standardised approach.

The simple risk weight method applies 290% and 370% weights to exposures in listed and unlisted shares, respectively, and may apply a lower weight (190%) to risk exposures resulting from shareholdings in unlisted companies included in portfolios that are sufficiently diversified (being all these risk weights higher than the transitional arrangement risk weights defined in Article 495a).

The significant exposures held over financial institutions and insurance companies that are not deducted to own funds are risk weighted at 250%.

It should also be noted that the Bank financial statements with reference to 31 of December 2025 include a global amount of 100 million euro booked as other provisions to contemplate potential future devaluations of restructuring funds.

The risk positions and risk weighted assets for equity exposures in the Banking Book are presented in the table below:

TABLE 5.29. – Equity risk class exposures

(Million euro)	Risk positions		Risk weighted assets	
	Dec. 2025	Dec. 2024	Dec. 2025	Dec. 2024
Venture capital funds	235	390	442	744
Financial participations (CRR 48)	364	334	896	836
Other equities	228	93	459	165
TOTAL	827	818	1,797	1,745

The table above includes Venture capital funds which, under the Look-Through method, are treated by the standardised approach or the single risk weigh.

TABLE 5.30. – Equity exposures, fair value and gains/losses

(Million euro)	Dec 2025			
	Carrying amount	Fair value	Gains/losses realized in 2025	Gains/losses not realized
Venture capital funds	521	521	-5	0
Financial participations (CRR 48)	390	717	0	0
Other equities	102	102	19	5
TOTAL	**1,013**	**1,340**	**14**	**5**

The largest component of Equity positions in the Banking Book is related with the Bank's participation in investment funds, including the participation in corporate restructure funds treated as "Mandatory through Proft and Loss" (circa 51% of the total carrying amount). The item financial participations is related to stakes in financial sector entities (e.g. Bancassurance partnerships, payment services entities and associated banks).

There are no listed equities positions in the portfolio.

TABLE 5.31. – Equity instruments through other comprehensive income

(Million euro)	Dec. 2025		
	Carrying amount	Fair Value	Valuation adjustment
Quoted	0	0	0
Unquoted	45	45	5
Total	**45**	**45**	**5**

TABLE 5.32. – Equity instruments mandatory at Fair Value through profit and loss

(Million euro)	Dec. 2025
	Fair Value
Quoted	0
Investment funds	498
Unquoted	43
Total	**541**

TABLE 5.33. – Equity instruments as Investments

(Million euro)	Dec. 2025		
	Carrying amount	Fair Value	Valuation adjustment
Quoted	0	0	0
Unquoted	400	727	0
Total	**400**	**727**	**0**

TABLE 5.34. – Equity instruments as non-current assets held for sale

(Million euro)	Dec. 2025		
	Carrying amount	Fair Value	Valuation adjustment
Quoted	0	0	0
Unquoted	27	27	0
Total	**27**	**27**	**0**

5.9. Counterparty Credit Risk

The counterparty credit risk translates the risk of counterparties being unable to meet their liabilities resulting from securities contracts such as derivatives.

For the counterparty credit risk management, the Bank defines exposure limits to specific counterparties, establishes bilateral contracts to guarantee exposures resulting from derivatives and requests collaterals within the scope of these agreements as preferred tools to mitigate this risk.

The internal procedures of the Group define the way in which the usage of the counterparty credit risk limits is determined. This calculation is regularly made based on the market value of the operations, to which a factor arising from the future potential variation of that same value is added, adjusting for the volatility and maturity of each operation.

Management and control

The first line of defence is composed by the areas that originate credit counterparty risk, which is mostly the Treasury, International and Markets Division (DTMI) and the Assets and Liabilities, Research and Financing Division. The Financial Operations Department of the Millennium Operations Centre (COM) is responsible for the day-to-day operational management of contracts involving credit counterparty risk, as well as the Legal and Litigation Advisory Division which is responsible for drawing up the framework agreements between the Bank and counterparties.

The second line of defence is performed by the Market Risks Area of the Risk Office, which monitors, controls and reports counterparty credit risk limits, by rating and settlement typology and carries out the identification, definition and/or validation of the valuation workflow of financial instruments. The third line of defence is performed by the Internal Audit Division.

Counterparty risk mitigation measures

The Bank has a policy of closing bilateral contracts to guarantee exposures resulting from OTC derivatives contracted with Banks under the ISDA Master Agreement (ISDA - International Swaps and Derivatives Association).

In addition, an ISDA Master Agreement may frame the creation of collateral using an annex or ISDA Credit Support Document. As a template for the Credit Support Document, the Bank chose the Credit Support Annexes (CSA) contracts to guarantee the constitution, by the entity with net values payable in the future, of financial collaterals from the other party to guarantee the payment of these contractual obligations. In these contracts, the Bank (almost exclusively) accepts deposits in Euro as collateral.

The Bank makes use of netting as a technique for credit risk mitigation/reduction under RWA/capital requirements calculation exclusively for Counterparty Credit Risk (SA-CCR), in line with the provisions of Article 272 (4) for legally enforceable ISDA Agreements, for the determination of relevant netting sets for SA-CCR. No other balance sheet netting is considered.

The total exposure limits for counterparties that are not financial institutions, in contracts subject to this type of risk, are generally divided into two components: one for traditional credit operations (financial and / or subscription) and another for treasury products.

The Bank uses a framework agreement model of TBMA/ISMA (The Bond Market Association/International Securities Market Association) within the scope of the repo operations it carries out. This framework agreement, the Global Master Repurchase Agreement (GMRA), defines the repo transactions between the parties and regulates the creation of the collateral that guarantees net exposure arising from these.

Exposure to credit derivatives

The Group applies the SA-CCR method, as established in article 274, Section 3, Chapter 6, Title II, Part III of the CRR, in which the exposure for derivatives is built through the calculation of Replacement Cost and Potential Future exposure for these transactions. The market values of

the operations are directly collected from the Bank's front-end application, in which the management and evaluation of the operations is carried out.

TABLE 5.35. – EU CCR6 – Credit derivatives exposures

(Million euro)		a	b
		Protection bought	Protection sold
Notionals			
1	Single-name credit default swaps	123	0
2	Index credit default swaps	0	0
3	Total return swaps	0	0
4	Credit options	0	0
5	Other credit derivatives	0	0
6	Total notionals	123	
Fair values			
7	Positive fair value (asset)	8	0
8	Negative fair value (liability)	0	0

Central Counterparties (CCP)

Regulation (EU) No. 648/2012 of the European Parliament and of the Council, of 4 July 2012, on OTC derivatives, central counterparties and trade repositories - commonly referred to as EMIR (European Markets Infrastructure Regulation) - has introduced legal obligations with the aim of improving post-trade transparency and reducing the risks associated with the derivatives market, in particular through the need to bring in a central counterparty or the adoption of risk mitigation techniques for derivatives not centrally cleared. Within this framework, the Group became obliged to carry out the clearing of the OTC derivatives portfolio within the criteria defined by the EMIR, with a qualified CCP (Central Counterpart). This clearing obligation is, in a first stage, applicable to the simpler derivatives, namely, those relating to interest rate (IRS and FRA) and in the most common currencies (EUR, USD, PLN, CHF).

Derivatives traded through Central Clearing benefit from specific credit mitigation techniques are used in such framework, namely initial and variation margins determined by the CCP. The Bank is not a direct member of any CCP, dealing through contracted specialized brokers.

All CCPs, with which such type of transactions has been performed, are included in the ESAM Qualified CCPs list.

The following table shows the Group's exposure with central counterparts (CCP), detailing the types of exposure and the corresponding minimum own funds requirements.

TABLE 5.36. – EU CCR8 – Exposures to CCPS

(Million euro)		a	b
		Exposure value	RWEA
1	**Exposures to QCCPs (total)**		**5**
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	246	5
3	(i) OTC derivatives	246	5
4	(ii) Exchange-traded derivatives	-	-
5	(iii) SFTs	-	-
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	-	
8	Non-segregated initial margin	-	-
9	Prefunded default fund contributions	-	-
10	Unfunded default fund contributions	-	-
11	**Exposures to non-QCCPs (total)**		**-**
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
13	(i) OTC derivatives	-	-
14	(ii) Exchange-traded derivatives	-	-
15	(iii) SFTs	-	-

(Million euro)		a	b
		Exposure value	RWEA
16	(iv) Netting sets where cross-product netting has been approved	-	-
17	Segregated initial margin	-	
18	Non-segregated initial margin	-	-
19	Prefunded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

Credit rating downgrade

The Bank's negotiating policy for ISDA CSA clauses privileges bilateral conditions, without any terms associated with the counterparties' ratings. Moreover, after the implementation of the last phase of EMIR, the conditions defined for OTC collateral contracts cannot be linked to credit ratings. In this context, there is currently no relation between the collateral requirements for OTC derivatives and the rating of the Bank.

Wrong Way Risk

The Wrong Way risk corresponds to the risk of a given exposure being adversely correlated with the counterparty's credit rating. Within credit granting this risk stems from the correlation between the collateral value and the credit worthiness of the borrower, i.e., when the deterioration of the credit risk of the latter leads to a devaluation of the collateral.

Similarly, in the case of derivative and repo transactions, this translates to the risk associated with the fact that the exposure at risk is adversely impacted by the credit quality of the counterparty.

Overall, the Bank considers this risk as immaterial, considering the composition of financial collateral. In terms of credit granted, the borrower's own securities (shares or bonds) represent a very small percentage of the total amount of credit, corresponding mainly to structured finance, including Project Finance, where the usual pledge of shares from the companies or vehicles is part of a comprehensive guarantees' package. Indeed, almost all the credits that have a securities' pledge have additional collateral to secure the exposure.

In the case of derivative and repo operations, in which the Bank mitigates counterparty credit risk through ISDA contracts with CSA, the coverage of market receivables is exclusively made through deposits at the Group itself; hence, wrong-way risk does not apply. In terms of credit default derivatives (CDS or TRS) or other guarantees provided by counterparties, the Bank is also not subject to material wrong-way risk, as the risk covered is not positively correlated with the protection provider.

Quantitative aspects

The table below presents the counterparty risk exposure, excluding exposures to central counterparties, according to the method of calculating regulatory capital requirements.

TABLE 5.37. – EU CCR1 – Analysis of CCR exposure by approach

(Million euro)		a	b	c	d	e	f	g	h
		Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
EU-1	EU - Original Exposure Method (for derivatives)	-	-		1.4	-	-	-	-
EU-2	EU - Simplified SA-CCR (for derivatives)	-	-		1.4	-	-	-	-
1	SA-CCR (for derivatives)	49	57		1.4	149	149	149	93
2	IMM (for derivatives and SFTs)			-	-	-	-	-	-
2a	Of which securities financing transactions netting sets			-		-	-	-	-
2b	Of which derivatives and long settlement transactions netting sets			-		-	-	-	-
2c	Of which from contractual cross-product netting sets			-		-	-	-	-
3	Financial collateral simple method (for SFTs)					-	-	-	-
4	Financial collateral comprehensive method (for SFTs)					937	25	25	17
5	VaR for SFTs					-	-	-	-
6	Total					1,086	173	173	111

The BCP Group calculates the derivative EAD according to the SA-CCR approach and the EAD of security financial transactions through the extensive financial collateral method, so the table EU CCR7 is not presented in this report because the IMM (Internal Model Method) is not used by the Group.

The table below displays the exposure value according to the segmentation of counterparties and the different degrees of risk weight.

TABLE 5.38. – EU CCR3 – Standardised Approach – CCR exposures by regulatory exposure class and risk weights

(Million euro)		Risk weight											
		a	b	c	d	e	f	g	h	i	j	k	l
Exposure classes		0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	Total exposure value
1	Central governments or central banks												
2	Regional government or local authorities												
3	Public sector entities												
4	Multilateral development banks												
5	International organisations												
6	Institutions		246			8					2	62	318
7	Corporates						2		0	35			36
8	Retail												
9	Institutions and corporates with a short-term credit assessment												
10	Other items										1		1
11	Total exposure value		246			8	2		0	35	2	62	355

TABLE 5.39. – EU CCR4 – IRB Approach – CCR exposures by exposure class and PD scale

		a	b	c	d	e	f	g
A-IRB	PD scale	Exposure value	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	RWEA	Density of risk weighted exposure amount
Corporate								
	0.00 to <0.15	1	0.12%	6	36.26%	0	0	19.36%
	0.15 to <0.25	0	0.22%	3	44.97%	0	0	24.33%
	0.25 to <0.50	16	0.42%	1	39.09%	0	13	80.16%
	0.50 to <0.75	8	0.72%	6	40.02%	0	5	55.62%
	0.75 to <2.50	0	1.08%	9	41.70%	0	0	48.94%
	2.50 to <10.00	0	6.01%	8	38.70%	0	0	92.18%
	10.00 to <100.00	0	10.40%	2	38.61%	0	0	153.42%
	100.00 (Default)	0	100.00%	1	37.95%	0	0	25.38%
	Subtotal Corporate	**26**	**0.71%**	**36**	**39.34%**	**0**	**18**	**70.93%**
F-IRB	PD scale	Exposure value	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	RWEA	Density of risk weighted exposure amount
Corporate								
	0.00 to <0.15	0	0.00%	0	0.00%	0	0	0.00%
	0.15 to <0.25	3	0.24%	2	40.00%	0	1	43.04%
	0.25 to <0.50	0	0.00%	0	0.00%	0	0	0.00%
	0.50 to <0.75	0	0.72%	1	40.00%	0	0	72.38%
	0.75 to <2.50	0	0.00%	0	0.00%	0	0	0.00%
	2.50 to <10.00	1	5.05%	2	40.00%	0	2	133.50%
	10.00 to <100.00	0	0.00%	0	0.00%	0	0	0.00%
	100.00 (Default)	0	0.00%	0	0.00%	0	0	0.00%
	Subtotal Corporate	4	1.71%	5	40.00%	0	3	71.10%
Total (all CCR relevant exposure classes)		**30**	**0.86%**	**0**	**39.44%**	**0**	**21**	**70.95%**

The table below shows the effect of offsetting agreements and guarantees on counterparty risk exposure in derivative contracts on the 31 December 2025:

TABLE 5.40. – EU CCR5 – Composition of collateral for CCR exposures

(Million euro)		a	b	c	d	e	f	g	h
Collateral type		Collateral used in derivative transactions				Collateral used in SFTs			
		Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received		Fair value of posted collateral	
		Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
1	Cash – domestic currency	24		7					
2	Cash – other currencies	5							
3	Domestic sovereign debt						912		
4	Other sovereign debt								
5	Government agency debt								
6	Corporate bonds								
7	Equity securities								
8	Other collateral								
9	Total	29	0	7	0	0	912	0	0

Credit Valuation Adjustment (CVA)

The CVA is the valuation adjustment to market prices of the derivatives portfolio to reflect the expected impact of the credit counterparty risk.

The BCP Group has limited exposure to CVA risk as evidenced by the current Pillar 1 own funds requirements, which as of 31 December 2025, amount to 1 million euro on a consolidated basis.

TABLE 5.41. – EU CVA 1 – Credit valuation adjustment risk under the Reduced Basic Approach (R-BA)

		a	b
		Components of Own Funds Requirements	Own funds requirements
1	Aggregation of systematic components of CVA risk	4	
2	Aggregation of idiosyncratic components of CVA risk	1	
3	**Total**		**1**

One of the drivers for the low materially of this risk is the negotiation of OTC derivatives (especially Interest Rate Swaps) using CCPs, that have credit valuation risk mitigation solutions in place (lie per instance initial and variation margin) that reduce/eliminate this.

The approach followed by the Bank for quantifying 'CVA risk' is the basic standard approach (BA-CVA), as defined in the article 384 of the Capital Requirements Regulation (CRR). This standard method encompasses a significant risk perspective by differentiating the economic risk of each exposure accordingly to the respective rating and incorporating the residual maturity for the estimation of the capital requirements.

5.10. Securitizations

Description of the activities and operations

On 31 December 2025, BCP had four ongoing securitisation transactions originated in Portugal. Two are traditional structures (Magellan No.3 and No.4) and the other two are synthetic securitisation transactions (Caravela SME No.5 and No. 6).

Since 1998, the Bank has carried out securitisation transactions supported on portfolios of different types of assets and envisaging different goals, based on market conditions and opportunities and on the Group's interests and needs at each moment.

It should be noted that, until 2007, all the transactions made were placed in the market with institutional investors, taking advantage of the conditions of a favourable market framework. These transactions - involving mortgage loans, car loans, consumer loans and companies' loans – were carried out with the purpose of obtaining additional funding for the Group's business and, under certain circumstances, to promote a more efficient management of the Bank's balance sheet, particularly its equity. The universe of investors that participated in these transactions has revealed to be diverse and complementary to the base of investors resulting from the Bank's direct funding transactions in the capital markets. In December 2025, two of these transactions were still outstanding.

After 2007 and until 2012, market conditions to place this kind of transactions deteriorated significantly or even ceased to exist during a long period. Consequently, the Bank began retaining in its books the totality of the notes issued within the scope of each securitisation transaction (from the senior tranche to the first loss tranche). To maximise liquidity, the Bank used the senior tranche of each transaction as eligible collateral for refinancing operations with the Eurosystem. Securitisations carried out in that context were fully redeemed as the Bank's liquidity position stabilized.

Taking advantage of improved market conditions, namely the appetite for risk originated in Portugal, the Bank carried out, in 2013 and 2014, two synthetic securitisations, which embodied the hedge of a significant portion of its short, medium, and long-term corporate loan portfolio (Caravela SME No. 3) and of its leasing portfolio (Caravela SME No. 4). In December 2022, the Bank used once more this type of structure to hedge the credit risk associated to a portfolio of medium- and long-term loans, leasing contracts and commercial Paper Programmes granted to Portuguese corporates, by executing a new synthetic securitization (Caravela SME No. 5). More recently, in February 2024, the bank completed another synthetic securitization transaction aimed at risk coverage for a significant portion of its short-term portfolio, including current accounts and confirming contracts (Caravela SME No. 6). These transactions were aimed at achieving an effective transfer of risk to specialised institutional investors, resulting in a reduction of the risk weighted assets associated with those portfolios.

During 2022, 2023 and 2024, the Group also took advantage of these techniques completing five synthetic securitizations in Poland (Jazon I, Jazon II, Medea, Argo and Athena). The first two (Jazon I and Jazon II) and the last one (Athena) based in SME loan portfolios, while the other two (Medea and Argo) with recourse to leasing and personal loans Portfolios. It should be noted that Jazon I and Athena had the support of the European Investment Fund (EIF) and European Bank for Reconstruction and Development (EBRD), respectively, who took the risk of the equity tranche trough a financial guarantee. The other transactions are based on structures similar to those executed by BCP, being the mezzanine tranche placed with the market through a Credit Linked Note (CLN) issued directly by the bank. The goal of these SRT transactions was to reduce the RWA of BM allowing an important impact on bank's capital ratios.

As an investor, the Group does not hold, and given its profile and investment policy is not expected to hold, any significant position in securitisation transactions. In any case, pursuant to article 449 (f) of the CRR, the Bank has a broad risk management and controlling operation, based on models established across a wide range of credit products, including monitoring credit and market risks of securitisation positions.

In this context and being a Bank with IRB methodology approved by the regulator for securitisation positions, the provisions of Part III, Title II, Chapter 5 are observed, with emphasis

on the risk weights resulting from articles 259 and 263 of the CRR, thus sustaining an adequate level of own funds. On the other hand, the book value reflects at each moment the market risk component of the security, allowing an adequate assessment of the risk return profile of the underlying asset. Any changes in the risk of these positions are thus subject to rigorous monitoring with reflection not only on the level of own funds but also on the Bank's results. Such changes are also considered and monitored under stress testing scenarios.

Currently, under the terms of article 449 (g) of the CRR, given the low materiality of risks involved, there is no specific hedging or personal protection transaction to reduce the risk of securitization positions held. The specific need for hedging will always depend on the level of risk and of the amounts involved, as this analysis and follow-up is carried out on a case-by-case basis. The same would apply to eventual re-securitisation transactions.

It should also be referred that BCP as Originator also intervenes as Servicer of the securitized assets and, usually, as Transaction Manager.

The main features of the securitisation transactions of assets originated by BCP, namely in terms of its goal, form and level of involvement, the existence or not of a significant risk transfer in each transaction and of the securitised values and in debt, for active transactions as of 31 December 2024, are summarised in the next table:

TABLE 5.42. – **Description of securitisation operations**

MAGELLAN No. 3	
Identification of the securitisation operation	Magellan Mortgages No. 3 Limited
Initial objective of the securitisation operation	Securing funding and risk management
Form of the securitisation operation	Traditional securitisation Credit lender Servicer of the assigned credits Escrow bank of the Securitisation Credit Fund Transaction Manager
Start date	30 June 2005
Legal maturity	15 May 2058
Step-up clause (date)	15 August 2012
Revolving (years)	N.A
Securitised assets (in million euro)	1,500.0
Simple, Transparent & Standardised (STS)	No.
Significant credit risk transfer	No

MAGELLAN No. 4	
Identification of the securitisation operation	Magellan Mortgages No. 4 Limited
Initial objective of the securitisation operation	Securing funding and risk management
Form of the securitisation operation	Traditional securitisation Credit lender Servicer of the assigned credits Escrow bank of the Securitisation Credit Fund Transaction Manager
Start date	13 July 2006
Legal maturity	20 July 2059
Step-up clause (date)	20 July 2015
Revolving (years)	N.A
Securitised assets (in million euro)	1,500.0
Simple, Transparent & Standardised (STS)	No.
Significant credit risk transfer	No

CARAVELA SME No.5	
Identification of the securitisation operation	Caravela SME No. 5
Initial objective of the securitisation operation	Reduction of the RWA associated with the portfolio
Form of the securitisation operation	Synthetic securitisation Originator of the securitised assets Servicer of the assigned credits Counterparty of the Credit Default Swap
Start date	20 December 2022
Legal maturity	26 September 2035
Step-up clause (date)	N.A.

Revolving (years)	9 months
Securitised assets (in million euro)	1,918.0
Simple, Transparent & Standardised (STS)	Yes
Significant credit risk transfer	Yes

CARAVELA SME No.6	
Identification of the securitisation operation	Caravela SME No. 6
Initial objective of the securitisation operation	Reduction of the RWA associated with the portfolio
Form of the securitisation operation	Synthetic securitisation Originator of the securitised assets Servicer of the assigned credits Counterparty of the Credit Default Swap
Start date	28 February 2024
Legal maturity	26 March 2028
Step-up clause (date)	N.A.
Revolving (years)	3 years
Securitised assets (in million euro)	850.0
Simple, Transparent & Standardised (STS)	Yes
Significant credit risk transfer	Yes

Jazon I – Bank Millennium	
Identification of the securitisation operation	Jazon I
Initial objective of the securitisation operation	Reduction of the RWA associated with the portfolio
Form of the securitisation operation	Synthetic securitisation Originator of the securitised assets Servicer of the assigned credits Beneficiary of the guarantee issued by the EIF
Start date	3 March 2022
Legal maturity	12 January 2033
Step-up clause (date)	N.A.
Revolving (years)	N.A.
Securitised assets (in million euro)	1,502.0
Simple, Transparent & Standardised (STS)	No
Significant credit risk transfer	Yes

Jazon II – Bank Millennium	
Identification of the securitisation operation	Jazon II
Initial objective of the securitisation operation	Reduction of the RWA associated with the portfolio
Form of the securitisation operation	Synthetic securitisation Originator of the securitised assets Servicer of the assigned credits Issuer of the Credit Linked Notes
Start date	23 December 2022
Legal maturity	25 January 2040
Step-up clause (date)	N.A.
Revolving (years)	12 months
Securitised assets (in million euro)	2,715.1
Simple, Transparent & Standardised (STS)	Yes
Significant credit risk transfer	Yes

Medea – Bank Millennium	
Identification of the securitisation operation	Medea
Initial objective of the securitisation operation	Reduction of the RWA associated with the portfolio
Form of the securitisation operation	Synthetic securitisation Originator of the securitised assets Servicer of the assigned credits Issuer of the Credit Linked Notes
Start date	12 July 2023
Legal maturity	20 October 2038
Step-up clause (date)	N.A.
Revolving (years)	12 months
Securitised assets (in million euro)	4,028.6
Simple, Transparent & Standardised (STS)	Yes
Significant credit risk transfer	Yes

Argo – Bank Millennium	
Identification of the securitisation operation	Argo
Initial objective of the securitisation operation	Reduction of the RWA associated with the portfolio
Form of the securitisation operation	Synthetic securitisation Originator of the securitised assets Servicer of the assigned credits Issuer of the Credit Linked Notes
Start date	11 December 2023
Legal maturity	25 August 2036
Step-up clause (date)	N.A.
Revolving (years)	9 months
Securitised assets (in million euro)	7,240.6
Simple, Transparent & Standardised (STS)	Yes
Significant credit risk transfer	Yes

Athena – Bank Millennium	
Identification of the securitisation operation	Athena
Initial objective of the securitisation operation	Reduction of the RWA associated with the portfolio
Form of the securitisation operation	Synthetic securitisation Originator of the securitised assets Servicer of the assigned credits Beneficiary of the guarantee issued by the EBRD
Start date	23 December 2024
Legal maturity	29 August 2036
Step-up clause (date)	N.A.
Revolving (years)	12 months
Securitised assets (in million euro)	2,135.0
Simple, Transparent & Standardised (STS)	Yes
Significant credit risk transfer	Yes

Group accounting policies

The Group fully consolidates Special Purpose Entities (SPE) resulting from securitisation operations originated in Group entities and resulting from credit assignments operations, when the relation with such entities indicates that the Group controls their activities, regardless of the shareholding owned by it. Besides these SPE resulting from securitisation operations and from credit assignments operations, no additional SPE's have been consolidated considering that they do not meet the criteria established on SIC 12[3] as described below.

The assessment of the existence of control is made based on the criteria defined by SIC 12, analysed as follows:

- The SPE's activities are being mainly carried out in favour of the Group, according to its specific business needs, so that the Group benefits from the operation of the SPE.
- The Group has the power to decide to obtain most of the benefits of the SPE's activities, or, by establishing auto-pilot mechanisms, the entity delegated such decision-making powers.
- The Group has the right to obtain most of the benefits of the SPE's activities and is therefore exposed to the SPE's underlying risks.
- The Group holds most residual or property risks of the SPE or its assets, to benefit from its activities.

To determine if an SPE is controlled, it is assessed if the Group is exposed to the risks and benefits of the activities of the SPE and if it has the decision-making powers in that SPE. The decision on whether an SPE must be consolidated by the Group requires the use of premises and estimates to verify the residual gains and losses and determine who holds most of those

[3] SIC – Standard Interpretations Committee

gains and losses. Other assumptions and estimates could result in differences in the consolidation perimeter of the Group, with a direct impact on results.

Within the scope of the application of such policy, the accounting consolidation perimeter included the SPE resulting from the traditional securitisation operation Magellan no. 3. On the other hand, the Group did not consolidate into its accounts the SPE that also resulted from the traditional securitisation operation Magellan no. 4. Regarding this SPE not recognised in the balance sheet, it was verified that the associated risks and benefits were substantially transferred, since the Group does not hold securities issued by the SPE in question with exposure to most residual risks, nor is it in any other manner exposed to the performance of the credit portfolios.

BCP has two outstanding transactions with similar characteristics which configure synthetic securitizations, based on Bank's loan portfolios, mainly to SMEs. Caravela SME No.5, supported by a portfolio of medium and long-term loans, leasing contracts and commercial paper programmes, and Caravela SME No.6, which involves a short-term portfolio including current accounts and confirming contracts.

In any of these transactions, the Bank has in place a Credit Default Swap (CDS) with an SPV, buying by this way protection for the mezzanine tranche. Since they are synthetic securitizations, within the scope of that same CDS, the risk of the respective portfolios was subdivided into three tranches: senior, mezzanine and equity. The entire mezzanine in the case of Caravela SME No. 5, were placed with the market through the issuance by the SPV of Credit Linked Notes (CLN) which were subscribed by investors. On the other hand, the Bank retained the risk of the senior tranche and the corresponding part of the related equity tranche (100% in the case of Caravela SME No. 5 and 6). The proceeds from the issuance of the CLNs were used by the SPV in a deposit which collateralises all its liabilities towards the Bank under the CDS.

Regarding Magellan No.3, which was included in the consolidation perimeter, if it is determined that the control exercised by the Group over their activities has ceased, namely pursuant to the sale of the most subordinated securities issued by them, the SPE will no longer be consolidated. In this case, since the law determines that the management of loans granted remains within the Group, their registry in the off-balance sheet will be maintained.

In traditional securitisations, at the moment of the assignment of the assets associated with securitisation operations, the Group registers a gain or a loss in the income statement in case the SPE is not consolidated from the beginning, corresponding to the difference between the sale value of the assets and their accounting value. In case the SPE is consolidated, there are no gains or losses in the initial moment.

If while an operation is active, whose SPE is consolidated, the Group sells part or all the securities held, it will register a gain or loss that: (i) if the need to consolidate the SPE remains, it will be associated with the sale of the securities issued, being incorporated in liabilities as a premium or discount and accrued according to the effective rate until maturity or, (ii) if the SPE is not consolidated with due grounds, will result from the sale of the assets, which will be derecognised, and the sale will be recognised in the consolidated income statements.

Regarding securitization transactions carried out by Bank Millennium – Jazon I, Jazon II, Medea, Argo and Athena – the corresponding impacts are reflected in the consolidated perimeter of the Bank Millennium and, therefore, at the level of the BCP Group.

Own funds requirements

On 31 December 2025, the Group held securitisation positions as an originator entity. For some of the securitisation positions (Magellan n° 3 and Magellan n° 4) there was no significant credit risk transfer, according to the criteria defined in the CRR, articles 244 and 245, Section 2, Chapter 5, Title II, Part III and, therefore, the own funds requirements were determined as if these securitisations had not occurred.

The computation of the own fund's requirements of the securitisation operations by the end of 2025 was made according to Section 3, Chapter 5, Title II, Part III of the CRR.

Both the Internal Ratings Based Approach – SEC-IRBA and the Standardise Approach – SEC-SA were used, in accordance with the CRR, articles 259 and 260, Subsection 3, Section 3, Chapter 5, Title II, Part III and CRR article 261, Subsection 3, Section 3, Chapter 5, Title II, Part III, respectively. For those positions originated in Poland, the Standardise Approach - SEC-SA – was used, as per CRR article 261, Subsection 3, Section 3, Chapter 5, Title II, Part III as well as the provisions of the article 244 (1), (b), Section 2, Chapter 5, Title II, Part III.

The risk weighted assets for securitisation operations, at the end of 2025, is shown in next tables

TABLE 5.43. – EU-SEC1 – Securitisation exposures in the non-trading book

(Million euro)		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Institution acts as originator							Institution acts as sponsor				Institution acts as investor			
		Traditional				Synthetic		Sub-total	Traditional		Synthetic	Sub-total	Traditional		Synthetic	Sub-total
		STS		Non-STS												
			of which SRT		of which SRT		of which SRT		STS	Non-STS			STS	Non-STS		
1	**Total exposures**					**3,679**	**3,679**	**3,679**								
2	Retail (total)					1,086	1,086	1,086								
3	residential mortgage															
4	credit card															
5	other retail exposures					1,086	1,086	1,086								
6	re-securitisation															
7	Wholesale (total)					2,592	2,592	2,592								
8	loans to corporates					2,592	2,592	2,592								
9	commercial mortgage															
10	lease and receivables															
11	other wholesale															
12	re-securitisation															

TABLE 5.44. – EU-SEC3 – Securitisation exposures in the non-trading book and associated regulatory capital requirements – institution acting as originator or as sponsor

(Million euro)		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
		Exposure values (by RW bands/deductions					Exposure values (by regulatory approach)				RWEA (by regulatory approach)				Capital charge after cap			
		≤20% RW	<20% to 50% RW	>50% to 100% RW	>100% to 1250% RW	1250 % /deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW /deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW /deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW /deductions
1	**Total exposures**	**1,096**	**2,501**			**82**	**628**		**2,970**	**82**	**67**		**877**		**5**		**70**	
2	Traditional transactions																	
3	Securitisation																	
4	Retail																	
5	Of which STS																	
6	Wholesale																	
7	Of which STS																	
8	Re-securitisation																	
9	Synthetic transactions	1,096	2,501			82	628		2,970	82	67		877		5		70	
10	Securitisation	1,096	2,501			82	628		2,970	82	67		877		5		70	
11	Retail underlying		1,073			14			1,073	14			449				36	
12	Wholesale	1,096	1,428			68	628		1,897	68	67		427		5		34	
13	Re-securitisation																	

TABLE 5.45. – EU-SEC5 – Exposures securitised by the institution – Exposures in default and specific credit risk adjustments

(Million euro)		a	b	c
		Exposures securitised by the institution - Institution acts as originator or as sponsor		
		Total outstanding nominal amount		Total amount of specific credit risk adjustments made during the period
			Of which exposures in default	
1	**Total exposures**	**4,171**	**70**	**-76**
2	Retail (total)	1,460	34	-37
3	residential mortgage	295	3	0
4	credit card	0	0	0
5	other retail exposures	1,165	31	-37
6	re-securitisation	0	0	0
7	Wholesale (total)	2,711	36	-40
8	loans to corporates	2,711	36	-40
9	commercial mortgage	0	0	0
10	lease and receivables	0	0	0
11	other wholesale	0	0	0
12	re-securitisation	0	0	0

6. Interest Rate Risk in the Banking Book

In 2025, the Group operated in an environment of declining market interest rates compared to the higher levels observed in 2024. In this context, net interest income increased by 2.4% to EUR 2,898 million, mainly supported by the performance of international operations despite the lower interest rate environment.

In Portugal, net interest income totalled EUR 1,338 million in 2025, remaining broadly stable compared to 2024 (+0.2%), as lower income generated by the customer loan portfolio was partially offset by lower funding costs, lower remuneration of customer deposits and higher income from the public debt securities portfolio. International operations contributed positively to the Group's net interest income, mainly driven by higher income generated by the securities portfolio in the Polish subsidiary.

The Group manages interest rate risk in the banking book through governance, risk measurement and balance sheet management frameworks. The following sections describe the Group's IRRBB management model, key modelling assumptions and quantitative disclosures for 2025.

6.1. IRRBB measurement and monitoring (Management of IRRBB)

Interest rate risk in the banking book (IRRBB) is the risk to earnings and capital in the banking book due to movements in interest rates. It involves the measurement and monitoring of the following interest rate risk subtypes:

- Gap risk, arising from direct or indirect financial losses in the banking book due to movements in interest rates and mismatch between assets and liabilities, making the bank vulnerable to changes in the yield curve, under the current behavioural and prepayment customer and product profiles.
- Behavioural and optional risk, arising from early unscheduled return of principal on interest rate sensitive asset and liabilities (e.g. changes in the behavioural profile of classes of customers and products, including embedded options).
- Basis risk, relative to changes in interest rates for assets and liabilities that are priced using different interest rate curves.

The Group measures interest rate sensitive balance sheet items to potential changes in interest rates both in terms of an Economic Value of Equity (EVE) and an Earnings at Risk (EaR) perspective.

Economic value of equity (EVE) perspective

The EVE perspective quantifies the potential for change in the price/value of interest sensitive assets, liabilities and off- balance sheet items, plus all the known and highly expected transactions in the pipeline. The EVE measure reflects changes in value over the remaining life of the assets, liabilities and off-balance sheet items, i.e. until positions have run off.

Earnings at Risk (EaR) perspective

The net interest income perspective (EaR or NII perspective) quantifies the short-term impact on income/cost of interest sensitive assets, liabilities and off-balance sheet items affecting the Net Interest Income of the Group, in a context of a static balance sheet approach. The NII perspective covers the short to medium term simulated impacts due to interest rate movements, in terms of profit and loss account. The EaR perspective incorporates the impact of fair valued (FV) items on earnings due to changes in interest rate movements.

The EVE is the result of the discounting process of the expected future cashflows of interest rate sensitive assets, liabilities, and off-balance sheet items according to the EBA Guidelines issued on the basis of Article 84 (6) of Directive 2013/36/EU specifying criteria for the identification, evaluation, management and mitigation of the risks arising from potential changes in interest rates and of the assessment and monitoring of credit spread risk, of institutions' non-trading book activities (EBA/GL/2022/04). The monitoring of the interest rate risk takes into

consideration the financial characteristics of the contracts available in the systems' databases and the respective expected cash flows are projected in accordance with their repricing dates.

In regards, to the EaR (NII & FV) measurement the Group employs a cash flow approach on a transactional basis, considering a principal and interest amounts, under a constant balance sheet assumption, according to which the total balance sheet size and shape is maintained by assuming that maturing assets/liabilities are replaced by identical through the measurements time horizon.

Both measurements, of EVE and EaR (NII) are based on the computation of the difference between a base scenario and a stressed scenario which results from a sudden or gradual interest rate movement, resulting to the IRRBB metrics and risk indicators of ΔEVE and ΔNII.

In respect to basis risk the Group monitors the interest rate sensitive balance sheet items to the repricing bucket of its underlying interest rate index, floating and administered, and capturing the risk of having unequal variations in different indices with the same repricing period.

6.2. Management model and mitigation strategies

The BCP Board of Directors has the overall responsibility for the risk management and control framework in BCP Group, including setting, approving and overseeing the effective implementation of a risk culture.

The Risk Assessment Committee advises and supports the BoD regarding the Group's risk appetite and strategy, including the policies for identifying, managing and controlling the Bank's risk. The RAC is responsible for approving the broad IRR management strategies as well as the overall policies with respect to IRR.

The CALCO is responsible for the management of the IRR exposure, thus is responsible for the strategies and approach to the Interest Rate Risk/Assets-Liabilities Management. The Risk Commission is responsible for the IRR/ALM control.

Group policies set out the concepts, principles, rules and the organizational model, governance, applicable to the interest rate risk management and control of the Banking Book (non-trading activities) of BCP and at BCP Group level.

First line of defense

The first line manages the risk that the bank assumes in conducting its activities and is composed of the business areas, risk takers, and the respective support areas. The Treasury Division (DTMI) and the Assets & Liabilities, Studies and Funding Division (DAPEF) among others, integrate the first line of defense, and are responsible for timely reporting all risks assumed to the relevant internal control functions. Particularly, the DAPEF is responsible for the daily management of the ALM portfolio and for the implementation of the CALCO decisions regarding the management of the IRRBB in Portugal.

Mitigation techniques are employed to hedge the interest rate risk arising from banking book positions. Interest rate swaps are used to offset impact of changes in fair valued items such as fixed rate instruments. The same instruments are used to hedge against cash flow variability of the variable rate instruments, because of changes in interest rates. Both types of hedging strategies are carried out in the Group subject to approval to steer the sensitivity of interest rate changes of assets (e.g. fixed and floating rate loans and securities) and liabilities (e.g. non-maturity deposits and issued debt).

The Group assesses the effectiveness of hedging relationships, in terms of changes in fair value or cashflows of the hedging instrument relative to the changes in fair value or cash flows of hedged item regularly. Monitoring on the impact of hedging strategies on EVE and EaR is in place and performed monthly.

The hedging strategies by the 31 December 2025 are show in the table below:

Approved hedging strategies	Impact of changes in fair value in			Interest rate risk	
	P&L	Shareholders' equity	Regulatory capital	EVE	NII
Fair value hedge of NMDs (macro-hedge)	No, only the ineffective portion of the hedge affects P&L	No	No	Reduces the sensitivity to 100bps IR increases. Provides negative BPV.	Reduces the sensitivity to 100bps IR increases.
Cash-flow hedge of floating-rate mortgage loans	No, only the ineffective portion of the hedge affects P&L	Yes	No	Reduces the sensitivity to 100bps IR increases. Provides negative BPV.	Reduces the sensitivity to 100bps IR increases.
Fair value hedge of fixed-rate securities	No, only the ineffective portion of the hedge affects P&L	Yes (No), if hedging sovereign debt at FVOCI (AC)	Yes (No), if hedging sovereign debt at FVOCI (AC)	Increases the sensitivity to 100bps IR increases. Provides positive BPV.	Increases the sensitivity to 100bps IR increases.
Fair value hedge of fixed-rate mortgage loans	No, only the ineffective portion of the hedge affects P&L	No	No	Increases the sensitivity to 100bps IR increases. Provides positive BPV.	Increases the sensitivity to 100bps IR increases.
Fair value hedge of fixed-rate Issued Debt	No, only the ineffective portion of the hedge affects P&L	No (AC)	No (AC)	Reduces the sensitivity to 100bps IR increases. Provides negative BPV.	Reduces the sensitivity to 100bps IR increases.

Second line of defense

The second line of defense includes the Risk Office, the Models Monitoring and Validation Office and the Compliance Office.

The Risk Office functions related with Interest Rate Risk in the banking book include measuring (including the development of behavioural models for IRR), monitoring and reporting of risk positions, sensitivity and stress tests; ensuring the adequacy of the risk transfer process; proposing the IRRBB limits for the banking book for the Group and each Entity to the Risk Commission; evaluating the implications on the IRRBB of the launching of new products; reporting the occurrence of any excesses over the approved limits.

The Models Monitoring and Validation Office (GAVM) is responsible for the initial and subsequent validations of the internal behavioural models used for the IRRBB measurement and quantification and by providing an independent opinion on the evaluation methodologies applied for EVE and NII risk assessment.

6.3. Interest rate shock and stress scenarios

The Group measures the main IRRBB measures, EVE and EaR (NII) with a series of internal and regulatory sensitivity scenarios/shocks using both parallel and non-parallel shifts of the interest rate curves, for all currencies, and analysing the results derived (ΔEVE and ΔNII).

The scenarios are designed based on the EBA guidelines and regulatory technical standards (EBA/GL/2022/14 and EBA/RTS/2022/10) but the scenarios are not limited to the regulatory requirements and further scenarios are performed according to the Group's expectations on the movements of interest rates that are deemed appropriate and necessary.

Below a description of the six regulatory stress scenarios (Supervisory Outlier Test) performed within the standard EVE outlier test performed on a regular basis:

(i) Parallel shock up. Constant positive shock applied to the current yield curve throughout all tenors.

(ii) Parallel shock down. Constant negative shock applied to the current yield curve throughout all tenors.

(iii) Steepener shock (short rates down and long rates up). Captures rotations to the term structure of the interest rates curves, whereby both the long and short rates are shocked, and the shift in interest rates at each tenor is obtained through a predefined formula.

(iv) Flattener shock (short rates up and long rates down). Captures rotations to the term structure of the interest rates curves, whereby both the long and short rates are shocked, and the shift in interest rates at each tenor is obtained through a predefined formula.

(v) Short rates shock up and (vi) short rates shock down. Shocks that are greatest at the shortest tenor midpoint and diminish, gradually, towards zero at the tenor of the longest point in the term structure based on a prescribed scaling factor.

Additionally, the Group performs scenarios of a parallel shift to the yield curve of +/- 100bps and +/- 200bps.

In terms of EaR (NII), a set of scenarios of a parallel shift to the yield curve of +/- 100bps and +/- 200bps is performed on a regular basis, incorporating if applicable the impact of interest rate movements on fair value items.

Also, stress tests are carried out for all Group positions for which interest rate risk is a relevant component, by considering different macroeconomic scenarios that contemplate several variables of analysis.

The macroeconomic scenarios are designed based on the prevailing economic situation and on the impact that may result from changes in the main risk analysis variables - namely, on traded assets prices, interest rates, exchange rates, default probabilities and the recovery rates of non-performing exposures.

6.4. Quantitative analysis

In accordance with article 448 of the Capital Requirements Regulation 2013/575/EU (CRR) and article 84 of the Capital Requirements Directive 2013/36/EU (CRD), the following table shows the impact of the Group's economic value of equity and net interest income for the banking book positions from interest rate changes between December 31, 2025, and September 30, 2025.

TABLE 6.1. – EU IRRBB1 – Interest rate risk of non-trading book activities

(Million euro)		a	b	c	d
Supervisory shock scenarios		Changes of the economic value of equity		Changes of the net interest income	
		31 Dec 2025	30 Sep 2025	31 Dec 2025	30 Sep 2025
1	Parallel up	-239	-223	105	77
2	Parallel down	-246	-232	-211	-154
3	Steepener	266	244		
4	Flattener	-647	-595		
5	Short rates up	-665	-607		
6	Short rates down	283	252		

The Bank's exposure to interest rate movements as of December 2025 is higher than what was observed in September 2025. The Group's metric of Economic Value of Equity SOT-six regulatory scenarios (parallel and non-parallel), show a negative impact from interest rates short rates movements up from EUR and PLN denominated exposures.

The sensitivity to net interest income is calculated for a parallel up/down interest rate shock for all currencies and following all methodologies and principles defined for internal metrics.

The maximum economic value of equity loss in December 2025 was -665.2 million euros corresponding to 8.97% of Tier 1 capital on a Group level as of reference date, whereas the one-year loss in net interest income was -211.1 million euros as of December 2025 circa 2.85% of Tier 1 capital.

The impact of hedging activity on EVE sensitivity (parallel shock of +100bps) stood at -125.8 million euros and +135 million euros for cash flow hedging strategies (CFH) and fair value hedging strategies (FVH), respectively. The impact of hedging activity on the sensitivity of NII 12 months projections under a parallel shock of +100bps stood at -54.3 million euros and -31.0 million euros for CFH and FVH, respectively.

For the purposes of prudency and completeness, the Group considers all currency exposures in the measurement of IRRBB. Reported values consider the aggregation of exposures for all currencies by summation of individual impacts.

The IRRBB measures are computed and reported on a monthly basis.

6.5. Modelling assumptions

With respect to the key modelling assumptions used for the analysis of behavioural optionality the Group takes into consideration both the contractual and behavioural characteristics of the balance sheet's interest rate sensitive items according to regulatory requirements and best practices. Subject to behavioural optionality modelling are the following:

Non-maturity deposits

The Group applies internal behavioural models to estimate the stability and effective maturity of Non-Maturity Deposits (NMDs), ensuring their treatment within IRRBB metrics reflects observed customer behaviour and is aligned with regulatory expectations.

The modelling framework, applied to Retail and Corporate portfolios in Portugal and Poland, decomposes NMD balances into stable and non-stable components, with the stable portion further segmented into core and non-core deposits.

In the first stage, deposits are allocated between stable and non-stable balances. The stable component represents balances expected to remain with the Bank over a longer horizon under normal conditions, while the non-stable component reflects balances more sensitive to short-term withdrawals or interest rate movements and is therefore assigned shorter behavioural maturities. The estimation of the non-stable portion is driven by behavioural indicators, including deposit concentration, historical peak monthly outflows, and observed transfers into remunerated term deposits.

In the second stage, stable balances are further divided into core and non-core components. The core component represents the most stable funding base, derived from deposits held by loyal customers identified through long-term retention behaviour. The non-core stable portion is estimated using an econometric model incorporating market interest rates and macroeconomic variables to capture sensitivity to external conditions.

Behavioural maturity assumptions are based on historical deposit dynamics, customer behaviour, and product characteristics, in line with applicable IRRBB regulatory guidelines. The resulting behavioural term structure is used to allocate NMD balances across repricing time buckets for the measurement of the Group's interest rate risk in the banking book.

As of December 2025, total NMD volumes amounted to EUR 54.9 billion, of which EUR 29.2 billion were classified as core NMDs. The non-stable component is treated as short-term liabilities for IRRBB purposes. The average behavioural maturity of NMDs was 3.3 years, subject to a maximum of 5 years.

Term deposits

Term deposits early redemption risk refers to the potential impact on a bank's interest rate risk in the banking book (IRRBB) due to customers withdrawing fixed-term deposits before maturity. This risk arises when depositors, responding to changes in market interest rates,

liquidity needs, or other financial incentives, redeem their deposits early, leading to cash flow mismatches and potential earnings volatility.

In compliance with the requirements set forth in the EBA guidelines EBA/GL2022/14, the Bank developed behavioural econometric models for term deposits for the perimeter of Portugal for both the Retail and Corporate segments.

Loans subject to prepayment risk

The model perimeter of Portugal includes BCP and ActivoBank term loans with retail customers mainly mortgages and cash loans, while models for mortgage and consumer loans have been developed in Poland. The conditional prepayment rate is estimated based on the elapsed maturity, the central tendency of the prepayment rate and the prepayment incentive related to the evolution of interest rates.

Non-maturity assets

In 2025 behavioural models for revolving non maturity loans and fixed rate off balance credit lines with fixed rates were developed for Portugal and Poland.

These models follow the same principles applied for other behavioural models, in term of identification of risk drivers and segmentation. According to the Group's IRRBB behavioural model development framework less material segments in these classes are modelled through simpler econometric approaches compared to material portfolios.

6.6. Credit spread risk in the banking book

Additionally, the Group assesses and monitors the credit spread risk of the non-trading book activities as per the Guidelines issued on the basis of Article 84 (6) of Directive 2013/36/EU specifying criteria for the identification, evaluation, management and mitigation of the risks arising from potential changes in interest rates and of the assessment and monitoring of credit spread risk of institutions' non-trading book activities, as specified in EBA/GL/2022/14.

The credit spread risk in the banking book (CSRBB) measures the impact of the market credit spread and market liquidity spread changes on the economic value of equity and earnings at risk perspective (net interest income and market value changes).

The sensitivity is measured by the CS01 metric defined as the economic value sensitivity of a one basis point shock applied to the market credit/liquidity spreads. Furthermore, scenarios (widening and tightening) to the market credit/liquidity spreads are used to monitor the credit spread sensitive assets, liabilities and off -balance sheet items in terms of impact on value and earnings metrics.

7. Liquidity and Funding Risk

7.1. Liquidity risk overview

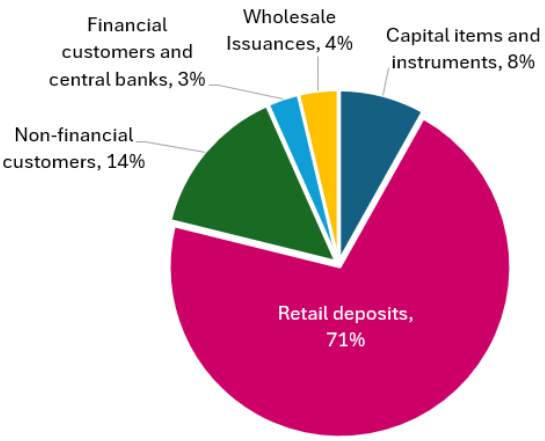
The Group's liquidity position remained robust over the twelve months ended 31 December 2025. Despite stronger credit dynamics, with consolidated loan growth of 10% (equivalent to EUR 5.5 billion, mainly originated in Portugal), customer on-balance sheet funds continued to grow at a higher pace, increasing by 7.0% (+5.9 Billion euro). This performance was primarily driven by the Polish operation, which recorded growth of 10.2% (+2.9 Billion euro).

The Group's funding structure[4] is primarily supported by customer deposits, which constitute its main and most stable source of funding, as reflected in a Loan-to--Deposits (LTD) ratio of 63% as of 31 December 2025. This funding base is complemented by access to capital markets funding and the generation of organic capital.

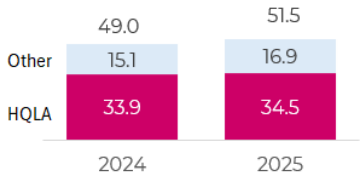
The positive funding gap, together with wholesale issuances, contributed to generating a structural liquidity surplus, enabling the Group to strengthen its counterbalancing capacity[5], which increased by 2.5 Billion euro to a year-end 2025 level of 51.5 Billion euro , predominantly composed of high-quality liquid assets eligible for central bank refinancing.

As a result, liquidity buffers remained strong across all geographies, supporting comfortable compliance with both regulatory and internal liquidity risk metrics.

Funding Structure- Distribution by source of funding % (1)



Counterbalancing capacity (2)



The wholesale funding issuance structure remains well diversified, supported by a balanced maturity profile and prudent liability management, with limited amounts maturing over the coming financial years, reflecting an appropriate laddering strategy and a controlled risk profile.

During the period, wholesale funding increased by 338 Million euro, mainly driven by higher covered bond issuance in Poland, which rose by 428 Million euro. This was partially offset by other movements across funding lines. The Bank continues to closely monitor debt capital markets conditions and actively manages its issuance strategy to ensure alignment with MREL requirements, while maintaining a prudent and diversified funding structure.

TABLE 7.1. – Breakdown of wholesale issuances by maturity year

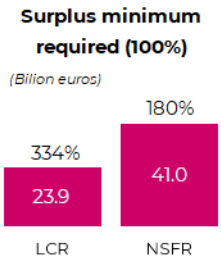
(Million euro)	2026	2027	2028	2029	>2030	Total
Senior Debt	-	1,000	500	1,000	500	3,001
Subordinated Debt	-	253	-	197	934	1,383
Perpetual Capital Instruments	-	-	-	-	400	400
Securitization	-	-	-	-	294	294
Covered bonds	-	71	-	118	426	615
Total	**-**	**1,324**	**500**	**1,315**	**2,553**	**5,692**

[4] The funding structure figures disclosed were calculated based on the regulatory information reported under the COREP – Net Stable Funding Ratio (NSFR) framework, in accordance with the applicable prudential reporting requirements.

[5] The counterbalancing capacity figures disclosed were calculated based on the regulatory information reported under the COREP – Additional Liquidity Monitoring Metrics (ALMM) framework, in accordance with the applicable prudential reporting requirements

The regulatory Liquidity Coverage Ratio (LCR) stood at 334% on a consolidated basis at the end of December 2025, showing an ample liquidity position (341% average LCR over last 12 months).

The Group's Net Stable Funding Ratio (NSFR) reached 180% in December 2025, significantly exceeding the regulatory minimum of 100%.



7.2. Liquidity and funding risk

Definition and general policy

Liquidity and funding risk refers to the risk that the Group may be unable to meet its payment and funding obligations as they fall due, without incurring unacceptable losses. This risk may arise either from constraints in obtaining funding under sustainable market conditions (funding liquidity risk) or from the inability to liquidate assets promptly at market value due to insufficient market depth or disruptions (market liquidity risk).

Liquidity and funding risk management within the Group is conducted in accordance with the principles, governance framework and methodologies established at Group level. The Consolidated Liquidity Plan, integrated into the annual budgeting and strategic planning process, constitutes the primary instrument for monitoring, planning and managing the Group's liquidity position.

The Group's liquidity management framework is designed to promote prudent and autonomous funding structures across the three main entities comprising the Group, thereby limiting interdependence between geographies and legal entities. In this context, each entity is required to maintain adequate liquidity buffers and funding capacity consistent with the size, nature and risk profile of its activities, ensuring the ability to meet its obligations independently and without reliance on intragroup support.

The Group's activities are predominantly funded through a stable and diversified customer deposit base, which represents the core source of funding. Access to wholesale and market funding is maintained in a prudent and limited manner, primarily through issuances undertaken to meet regulatory requirements, including the Minimum Requirement for Own Funds and Eligible Liabilities (MREL).

As stated by the Board of Directors in its Liquidity Adequacy Assessment included in the Internal Liquidity Adequacy Assessment (ILAAP) for 2026:

- The liquidity risk management framework remains robust, comprehensive and adequate to the nature, scale and complexity of its activities, providing for a clear identification and assessment of liquidity risks, supported by sound governance arrangements, effective escalation mechanisms and a comprehensive system of risk limits.
- The Group's Internal Liquidity Adequacy Assessment Process (ILAAP) is fully integrated across its key components and aligned with the Recovery Plan, ensuring consistency and continuity in the management of liquidity and funding risks under both business-as-usual and stress conditions.
- The risk management function of the consolidating entity provides a granular and holistic view of liquidity risk at both Group and individual entity level, supporting timely monitoring, decision-making and risk oversight.
- The governance framework ensures that all material components of the ILAAP are subject to appropriate review, challenge and approval by the management body, supported by robust internal validation processes and regular assessments of liquidity adequacy.
- The Group's liquidity position and funding profile remain resilient, supported by stable funding sources, significant local liquidity buffers and a forward-looking approach to

liquidity risk management. The ICAAP/ILAAP 2026-2028 projections, under both baseline and adverse scenarios, demonstrate that the Group and its main entities maintain adequate liquidity positions, in line with the Risk Appetite Statement (RAS) metrics and all applicable regulatory requirements. The Group's internal risk appetite limits remain more conservative than the corresponding regulatory thresholds, thereby ensuring compliance from both economic and normative perspectives.

7.3. Liquidity risk management governance

The governance framework for liquidity and funding risk is designed to ensure that liquidity levels remain within the limits established in the Risk Appetite Statement and is supported by the following governance roles:

- The Board of Directors of BCP is responsible for setting the Liquidity Risk Appetite of the BCP Group, approving the metrics and thresholds of the liquidity risk monitoring indicators of the RAS and the Liquidity Contingency Plan, upon an opinion issued by the Risk Assessment Committee and the BCP Executive Committee. BCP Board of Directors formally approves the Group's Risk Strategy, which is materialised in a document containing the key lines of action defined to address the main challenges previously identified within the Risk Identification Process. A similar process is followed at the level of each of the subsidiaries.
- The annual Risk Identification Process is promoted at BCP Group level by the BCP Risk Office, supporting the ICAAP, ILAAP and budgeting processes of the BCP Group.
- The Executive Committee of BCP is responsible for the definition of the overall liquidity risk management and control policy and for the approval of the Consolidated Liquidity Plan, upon referral from the Capital and Assets and Liabilities Committee (CALCO). The Consolidated Liquidity Plan is prepared by the Group Treasurer, which reports monthly on its execution to the CALCO, that also monitors the structural management of the consolidated liquidity position and regulatory and internal liquidity indicators, including those of the Liquidity Contingency Plan. Direção de Planeamento e Controlo (Planning and Control Division) contributes to the Liquidity Plan in what concerns the forecast and monitoring of the regulatory indicators.
- Besides acting as the ILAAP coordinator, the Risk Office (i) proposes and implements risk management policies, methodologies and indicators for addressing liquidity risks, the corresponding thresholds and limits, and ensures their permanent monitoring informing BCP management bodies (management and supervisory functions) whenever applicable; (ii) maintains the Liquidity Contingency Plan, by articulating with Markets, International and Treasury Division of BCP and the Planning and Control Division and (iii) proposes, reviews and runs the Internal Liquidity Stress Test (ILST) methodology.
- The continuous assessment, review and approval of the liquidity risk management framework and methodologies is entrusted to the Risk Commission, which oversight extends to subsidiaries.
- Each subsidiaries' Executive Committee/Board of Directors is responsible for ensuring the local application of the Group liquidity policy while complying with local legal and regulatory requirements.
- A comprehensive involvement of the organization in the ILAAP is ensured by the participation of all relevant areas in the Risk Identification Process workshops, in the design of the stress testing methodologies and, at an operational level, with the business areas communicating to the treasury management units of all entities the expected relevant inflows and outflows of funds. Moreover, the adopted risk strategy is disclosed to the heads of Bank's Divisions.
- The review of the ILAAP is ensured by the third line of defence through their mandatory review or one-off audit exercises.

Limits for the overall liquidity adequacy are thus set by the BoD at the consolidated level as per the indicators defined in the Group RAS. Those liquidity risk metrics are monitored on a regular basis and disclosed on the monthly risk report made available to the management bodies, ensuring the monitoring of the implementation of the Risk Strategy of the BCP and its subsidiaries within the risk boundaries accepted by the Board of Directors.

The Risk Identification Process for 2026 confirmed the low materiality of all risks after mitigation from the liquidity perspective. This risk assessment draws upon the conclusions of the workshops held with the three main operations of the Group. The Group closely monitors evolving market conditions, as global events, particularly geopolitical developments, may have a significant impact.

7.4. Liquidity risk monitoring

To align and mobilize the organization within the limits defined by the Group RAS, its indicators are cascaded down and, where applicable, higher reporting frequencies are defined within each major geography through:

- The monthly Entity RAS, which also incorporates specific local metrics.
- The daily short-term liquidity indicators and weekly Early Warning Signals scores of the Liquidity Contingency Plan (in all major geographies) and also through weekly reporting of the LCR projections.
- An intraday liquidity indicator.
- A daily dashboard, containing the evolution of the main liquidity risk indicators in each major geography.
- The limits system and its use at subsidiary and Group level, and the definition of priorities, responsibilities and measures to be taken in the event of a liquidity crisis is carried out in the Liquidity Contingency Plan of the Group BCP, which model is replicated at each entity level adjusting for local contexts and regulations. The results of the entities individual's Early Warning Signals are combined into a Group's score that is computed on a weekly basis, and with escalation procedures defined in case of breaching the defined thresholds. The BCP Risk Office is responsible for referring the Early Warning Signal score to the CALCO.
- The Liquidity Contingency Plan relates to the Recovery Plan by providing a list of liquidity contingency lines of action capable of being triggered on a going concern scenario, before reaching the recovery plan alert levels.

On top of the indicators described, the Group has in place an internal stress testing framework which results are presented monthly to CALCO. The scenarios comprise both severe idiosyncratic stress events, drawing upon historical cases of Portuguese banks under resolution or state support, systemic market-wide crises, such as those observed in Portugal, Greece and Ireland during the sovereign debt crisis, and combined scenarios. The severity embedded in these scenarios supports comprehensive coverage of liquidity risks as identified through the Risk Identification Process.

The methodology includes the estimation of the liquidity survival horizon of each entity based on the full depletion of available central bank buffers and monitors the evolution of RAS indicators over the stress horizon of one year, including the LCR and other two liquidity metrics.

The framework also includes:

- reverse stress testing, calibrated to a predefined failure point corresponding to the full depletion of the central bank liquidity buffer within a three-month horizon.
- intraday liquidity stress testing.
- assessment of liquidity impacts arising from ICAAP stress scenarios.

7.5. Structure and organization of the liquidity risk management function

Considering the governance framework of liquidity and funding risk already described, the liquidity risk management function is ensured by three lines of defense described below:

The first line of defense is jointly ensured by the Group Treasurer, the Treasury, Markets and International Division (DTMI), the Planning and Control Division and Assets and Liabilities, Research and Financing Division (DAPEF).

The Group Treasurer, which has daily responsibility for overseeing the consolidated liquidity position, in respect to the principles and rules established at Group level and the liquidity management guidelines defined by the CALCO. Group Treasurer additional responsibilities include:

- The proposal of an annual Liquidity Plan, particularly with respect to the desired balance sheet structure for each of the Group's Entities, considering individual budget projections.
- Facilitating the market access by different Group Entities in terms of optimizing the funding options, exploring general funding relationships and developing market sales.

The DTMI responsibilities include:

- The tactical liquidity management to make sure that the Group has funds to meet any requirement that may face and to comply with the binding levels of reserve requirements.
- The optimization of the immediate and short term (up to 3 months) liquidity positions without compromising any funding requirement faced by the Group.
- The execution of the funding transactions required by the Group Treasurer in the financial markets, on the best available conditions.

The Planning and Control Division of BCP responsibilities include:

- Regulatory liquidity indicators calculation and reporting to supervisory authorities,
- To inform BCP EC and CALCO on the evolution of regulatory liquidity indicators and any excess to regulatory limits.
- Participation in the Liquidity Plan design, mainly in what concerns the optimization of the regulatory levels.

Finally, the DAPEF responsibilities include participation in the Liquidity Plan design, mainly in what concerns the definition of the medium/long term funding strategy.

The Second Line of Defense is jointly ensured by the Risk Office – Liquidity Risks Area and by the Compliance Office, while the Third Line of Defense is ensured by the Internal Audit Division.

7.6. Reporting of liquidity risk

In addition to the framework described in Liquidity risk monitoring, the Group performs an annual ILAAP, comprising a comprehensive assessment of its liquidity and funding risk management framework in accordance with supervisory expectations and regulatory requirements.

The ILAAP supports the assessment of the adequacy of the Group's liquidity position, funding profile and liquidity buffers in relation to its risk profile, business strategy and stress scenarios. As part of this process, the BoD issued a Liquidity Adequacy Statement confirming the adequacy of the Group's liquidity resources and risk management framework to address existing and prospective liquidity and funding risks.

On a consolidated basis, the ILAAP encompassed the following key areas, each of which was reviewed and approved by the BoD:

- A **robust liquidity risk governance framework,** supported by clearly defined responsibilities, effective escalation and decision-making processes, regular involvement of the management and supervisory bodies, and an adequate three lines of defense structure ensuring independent oversight, challenge and review of liquidity and funding risk management practices.
- **An effective integration of the ILAAP within the Group's risk management framework**, supported by the interconnection between the main risk management, capital, liquidity and strategic planning processes, including the Risk Identification Process, the Risk Appetite Statement, the ICAAP, the ILAAP and the Recovery and Resolution Planning frameworks. This includes a robust Liquidity Contingency Plan, comprising an early warning signal system, a governance and activation framework and a set of predefined measures to generate liquidity, updated regularly.
- A **comprehensive Risk Identification Process**, ensuring the adequate identification and materiality assessment of liquidity and funding risks, thereby supporting the periodic review of the Risk Appetite Statement and the definition of the Group's Risk Strategy.
- A **comprehensive liquidity risk monitoring framework**, comprising a set of indicators cascaded from the Group's Risk Appetite Statement to operational management levels, enabling continuous monitoring of liquidity positions, including intraday, funding concentrations, early warning indicators and compliance with internal and regulatory limits.
- An **internal funds transfer pricing (FTP) framework**, supporting the effective allocation of liquidity and funding costs and benefits across business units, promoting risk-adjusted decision-making, alignment with the Group's liquidity strategy and the incorporation of liquidity considerations into pricing, performance assessment and balance sheet management.
- A **prudent and diversified funding strategy**, based on local Liquidity Plans monitored at local Capital and Assets and Liabilities Committees level, ensuring diversification of funding sources, continued market access, compliance with MREL requirements and an adequate redemption profile with no excessive concentration of maturities.
- A **sound liquidity buffer and collateral management framework**, ensuring the maintenance of adequate high-quality liquid/eligible assets, operational access to central bank facilities and sufficient collateral availability to support liquidity resilience under both normal and stressed conditions, including throughout the ICAAP projection horizon.
- A **robust internal liquidity stress testing framework**, designed to ensure comprehensive coverage of severe but plausible liquidity stress scenarios. The stress testing exercises demonstrated impacts more severe than those considered under the ICAAP adverse scenarios, while all consolidated RAS liquidity indicators remained comfortably within approved limits throughout the 2026–2028 horizon. Similar conclusions were obtained under the ECB geopolitical reverse stress testing exercise.

7.7. Liquidity risk mitigating measures

The Group maintains a Liquidity Contingency Plan (LCP) defining the governance arrangements, escalation procedures and mitigation actions to be implemented in the event of a liquidity stress situation.

The contingency framework is operationalised through a set of recovery measures detailed in the Recovery Plan, aimed at strengthening the Group's liquidity position under stressed conditions. These measures include access to central bank liquidity facilities, the issuance of retained covered bonds to increase the pool of assets eligible for monetary policy operations with the ECB, the disposal of liquid securities portfolios, the sale of short-term corporate credit exposures and the securitisation of consumer loan portfolios.

The feasibility, operational readiness and liquidity impact of these measures are periodically assessed, quantified and tested whenever applicable, ensuring the Group's capacity to respond effectively to adverse liquidity events.

7.8. Quantitative aspects

Liquidity Coverage Ratio (LCR)

TABLE 7.2. – **Breakdown of BCP Group's high-quality liquid assets (HQLAs)**

(Million euro) **Liquid Assets (HLQA)**	2025		2024	
	Market value	Applicable weighted amount	Market value	Applicable weighted amount
Level 1 (Cash and withdrawable central bank reserves)	2,433	2,433	3,605	3,605
Level 1 (securities)	30,945	30,917	29,262	29,243
Level 2A	392	333	395	336
Level 2B	747	374	624	312
Total	**34,516**	**34,056**	**33,886**	**33,495**

Bank liquidity, measured as the sum of high-quality liquid assets (HQLA) used for the Liquidity Coverage Ratio (LCR) calculation together with eligible non-HQLA assets, amounted to 51,464 Million euro in December 2025 compared to 48,969 Million euro in December 2024.

These assets, considered together, represent the Group's counterbalancing capacity as defined under the regulatory Maturity Ladder framework of COREP-ALMM. This includes HQLA as well as non-HQLA eligible assets such as retained covered bonds, credit claims, other assets eligible for central bank refinancing, and additional marketable securities traded in highly liquid organized markets.

The Liquidity Coverage Ratio (LCR), which came into force on 1 October 2015, requires institutions to maintain a sufficient stock of high-quality liquid assets (HQLA) to withstand a 30-calendar-day stress scenario combining both institution-specific and market-wide stress conditions. The regulatory minimum is set at 100%. BCP Group has incorporated internal thresholds for this metric within its Risk Appetite Framework.

Explanations on the main drivers of LCR results and the evolution of the contribution of inputs to the LCR's calculation over time

The Group's liquidity position remained resilient throughout 2025, supported by a significant increase in consolidated balance sheet customer funds (+7.0% compared to the same date in the prior year), driven mainly by the strong momentum of the Polish operation. Credit exhibited a growth trend, rising by 7.3% at Group level, largely fuelled by the solid performance in the activity in Portugal. From a balance sheet perspective, the growth in on-balance sheet customer funds once again exceeded that of loans, generating a liquidity surplus that supported the expansion of the securities portfolio, which grew 15.0% at group level.

Additionally, the Group's stable funding base and liquidity inflows were further reinforced by the issuance in 2025 of more than 429 Million euro in covered bonds through the Polish operation.

The evolution of the Group's funding sources contributed positively to the strengthening of the LCR and the reinforcement of the Bank's liquidity buffer, which continues to be predominantly composed of Level 1 assets, namely sovereign bonds and central bank deposits.

Explanations on the changes in the LCR over time

The regulatory Liquidity Coverage Ratio (LCR) stood at 334% on a consolidated basis at the end of December 2025 (341% average LCR over last 12 months), compared with 342% at the end of December 2024.This corresponded to a liquidity surplus of €24 billion, in line with the level recorded as of December 31, 2024, remaining significantly above the regulatory minimum requirement of 100%.

TABLE 7.3. – EU LIQ1 – Quantitative information of LCR

(Million euro)		a	b	c	d	e	f	g	h
Scope of consolidation: consolidated		Total unweighted value (average)				Total weighted value (average)			
EU 1a	Quarter ending on (DD Month YYY)	31 Dec 25	30 Sep 25	30 Jun 25	31 Jan 25	31 Dec 25	30 Sep 25	30 Jun 25	31 Jan 25
EU 1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
High-Quality Liquid Assets									
1	Total high-quality liquid assets (HQLA)					34,608	33,735	32,587	31,373
Cash — Outflows									
2	Retail deposits and deposits from small business customers, of which:	70,663	69,385	68,239	67,140	3,413	3,327	3,230	3,147
3	Stable deposits	37,942	36,771	35,705	34,512	1,897	1,839	1,785	1,726
4	Less stable deposits	11,608	11,359	11,001	10,824	1,515	1,488	1,445	1,422
5	Unsecured wholesale funding	17,301	16,862	16,744	17,024	5,786	5,612	5,531	5,612
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	9,982	9,706	9,601	9,607	2,436	2,368	2,342	2,345
7	Non-operational deposits (all counterparties)	7,278	7,115	7,143	7,417	3,308	3,203	3,188	3,267
8	Unsecured debt	42	42	-	-	42	42	-	-
9	Secured wholesale funding					-	-	-	-
10	Additional requirements	13,182	12,996	13,048	13,108	1,667	1,656	1,704	1,755
11	Outflows related to derivative exposures and other collateral requirements	214	227	272	338	214	227	272	338
12	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
13	Credit and liquidity facilities	12,969	12,768	12,776	12,770	1,453	1,429	1,432	1,416
14	Other contractual funding obligations	1,175	1,139	1,058	962	1,175	1,139	1,058	962
15	Other contingent funding obligations	5,229	5,281	5,289	5,293	970	1,016	1,021	991
16	TOTAL CASH OUTFLOWS					13,010	12,751	12,544	12,467
Cash — Inflows									
17	Secured lending (e.g. reverse repos)	70	63	40	33	-	-	-	-
18	Inflows from fully performing exposures	2,709	2,578	2,537	2,495	1,510	1,425	1,405	1,345
19	Other cash inflows	5,614	5,539	5,467	5,452	1,340	1,307	1,260	1,243

(Million euro)		a	b	c	d	e	f	g	h
Scope of consolidation: consolidated		Total unweighted value (average)				Total weighted value (average)			
EU 1a	Quarter ending on (DD Month YYY)	31 Dec 25	30 Sep 25	30 Jun 25	31 Jan 25	31 Dec 25	30 Sep 25	30 Jun 25	31 Jan 25
EU 1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					-	-	-	-
EU-19b	(Excess inflows from a related specialised credit institution)					-	-	-	-
20	TOTAL CASH INFLOWS	8,393	8,180	8,045	7,979	2,850	2,732	2,665	2,588
EU-20a	Fully exempt inflows	-	-	-	-	-	-	-	-
EU-20b	Inflows subject to 90% cap	-	-	-	-	-	-	-	-
EU-20c	Inflows subject to 75% cap	8,393	8,180	8,045	7,979	2,850	2,732	2,665	2,588
Total Adjusted Value									
EU-21	LIQUIDITY BUFFER					34,608	33,735	32,587	31,373
22	TOTAL NET CASH OUTFLOWS					10,159	10,019	9,879	9,879
23	LIQUIDITY COVERAGE RATIO					341%	337%	330%	318%

Liquidity concentration and funding resources

BCP Group's business model is primarily funded by retail customer deposits, which are characterized by a high degree of stability. These are complemented by deposits from corporate clients and financial institutions, mainly associated with operational banking activities.

Over recent years, the Group has significantly reduced the concentration of its largest depositors across its core operations, reaching very comfortable concentration levels. In addition to its deposit base, the Group issues senior and subordinated debt instruments to strengthen its regulatory capital position and meet MREL (Minimum Requirement for Own Funds and Eligible Liabilities) requirements. These issuances contribute to the diversification of wholesale funding sources and support a balanced maturity profile, with no significant refinancing concentrations expected over the coming years.

Composition of the liquidity buffer

The Group's liquidity buffer portfolio is composed of deposits held with central banks, sovereign securities issued by European countries, and corporate bonds. Most of this liquidity buffer consists of Level 1 assets, as defined under the Liquidity Coverage Ratio (LCR) framework, and therefore qualifies as High-Quality Liquid Assets (HQLA).

In addition, BCP Group maintains a supplementary liquidity buffer consisting of assets eligible with central banks but not classified as HQLA, such as retained covered bonds and credit claims. These assets are readily available for use as collateral to obtain additional funding from the European Central Bank (ECB) and, in the case of retained covered bonds, are also eligible in the repo market.

The Bank continuously monitors internal liquidity thresholds above the regulatory LCR requirements to mitigate operational risk and ensure that the liquidity buffer remains adequate for the prudent short-term liquidity management of the Group. This ongoing monitoring supports the Group's ability to meet its financial obligations in a robust and efficient manner.

Derivative exposures and potential collateral calls

Derivative transactions carried out by BCP Group are governed by collateral agreements designed to mitigate the credit risk arising from fluctuations in the market value of those transactions. The Group also assesses the associated liquidity risk by evaluating the potential impact of adverse market scenarios affecting derivative valuations. Such scenarios may lead to additional liquidity needs arising from collateral posting requirements or replacement costs.

For LCR purposes, the additional liquidity requirement related to derivatives is calculated based on the largest historical net variation in collateral flows (amounts received versus amounts posted) observed over rolling 30-day periods during the previous 24 months. This methodology aims to capture potential additional liquidity needs arising from collateral movements and to support effective liquidity management during periods of market stress.

Currency mismatch in the LCR

The BCP Group monitors significant currencies, defined as those representing more than 5% of total liabilities, together with the corresponding liquidity buffer and net liquidity outflows. At Group level, only EUR and PLN are considered relevant currencies, reflecting the Group's activities in Portugal and the operations of its subsidiary in Poland. The LCR for both EUR and PLN remains comfortably above the regulatory minimum requirement of 100%.

Description of the centralization degree of both liquidity management and interaction between Group's units:

Liquidity management within the Group is geographically decentralized, with each subsidiary responsible for managing and meeting its own liquidity requirements. These needs are primarily funded through local deposits and, where necessary, supplemented by market funding sources available in each jurisdiction.

At Group level, the individual liquidity plans of the main entities are consolidated to ensure an appropriate alignment between asset and liability inflows and outflows arising from commercial and corporate objectives. This process is supported by prudent treasury management practices and compliance with both regulatory and internal liquidity metrics, including the maintenance of adequate liquidity buffers with central banks.

The liquidity position and funding profile of each entity are centrally monitored through operational, regulatory, and internal indicators. Although subsidiaries manage their liquidity independently, the Group has established internal coordination mechanisms to optimize liquidity management efficiency on a consolidated basis, particularly during periods of market stress. This framework supports the effective allocation and management of financial resources across the Group, reinforcing resilience and stability under adverse conditions

Net Stable Funding Ratio (NSFR)

From the perspective of structural liquidity, BCP Group continued to strengthen its stable funding base, with a significant portion comprised of customer deposits, complemented by medium and long-term instruments, primarily consisting of MREL issuances.

The regulatory stable funding ratio (NSFR); as per Article 428 of Regulation (EU) 2019/876) reached 180% in December 2025, compared to 181% in December 2024, significantly exceeding the regulatory minimum of 100%. These results reflect BCP Group ongoing commitment to maintaining a robust and sustainable funding structure.

TABLE 7.4. – EU LIQ2 – Net Stable Funding Ratio

In accordance with Article 451a(3) CRR

(Million euro)		31 Dec 2025				
		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items						
1	Capital items and instruments	7,043	-	-	1,412	8,454
2	Own funds	7,043	-	-	1,412	8,454
3	Other capital instruments		-	-	0	0
4	Retail deposits		70,325	3,067	198	68,963
5	Stable deposits		52,606	1,618	179	51,691
6	Less stable deposits		17,719	1,449	20	17,271
7	Wholesale funding:		18,080	35	3,868	12,329
8	Operational deposits		10,497	17	0	5,257
9	Other wholesale funding		7,583	19	3,868	7,072
10	Interdependent liabilities:		-	-	-	-
11	Other liabilities:	22	2,734	-	2,357	2,357
12	NSFR derivative liabilities	22				
13	All other liabilities and capital instruments not included in the above categories		2,734	-	2,357	2,357
14	Total available stable funding (ASF)					92,103
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					1,972
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		-	-	-	-
16	Deposits held at other financial institutions for operational purposes		186	-	-	93
17	Performing loans and securities:		10,627	3,624	48,467	42,775
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		23	-	-	-
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		788	131	935	1,079
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		8,837	2,698	19,772	22,018
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		1,067	526	2,782	2,605
22	Performing residential mortgages, of which:		670	660	25,937	17,826
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		668	657	25,806	17,712
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		307	135	1,823	1,853
25	Interdependent assets		-	-	-	-
26	Other assets:		398	97	5,231	5,443
27	Physical traded commodities				-	-
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		-	-	423	360
29	NSFR derivative assets		-	-	-	-
30	NSFR derivative liabilities before deduction of variation margin posted		187	-	-	9
31	All other assets not included in the above categories		211	97	4,807	5,073
32	Off-balance sheet items		4,264	2,061	8,256	783
33	**Total RSF**					51,065
34	**Net Stable Funding Ratio (%)**					1.80

(Million euro)		30 Sep 2025				
		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items						
1	Capital items and instruments	7,045	-	-	1,406	8,451
2	Own funds	7,045	-	-	1,406	8,451
3	Other capital instruments		-	-	0	0
4	Retail deposits		68,559	2,442	323	66,849
5	Stable deposits		51,181	1,314	237	50,107
6	Less stable deposits		17,378	1,128	86	16,741
7	Wholesale funding:		19,738	27	3,607	12,339
8	Operational deposits		9,561	17	1	4,790
9	Other wholesale funding		10,177	10	3,606	7,549
10	Interdependent liabilities:		-	-	-	-
11	Other liabilities:	-	3,222	-	2,337	2,337
12	NSFR derivative liabilities	-				
13	All other liabilities and capital instruments not included in the above categories		3,222	-	2,337	2,337
14	Total available stable funding (ASF)					89,976
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					1,897
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		-	-	-	-
16	Deposits held at other financial institutions for operational purposes		237	-	-	118
17	Performing loans and securities:		10,768	3,464	47,407	41,426
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		137	-	0	0
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		1,012	72	950	1,087
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		8,510	2,457	17,369	19,688
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		912	554	2,315	2,142
22	Performing residential mortgages, of which:		788	805	27,189	18,765
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		785	804	27,137	18,718
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		322	129	1,899	1,885
25	Interdependent assets		-	-	-	-
26	Other assets:		1,037	96	5,397	5,875
27	Physical traded commodities				-	-
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		-	-	434	369
29	NSFR derivative assets		249	-	-	249
30	NSFR derivative liabilities before deduction of variation margin posted		187	-	-	9
31	All other assets not included in the above categories		601	96	4,963	5,248
32	Off-balance sheet items		4,318	1,691	7,361	724
33	**Total RSF**					50,040
34	**Net Stable Funding Ratio (%)**					1.80

(Million euro)		30 Jun 2025				
		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items						
1	Capital items and instruments	6,911	-	-	1,398	8,310
2	Own funds	6,911	-	-	1,398	8,310
3	Other capital instruments		-	-	0	0
4	Retail deposits		67,174	2,618	319	65,731
5	Stable deposits		50,415	1,540	294	49,651
6	Less stable deposits		16,760	1,078	25	16,080
7	Wholesale funding:		17,055	31	4,177	12,184
8	Operational deposits		9,652	21	0	4,837
9	Other wholesale funding		7,403	10	4,176	7,347
10	Interdependent liabilities:		-	-	-	-
11	Other liabilities:	-	3,153	-	2,318	2,318
12	NSFR derivative liabilities	-				
13	All other liabilities and capital instruments not included in the above categories		3,153	-	2,318	2,318
14	Total available stable funding (ASF)					88,542
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					1,220
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		-	-	-	-
16	Deposits held at other financial institutions for operational purposes		302	-	-	151
17	Performing loans and securities:		10,147	3,505	46,450	40,629
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		17	-	-	-
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		790	173	993	1,159
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		8,303	2,443	16,818	19,164
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		1,138	611	2,084	2,141
22	Performing residential mortgages, of which:		747	748	26,689	18,390
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		744	746	26,611	18,321
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		290	141	1,949	1,916
25	Interdependent assets		-	-	-	-
26	Other assets:		906	116	5,757	6,303
27	Physical traded commodities				-	-
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		-	-	431	366
29	NSFR derivative assets		260	-	-	260
30	NSFR derivative liabilities before deduction of variation margin posted		226	-	-	11
31	All other assets not included in the above categories		420	116	5,327	5,666
32	Off-balance sheet items		3,656	1,703	7,414	691
33	**Total RSF**					48,995
34	**Net Stable Funding Ratio (%)**					1.81

(Million euro)		31 Mar 2025				
		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items						
1	Capital items and instruments	6,515	-	-	1,395	7,910
2	Own funds	6,515	-	-	1,395	7,910
3	Other capital instruments		-	-	0	0
4	Retail deposits		65,741	3,297	347	65,047
5	Stable deposits		49,594	1,724	318	49,070
6	Less stable deposits		16,147	1,573	29	15,977
7	Wholesale funding:		17,031	41	3,688	11,701
8	Operational deposits		9,643	21	1	4,833
9	Other wholesale funding		7,389	20	3,686	6,868
10	Interdependent liabilities:		-	-	-	-
11	Other liabilities:	-	3,324	-	2,654	2,654
12	NSFR derivative liabilities	-				
13	All other liabilities and capital instruments not included in the above categories		3,324	-	2,654	2,654
14	Total available stable funding (ASF)					87,313
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					1,110
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		-	-	-	-
16	Deposits held at other financial institutions for operational purposes		327	-	-	164
17	Performing loans and securities:		9,990	3,526	46,111	40,151
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		38	-	-	-
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		908	256	814	1,033
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		7,950	2,383	15,924	18,142
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		1,241	663	2,379	2,414
22	Performing residential mortgages, of which:		790	739	26,580	18,330
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		786	735	26,526	18,280
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		305	148	2,793	2,645
25	Interdependent assets		-	-	-	-
26	Other assets:		804	135	5,792	6,309
27	Physical traded commodities				-	-
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		-	-	382	325
29	NSFR derivative assets		200	-	-	200
30	NSFR derivative liabilities before deduction of variation margin posted		175	-	-	9
31	All other assets not included in the above categories		428	135	5,411	5,775
32	Off-balance sheet items		2,786	2,360	7,699	704
33	**Total RSF**					48,437
34	**Net Stable Funding Ratio (%)**					1.80

7.9. Encumbered and unencumbered assets

At the end of December 2025, and according to the EBA methodology, the total encumbered assets represent 3% of the Group's total balance sheet assets. Debt securities represent 58% of the total encumbered assets while encumbered Loans to customers represents 34%.

The main sources of asset encumbrance in Portugal stem from repurchase agreement operations, collateral swap operations, collateralization of derivative operations and securitization programs collateralised by certain Loans to Customers' portfolios. Collateralization of securitization operations in Poland, derivatives central counterparty clearing houses and other commitments with the Deposit Guarantee Fund, are primarily supported by eligible sovereign debt held with the central bank of Poland.

On 31st December 2025, the Other assets includes unencumbered assets in the amount of 3,145 million euro related to Loans on demand, the amount of 55,900 million euro related to Loans and advances other than loans on demand (of which encumbered assets in the amount of 949.5 million euros) and the amount of 6,061 million euro, mostly unencumbered and related to the Group's activity, namely: investments in associated companies and subsidiaries, tangible assets and investment properties, intangible assets, assets associated with derivatives and current and deferred taxes.

On 31st December 2025, BCP Group has a 12.5 Billion euro BCP Covered Bond Programme ("BCP Programme") with 11.2 Billion euro of covered bonds outstanding. The BCP Programme is backed by a 13.4 Billion euro portfolio of residential mortgages, as well as by a liquidity buffer of 50 Million euro, totalling an overcollateralization of 20.0%, which is above the minimum of 12.0% currently required by rating agencies.

The Portuguese covered bond legislation, under which the BCP Programme has been updated and authorised, in 2023, for the issuance of "Covered Bonds (Premium)" (label now born by all its outstanding covered bonds), affords covered bond holders a dual-recourse, firstly over the issuer, secondly over the cover pool that may also include other eligible assets, over which they benefit from a special preferential claim. The Portuguese covered bond legislation ensures total segregation of the covered pool from any future issuer's insolvent estate, for the benefit of covered bond holders, who have precedence over claims of any other of the issuer's creditors in case of issuer insolvency, thus and to this extent superseding the general insolvency and recovery legislation. Residential mortgages included in BCP Programme's cover pool are subject to certain eligibility criteria inscribed in the Portuguese covered bond legislation, including a maximum LTV of 80%, delinquency of no more than 90 days, and them being first lien mortgages (or, if otherwise, all preceding liens being in the cover pool) over properties located in the EU. The BCP's Programme documentation limits the mortgaged properties' location to Portugal only.

As regard Poland Covered Bonds, Millennium Bank Hipoteczny S.A. ("MBH") initiated operations on June 14, 2021, with an initial capital of 120 Million zlotys, fully subscribed by Bank Millennium S.A. In 2024, MBH issued two covered bonds with a five-year maturity, with the amounts of 800 Million zlotys and 1,000 Million zlotys. As of December 2025, MBH's covered bonds have the highest possible AAA rating by Fitch Ratings.

MBH's covered bonds are secured by mortgage receivables under loans granted by the Bank and by Polish government debt. These loans meet specific criteria, including being in PLN, intended for housing purposes, having ownership titles with established mortgages in favor of Bank Millennium in the first place, no evidence of impairment, and loan values lower than the mortgage lending value.

TABLE 7.5. – EU AE1 – Encumbered and unencumbered assets

(Million euro)		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
			of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA
		010	030	040	050	060	080	090	100
010	**Assets of the reporting institution**	2,826	1,652			103,831	37,427		
030	Equity instruments	0	0	0	0	347	0	347	0
040	Debt securities	1,652	1,652	1,611	1,611	38,712	33,438	38,728	33,371
050	of which: covered bonds	0	0	0	0	387	387	387	387
060	of which: securitisations	0	0	0	0	0	0	0	0
070	of which: issued by general governments	1,652	1,652	1,611	1,611	30,382	29,705	30,253	29,562
080	of which: issued by financial corporations	0	0	0	0	2,433	1,117	2,441	1,123
090	of which: issued by non-financial corporations	0	0	0	0	3,856	622	3,902	622
120	Other assets	1,215	0			64,853	4,012		

TABLE 7.6. – EU AE2 – Collateral received and own debt securities issued

(Million euro)		Fair value of encumbered collateral received, or own debt securities issued		Unencumbered	
				Fair value of collateral received, or own debt securities issued available for encumbrance	
			of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA
		010	030	040	060
130	**Collateral received by the disclosing institution**	0	0	543	102
140	Loans on demand	0	0	0	0
150	Equity instruments	0	0	0	0
160	Debt securities	0	0	451	102
170	of which: covered bonds	0	0	265	0
180	of which: securitisations	0	0	0	0
190	of which: issued by general governments	0	0	102	102
200	of which: issued by financial corporations	0	0	329	0
210	of which: issued by non-financial corporations	0	0	0	0
220	Loans and advances other than loans on demand	0	0	91	0
230	Other collateral received	0	0	0	0
240	**Own debt securities issued other than own covered bonds or securitisations**	0	0	0	0
241	**Own covered bonds and securitisations issued and not yet pledged**			9,180	0
250	**Total Collateral Received and Own Debt Securities Issued**	2,826	1,652		

TABLE 7.7. – EU AE3 – Sources of encumbrance

(Million euro)		Matching liabilities, contingent liabilities or securities lent	Assets, collateral received, and own debt securities issued other than covered bonds and securitisations encumbered
		010	030
010	Carrying amount of selected financial liabilities	1,295	1,703

8. Market Risk

8.1. Market risk governance and framework

Management areas

Market risks materialize in the losses that may arise within a portfolio resulting from 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. Market risk is managed separately from credit, counterparty, liquidity and interest rate risk in the banking book, which are addressed in the corresponding sections of this Report.

For the purposes of profitability analysis and market risks quantification and control, the following management areas are defined for each entity of the Group:

- 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 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.
- 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 operation to the most suitable management area, based on its context and strategy.

The Trading Book includes financial instruments, such as bonds, currency positions, equities, and derivatives that are actively traded in the market and are held with the objective of generating short-term gains. The Banking Book comprises all other positions held over longer periods or arising from traditional banking activities, including wholesale funding, investment portfolios, commercial activity, structural positions and the Group's equity investments in subsidiaries and associates.

Market risk strategy, processes and hedging

The Group's market risk management strategy reflects the dual nature of its Trading Book activity, which comprises both client-driven positions (arising from market-making and sales operations conducted on behalf of customers) and proprietary trading positions taken within the limits defined by the Risk Appetite Framework. Both types of activity are conducted through the Group's dealing rooms, under a common framework of governance, limits and reporting.

The primary objective of market risk management is to ensure that the level of risk incurred across all portfolios remains within the tolerances established by the Board of Directors (BoD) and expressed in the Group's Risk Appetite Framework (RAS). This objective is pursued through the definition and continuous monitoring of quantitative limits (e.g., VaR and stop-loss), the prior approval of permitted products and currencies, and the maintenance of appropriate governance and control processes, which are described in the following sections.

Within the Trading Book, hedging is an integral part of active position management: trading desks may use derivatives and other instruments to offset the risk arising from customer activity

or from proprietary positions, within the scope of the approved products and currencies and subject to the applicable limits. The continuing effectiveness of these hedges is monitored through the daily VaR framework and the backtesting process, and positions or portfolios where hedges no longer perform as intended are identified through limit and stop-loss monitoring and escalated to the Executive Committee (EC). The management of hedges of the structural foreign exchange position in the Banking Book is addressed in the following section. The designation and effectiveness assessment of hedges of interest rate risk in the Banking Book is governed by a separate framework and disclosed in the context of the IRRBB disclosures.

The Group does not have any securitization positions in the Trading book.

Risk appetite and limits

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

Stop-loss limits are defined 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.

Also, within the scope of risk appetite, the Group has defined the products and currencies in which the dealing rooms of the different entities are authorised to trade. The introduction of any new product or currency is subject to approval by the Risk Commission, based on a reasoned proposal from the business areas subject to Risk Office's opinion.

Internal control framework

Each entity within the Group has in place procedures that aim to ensure the effective control of positions considering the entities' trading strategy, including the monitoring of transaction volumes and compliance with expected holding periods.

These procedures also include the segregation of position-taking from position valuation, both at process level and at the level of the information technology systems involved, the independent verification of valuation prices, and automated controls that detect stale prices and prices with abnormal variances, which provide early indicators of a possible deterioration in the liquidity or in the data quality of the instruments held.

To ensure the appropriateness of the internal VaR model, the Group operates a structured validation framework, comprising daily backtesting (described further below in the section on Backtesting of the internal model) and periodic validation reviews of methodology, data and parameters performed by the Models Monitoring and Validation Office (GAVM).

During 2025, the Group continued to strengthen the market risk management framework, including the reinforcement of the control mechanisms on the assumptions of the internal VaR model used, the update of Risk Appetite for market risks, notably the revision of limits established for the different areas, and the revision and formalisation of internal manuals that govern the operationalisation of market risk controls.

Organisation and governance of the market risk function

Market risk governance is organised across three levels, the Board of Directors, the Executive Committee, and the risk management function, with clearly defined responsibilities and communication mechanisms between the parties involved.

At Board level, the BoD has delegated the day-to-day management of the Bank to the EC and has established specialised committees, among which the Risk Assessment Committee (RAC) is responsible for advising and assisting the Board on the general risk appetite and risk strategy of the Group and for overseeing their implementation. In the area of market risk, the RAC receives information directly from the risk management function, monitors the Risk Appetite

indicators, and issues a prior opinion to the BoD on the Market Discipline Report, on the Risk Appetite Framework, and on the ICAAP. The RAC meets at least monthly.

At EC level, the Risk Commission reviews the market risk positions, the results of stress tests and the compliance with limits, while the Capital Planning, Asset and Liability Management Committee (CALCO) monitors the structural foreign exchange position of the Banking Book. The Executive Committee receives market risk reporting on a daily basis.

The risk management function is exercised by the Risk Office which, together with the Compliance and the Internal Audit functions, constitutes the Group's Internal Control System, corresponding respectively to the second and third lines of defence.

The Risk Office's Market Risks Area is responsible for the following main activities:

- Proposing and implementing market risks' management policies and methodologies for their identification, measurement, limitation, monitoring, mitigation, and reporting.
- Participating in the structural management of market risk, particularly in the planning processes, in ICAAP and Recovery Planning.
- Measuring, monitoring, and reporting the risk positions and the results of stress test exercises, as well as compliance with the established internal limits, computing the capital requirements (or RWA) for market risks and ensure the calculation of the Credit Valuation Adjustment (CVA / DVA) for OTC derivatives.
- Modelling the market risk management system and ensure the respective updates as well as verify its operational implementation on the Bank's front-office platform.
- Reporting to the Executive Committee any excess over limits, as well as verifying the compliance with the required ratification and approval processes.
- Analysing the new products prior to their launching and the trading in new currencies.
- Defining and reporting the classification of financial instruments in the fair value hierarchy, under the terms defined in terms of IFRS 13.
- Coordinating with the relevant Group entities the definition of the negotiation strategies, validating their compliance with the defined policy and limits.

The Market Risks Area acts independently, both organically and functionally, from all risk-taking areas, which ensures the autonomy of its management functions, aligned with the Group's risk profile and strategic goals.

Risk reporting and measurement systems

The measurement, monitoring and control of market risk is supported by an in-house platform (InVaR) developed and maintained by the Risk Office's Market Risks Area. This platform integrates the VaR and stressed VaR calculation engine, the stress testing module and the limit monitoring framework, so that the monitoring of limits is performed on the basis of the same data and the same calculation as the risk measurement itself. The platform interfaces with the Bank's front-office trading system, from which it receives the position data, and is fed with market data (e.g., yield curves, exchange rates, equity and index prices) obtained from independent market data sources.

Market risk information is reported on a daily basis to the trading desks and to the EC, among others, comprising the VaR and stressed VaR by portfolio, the results and the compliance with the limits in force, and on a monthly basis to CALCO, in a more comprehensive format. The RAC receives market risk information directly.

8.2. Market Risk: Methodologies and Quantitative Disclosures

Scope of application of the internal model

The Trading Book consists of positions held with the purpose of obtaining short-term gains, via sale or revaluations. These positions are actively managed and rigorously and frequently evaluated.

In a letter dated 30 April 2009, Banco de Portugal authorised the Group to use the internal models' approach (IMA) to compute own funds requirements in terms of general market risk of the Trading Book. This authorisation encompassed all the sub-portfolios of the Trading Book that are part of the perimeter centrally managed from Portugal (hereinafter, the 'IMA perimeter'), which includes all trading operations related to financial markets and products, namely those carried out by Banco Comercial Português, S.A.

Thus, as of 31 December 2025, own funds requirements for general market risks of the Trading Book were calculated in accordance with the internal models' approach for general risk, within the universe of entities centrally managed from Portugal, with the requirements of the remaining entities calculated under the standardised approach. As of 31 December 2025, the capital requirements calculated by the internal model corresponded to 51% of the total requirements of the Group for market risk.

TABLE 8.1. – **Market risk measurement approaches**

Market risk measurement approaches	
Generic risk on debt and equity instruments	Internal Model Approach
FX risk	Internal Model Approach
Commodities risk and specific risk on debt and equity instruments	Standardised Approach

The same VaR and stressed VaR models used for the calculation of own funds requirements are applied across all entities and sub-portfolios within the IMA perimeter; no separate local models are used.

The Bank uses a methodology based on the standardised approach for specific risk to assess the idiosyncratic risk existing due to the holding of securities (debt instruments, equities, certificates, etc.) and of derivatives whose performance is directly related with the securities' value.

The Group does not hold a Correlation Trading Portfolio (CTP) and does not use internal models to measure own funds requirements for incremental default and migration risk (IRC) nor for the correlation trading portfolio, and the qualitative disclosure requirements relating to those internal models do not apply to the Group.

Calculation methodologies

The calculation of own funds requirements for general market risk, using the standardised approach, was based on the following methodologies, according to the specific type of financial instrument:

- **Debt instruments portfolio**: capital requirements for general market risk were calculated according to the maturity-based method, in accordance with Article 339 of Section 2 of Chapter 2, Title IV, Part III of the CRR, and the treatment of positions referred to in Section 1 of the same chapter.
- **Equity instruments**: own funds requirements for general market risk were calculated in accordance with the methodology described in Section 3, Chapter 2, Title IV, Part III of the CRR.

For the application of the internal models' approach, the Group applies a VaR methodology to measure general market risk, including interest rate risk, foreign exchange risk, and equity risk, for all sub-portfolios covered by the previously mentioned authorisation for internal modelling.

The daily VaR is determined through a parametric methodology, by calculating the impact on the current value of the portfolio of the historical changes of the risk factors observed over a one-year window. The observation window is updated daily, with the most recent observation being added and the oldest removed. On the weighting scheme, the Bank applies a process whereby, each day, two VaR estimates are computed in parallel, one based on equally-weighted historical observations and another based on exponentially-weighted observations (EWMA), and the higher of the two is retained for risk measurement and limit monitoring purposes. As of 31 December 2025, no weighting was effectively applied. The 10-business-day holding period is obtained by multiplying the 1-day VaR by the square root of 10.

In accordance with the implemented methodology, the Bank uses a variance-covariance parametric approach, in which the VaR is derived from the variance-covariance matrix of the risk-factor returns and from the first-order sensitivities of the portfolio to those factors. Logarithmic returns of the risk factors are used; for interest rates, the logarithmic returns of the discount factors are used.

General market risk is measured through the internal VaR model described above, while specific risk is measured separately under the standardised approach and added as a stand-alone charge to the general risk VaR; no diversification benefit is recognised between the two, which are aggregated by simple addition. The VaR model used for internal management and limit purposes is the same model used for regulatory purposes.

As the parametric VaR captures only the linear (first-order) risk of option positions, a complementary non-linear risk measure is computed, with a confidence interval of 99%, to capture the gamma and vega components not captured by VaR. In addition, the commodities risk is measured under the standardised approach. These complementary measures are integrated into the aggregate market risk indicator without recognising any diversification between risk subtypes – that is, under the conservative assumption of perfect correlation (worst-case scenario).

The amounts of capital at risk are thus determined, both on an individual basis, for each of the portfolio positions of the taking and managing risk areas, and in consolidated terms, considering the effects of diversification of the various portfolios.

For the calculation of own funds requirements, the capital charge under the internal model is determined as the sum of the VaR-based and the SVaR-based charges. For both VaR and SVaR, pursuant to Article 366 of the CRR, a regulatory multiplier is additionally applied.

The SVaR is calculated, with a confidence interval of 99%, on the basis of the daily variations of market prices within a specific 12-month stress period. This stress period is assessed weekly and may lead to a review of the period to be considered as the one that maximizes the VaR of the portfolio at the time of analysis. As of 31 December 2025, the stress period considered was the year ending on 02 July 2012. That period encompasses the most acute phase of the Eurozone sovereign debt crisis, marked by a pronounced widening of sovereign credit spreads and by high volatility in the interest rate, foreign exchange and equity markets.

Internal model quantitative disclosures

The following tables provide quantitative data on the market risk measurement of the Trading Book using the internal model in place.

TABLE 8.2. – EU MR2-A – Market risk under the Internal Model Approach (IMA)

(Million euro)		a	b
		RWEAs	Own funds requirements
1	**VaR** (higher of values a and b)	91	7
(a)	Previous day's VaR (VaRt-1)		1
(b)	Multiplication factor (mc) x average of previous 60 working days (VaRavg)		7
2	**SVaR** (higher of values a and b)	202	16
(a)	Latest available SVaR (SVaRt-1))		2
(b)	Multiplication factor (ms) x average of previous 60 working days (sVaRavg)		16
3	**IRC** (higher of values a and b)	0	0
(a)	Most recent IRC measure		
(b)	12 weeks average IRC measure		
4	**Comprehensive risk measure** (higher of values a, b and c)	0	0
(a)	Most recent risk measure of comprehensive risk measure		
(b)	12 weeks average of comprehensive risk measure		
(c)	Comprehensive risk measure Floor		
5	**Other**	0	0
6	**Total**	292	23

TABLE 8.3. – EU MR3 – IMA values for trading portfolios

(Million euro)		A
VaR (10 day 99%)		
1	Maximum value	5
2	Average value	2
3	Minimum value	1
4	Period end	1
SVaR (10 day 99%)		
5	Maximum value	9
6	Average value	4
7	Minimum value	2
8	Period end	2
IRC (99.9%)		
9	Maximum value	
10	Average value	
11	Minimum value	
12	Period end	
Comprehensive risk measure (99.9%)		
13	Maximum value	
14	Average value	
15	Minimum value	
16	Period end	

In 2025, the average value of stressed VaR, for the Trading Portfolio, was EUR 4 million. As of 31 December 2025, the value of this metric was EUR 2 million.

TABLE 8.4. – EU MR2-B – RWA flow statements of market risk exposures under the IMA

Dec 2025 (Million euro)		a	b	c	d	e	f	g
		VaR	SVaR	IRC	Comprehensive risk measure	Other	Total RWAs	Total own funds requirements
1	**RWEAs at previous period end**	**125**	**235**				**360**	**29**
1a	Regulatory adjustment	-97	-186				-283	-23
1b	RWEAs at the previous quarter-end (end of the day)	28	49				77	6
2	Movement in risk levels	-11	-21				-32	-3
3	Model updates/changes							
4	Methodology and policy							
5	Acquisitions and disposals							
6	Foreign exchange movements							
7	Other							
8a	RWEAs at the end of the reporting period (end of the day)	17	28				45	4
8b	Regulatory adjustment	74	174				247	20
8	**RWEAs at the end of the reporting period**	**91**	**202**				**292**	**23**

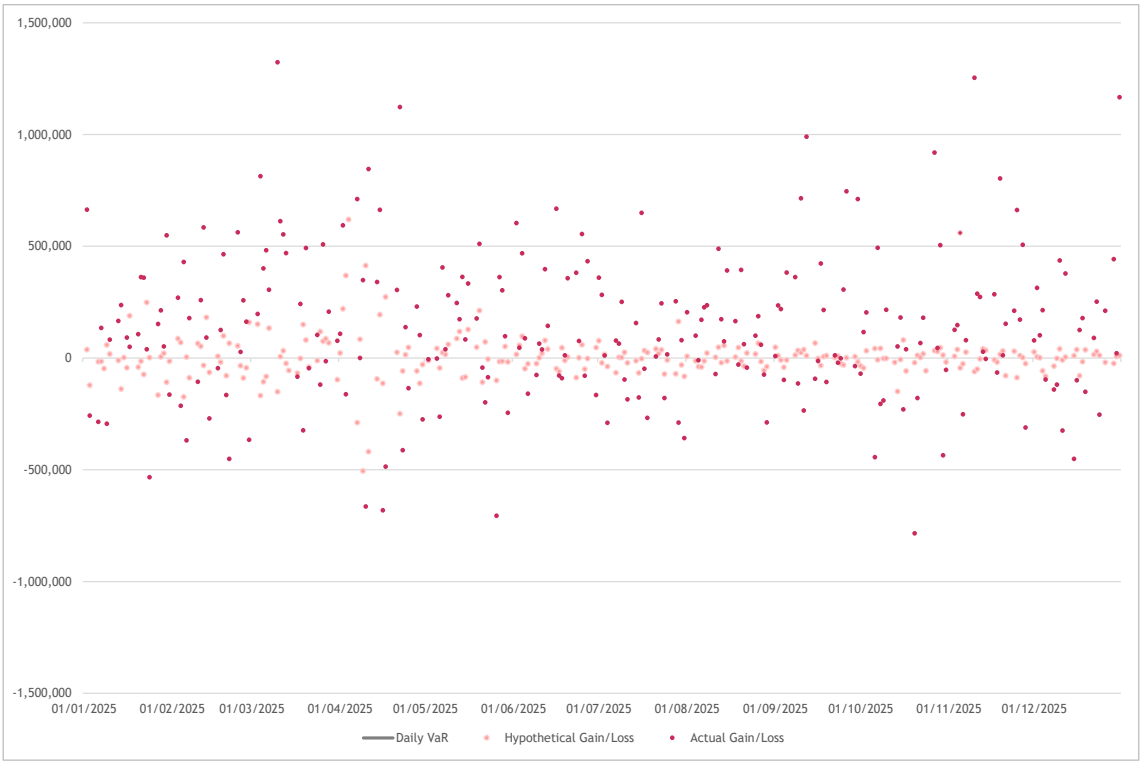
Backtesting of the internal model

The Group conducts backtests of the internal model results on a daily basis, comparing the risk values computed on a given day (VaR) with the theoretical result of applying the following day's market rates to those exposures. Additionally, the Group has a complementary process to verify model results against actual results obtained, excluding the effects of operations carried out via intermediation.

EU MR4 depicts the results of hypothetical and actual backtesting, for the Trading Book centrally managed from Portugal. In 2025, 2 negative excesses were observed over the hypothetical results predicted by the model, in 257 days of observations. Simultaneously, 35 over shootings on actual gains and losses in the portfolio were observed. The excesses were due to the increased volatility in the foreign exchange market, as well as in interest rate and equity markets.

TABLE 8.5. – EU MR4 – Comparison of VaR estimates with gains/losses

(Euro)



Standardised approach

Own funds requirements for specific market risk of positions in securities, and derivatives with those as underlying, are calculated in accordance with the standardised approach. This applies to all the trading areas including those for which the Group is authorised for the use of the internal models' approach to calculate the general market risk, as previously mentioned.

RWA and own funds requirements for market risk calculated through the standardised approach, as of 31 December 2025, are shown in the following table. The calculation follows Sub-Section 1, Section 2, Chapter 2, Title IV, Part III and Article 342 of Section 3, Chapter 2, Title IV, Part III of the CRR, according to the type of financial instrument (debt or equity).

TABLE 8.6. – EU MR1 – Market risk under the standardised approach

(Million euro)		a
		RWEAs
	Outright products	
1	Interest rate risk (general and specific)	61
2	Equity risk (general and specific)	6
3	Foreign exchange risk	210
4	Commodity risk	0
	Options	
5	Simplified approach	0
6	Delta-plus approach	0
7	Scenario approach	0
8	Securitisation (specific risk)	0
9	Total	276

Stress tests on the trading book

Besides calculating VaR to identify the concentration of risks not captured by that metric and assess other possible losses, the Group continually tests a wide range of stress scenarios on the Trading Book, encompassing all portfolios, and analyses the results of these stress tests.

The table below summarises the results of these tests on the Group's global Trading Book as of 31 December 2025, indicating that exposure to various risk factors is limited. The main risk under standard scenarios tested, is an increase in interest rates, both when accompanied by a parallel movement or a change in the slope of the yield curve. Regarding non-standard scenarios, the main risk relates to the historical scenarios.

TABLE 8.7. – Stress tests over the Trading Book

(Million euro)	Negative impact scenario	Impact
Standard scenarios		
Parallel shift of the yield curve by +/- 100 bps	+ 100 bps	-2
Change in the slope of the yield curve (for maturities from 2 to 10 years) up to +/- 25 bps	+ 25 bps	0
4 combinations of the previous 2 scenarios	+ 100 bps & + 25 bps	-2
	+ 100 bps & - 25 bps	-2
Variation in the main stock market indices by +/- 30%	+30%	-1
Variation in foreign exchange rates (against the euro) by +/- 10% for the main currencies and by +/- 25% for other currencies	-10%, -25%	0
Variation in swap spreads by +/- 20 bps	+20 bps	0
Non-standard scenarios		
Widening/narrowing of the bid-ask spread	Widening	0
Significant vertices (1)	VaR w/o diversification	-3
	VaR w/ diversification	-1
Historical scenarios (2)	15 July 2011	-1
	27 January 2012	-1

(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. The significant dates refer to the Eurozone Sovereign Debt crisis from 2010 onwards.

In addition to the standard and historical scenarios, the Group performs reverse stress tests on the Trading Book, with the purpose of identifying the combinations of market movements that would exhaust the risk tolerance defined for losses in the Trading Book. The results of this exercise support the calibration of the stop-loss limits and the planning for severe but plausible scenarios.

Valuation of financial instruments

Valuation of financial instruments is based on market prices whenever available or estimated through internal models based on cash-flow discounting techniques. The fair value obtained is influenced by cash flow characteristics and parameters such as discount rates used in the valuation models, which involve a degree of professional judgement.

The valuation of the financial assets and liabilities is subject to controls by a unit independent from its negotiation, as described in the Group's internal regulations, and the valuation models are reviewed by the GAVM. Segregation between position-taking and position-valuation is also considered at the level of information technology systems that intervene in the overall process involving management, valuation, settlement, and accounting of these transactions.

For the determination of Additional Valuation Adjustments (AVAs), the Group applies the Simplified Approach set out in Article 4(1) and Chapter II (Article 5) of Commission Delegated Regulation (EU) 2016/101, as the absolute value of the Group's fair-valued assets and liabilities is below the EUR 15 billion threshold provided for in Article 4(1). Under this approach, the total AVA corresponds to 0.1% of the absolute sum of the fair value of those assets and liabilities, and a breakdown by AVA category and risk type, as foreseen in the Core Approach, is not required. The total Prudent Valuation Adjustment computed under the Simplified Approach is disclosed below in accordance with Article 436(e) CRR, as amended by Regulation (EU) 2019/876, for exposures from the trading book and the non-trading book adjusted under Articles 34 and 105 CRR.

TABLE 8.8. – EU PV1 – Prudent valuation adjustments (PVA)

	(Million euro)	a	b	c	d	e	EU e1	EU e2	f	g	h
		Risk category					Category level AVA - Valuation uncertainty		Total category level post-diversification		
	Category level AVA	Equity	Interest rates	Foreign exchange	Credit	Commodities	Unearned credit spreads AVA	Investment and funding costs AVA		Of which: Total core approach in the trading book	Of which: Total core approach in the banking book
1	Market price uncertainty										
2	Not applicable										
3	Close-out cost										
4	Concentrated positions										
5	Early termination										
6	Model risk										
7	Operational risk										
8	Not applicable										
9	Not applicable										
10	Future administrative costs										
11	Not applicable										
12	Total Additional Valuation Adjustments (AVAs)								13		

8.3. Banking Book Structural Exchange Rate Risk

Nature of the structural exchange rate risk

As a Group operating in several geographies, the Bank is exposed to structural exchange rate risk arising from its equity participations in subsidiaries denominated in currencies other than the euro, particularly the participations held in Bank Millennium, in Poland, denominated in Polish Zloty, and in Millennium Bim, in Mozambique, denominated in Mozambique's Metical. Changes in the EUR/PLN and EUR/MZN exchange rates affect the consolidated own funds and, accordingly, the consolidated CET 1 ratio.

Management of the banking book foreign exchange position

In what concerns the management of the Banking Book foreign exchange position, in 2025 the Bank revised its risk management framework with the objective of minimising the sensitivity of the consolidated CET 1 ratio to movements in the corresponding exchange rates.

The revised framework defines the objective for the hedging of the position, the eligible hedging instruments, the governance and approval process for the hedging operations and the respective monitoring. The management of the structural foreign exchange position is carried out by the Assets and Liabilities Management area and is subject to the oversight of CALCO, and the Risk Office monitors independently the residual sensitivity of the CET 1 ratio to movements in the EUR/PLN and EUR/MZN exchange rates.

Regulatory treatment – Article 352(2) of the CRR

Structural foreign exchange positions are identified and managed in accordance with the applicable CRR framework governing structural foreign exchange risk positions, including the supervisory treatment established under Article 352(2) CRR and any subsequent CRR3/FRTB transitional provisions until the revised market risk framework becomes applicable.

On 24 March 2023, BCP was notified of the favourable decision of the Supervisory authority on the request for the application of Article 352(2) of the CRR for the exclusion, from the calculation of risk weighted assets for market risk, of certain structural exchange positions maintained for hedging of regulatory ratios against changes in exchange rates.

The exclusion provided for in Article 352(2) of the CRR applies to the structural exchange rate positions maintained to hedge the CET 1 ratio against movements in the EUR/PLN and EUR/MZN exchange rates and is conditional on those positions being of a non-trading nature. The Group monitors on an ongoing basis the compliance with the conditions associated with this authorisation. As of 31 December 2025, this treatment remained in force.

9. Operational Risk

9.1. Overview on Operational Risk

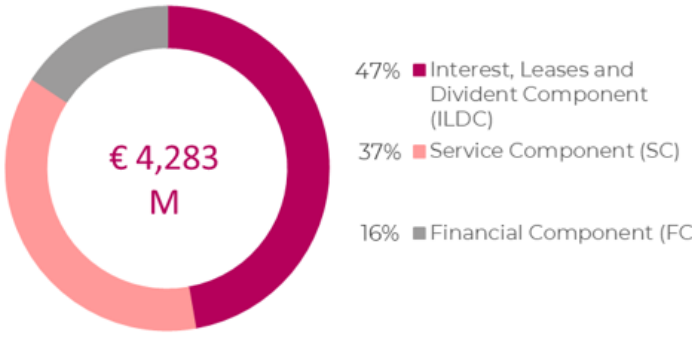
Operational risk is defined, within the regulatory framework, as the risk of losses resulting from inadequate or failed internal processes, people and systems, or from external events. In line with the nature and sources of operational risk exposures, the Group risk catalogue encompasses, among others, legal and compliance risks (including conduct risk, financial crime and litigation risk), information and communication technology risks (including availability and continuity, change management and cybersecurity-related risks) and process risks, notably those associated with internal and external fraud and process execution failures.

Millennium Group incorporates operational risk management into its overall governance and management framework, reflecting the increasing complexity of the regulatory, technological and legal environment in which financial institutions operate. The operational risk management framework aims to strengthen the quality and resilience of business management by supporting informed decision-making, promoting process improvement, safeguarding business continuity and enhancing the quality of services provided to both internal and external customers.

Regulatory capital requirements for operational risk are calculated under the Standardized Measurement Approach (SMA), in accordance with the applicable regulatory framework, based on the Business Indicator Component (BIC). In parallel, the Group's operational risk identification, assessment, monitoring and mitigation processes are supported by governance arrangements, policies, methodologies and tools aligned with regulatory expectations and market best practices.

In 2025, operational risk RWAs increased by 2,343 million euro to 7,656 million euro, corresponding to a year-on-year increase of 44.1%, mainly driven by the implementation of CRR III requirements.

The image on the right shows the components of 4,283 M€ of the Business Indicator at the end of 2025.



9.2. Operational Risk Management Objectives and Policies

Operational risk management framework

The Group's operational risk management framework is based on formally established principles, methodologies and governance practices designed to ensure a consistent approach across the different entities and business areas of the Group.

To support effective operational risk oversight, the Group promotes the use of common management standards, risk assessment methodologies, reporting processes and monitoring tools, thereby ensuring the availability of reliable, comparable and timely information to support decision-making processes.

The operational risk management framework is continuously reviewed and enhanced in line with the evolution of the Group's activities, regulatory requirements and market practices. In this context, the Group's subsidiaries maintain process structures and control mechanisms appropriate to the nature, scale and complexity of their activities, ensuring adequate coverage of both business and support functions.

The Group seeks to strengthen its operational resilience and minimise operational losses through the implementation of policies, procedures, controls and risk management tools aligned with recognised market practices and regulatory expectations. Additionally, the framework supports compliance with prudential requirements applicable to the calculation and management of operational risk capital.

Operational risk management structure and organisation

The operational risk management system is framed by the **three lines of defence** corporate Governance model and is based on a structure of end-to-end processes, considering that a vision which is transversal to the functional units of the organizational 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, this process's structure 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.

First line of defence

The first line of defence is embedded in the procedures and processes of the Bank's operational units, which are responsible for effectively managing operational risk in their day-to-day activities. All Divisions and branches are required to perform their activities in accordance with internal policies and procedures and to proactively identify, assess, manage and mitigate operational risk exposures.

Operational units share the day-to-day responsibility for operational risk management with the Process Owners (supported by Process Managers), within the Group's end-to-end process management framework. Process Owners are responsible for ensuring that operational risks are adequately identified, assessed and monitored within their respective processes.

In this context, Process Owners are responsible for:

- Identifying and assessing operational risk exposures inherent to their processes.
- Carrying out Risk and Control Self-Assessment (RCSA) exercises.
- Monitoring Key Risk Indicators (KRI).
- Characterising operational losses captured within their processes.
- Identifying and implementing appropriate mitigation measures to reduce operational risk exposures and strengthen the internal control environment

Process Owners also play a relevant role in promoting the collection of operational loss data occurring within the scope of their processes, through the systematic monitoring of activities, employee notifications and communications from organisational units. The Risk Office supports the completeness and consistency of the operational loss database by identifying potentially unregistered events based on information from other areas, including accounting, complaints management and claims data

Second and third line of defence

The second line of defence, which is composed by the Risk Office and by the Compliance Office, supports the EC to develop and foster a strong and sound operational risk culture within the Group, and its competencies are to develop, propose, enforce and control the implementation of evaluation metrics and methodologies, for the correct assessment of incurred risks. Specifically, the Compliance Office is responsible for ensuring that the Group operates with integrity and compliance with applicable regulations and internal rules, and manages, monitors and controls conduct risk, legal and regulatory risk.

The 3rd line of Defence is performed by the Internal Audit function, in accordance with the Three Lines of Defence (3LoD) model.

Conduct, Compliance and Operational Risks Commission (CCCOR)

The CCOR was set by the Executive Committee (EC) to support the management bodies in monitoring the evolution of the operational risk level at Millennium bcp. It meets monthly and its responsibilities cover the monitoring of the Outsourcing and IT risks, the appraisal and decision on improvements to strengthen the internal control environment and mitigate operational risk, changes to the Process Management Model, and analysis of the materially relevant events and assess the mitigation measures proposed regarding operating losses.

The CCORC functions include the monitoring of the compliance with the regulatory framework and the main deficiencies in terms of Anti-Money Laundering and Counter-Financing Terrorism (AML/CFT), as well as evolution and resolution of deficiencies identified in the assessment of the internal control system and also promotes the dissemination of a culture of operational risk management and compliance, issuing recommendations on procedures for its adoption.

In the area of Conduct Risk, the CCOR responsibilities include the monitoring of the applicable regulatory framework and identification of key deficiencies related to conduct matters, the dissemination of a culture of good conduct, proposing adjustments to the Code of Conduct where necessary, and overseeing and monitoring, the determinations issued by supervisory authorities, customer complaints, approval of products and services, advertising practices, commission structures and incentive schemes.

Operational Resilience Commission (CROp)

The CROp was set by the EC to support the management bodies in monitoring the monitoring and management of operational risk linked with the operational resilience of the Bank's operations. The CRO meets every two months, and its responsibilities cover the definition of guidelines and policies for IT systems security management, data management and quality, physical security management, business continuity management and personal data protection. It periodically reviews emerging threats and most relevant trends in terms of IT security and technologies, with a particular focus on cybersecurity, promoting, when recommended, the evaluation of new controls and protection solutions. It monitors the implementation of initiatives/projects in the areas of information security and information systems, data management and quality, physical security and business continuity (global and local) and is responsible for the approval of annual plans for security assessment, DRP and business continuity (BCP) exercises and subsequent quantitative and qualitative evaluation of the results of these exercises and monitoring of any associated improvement initiatives.

9.3. Minimum Own Funds Requirements

The next table presents the Group's operational risk losses, detailing the number of events and the loss amount net of recoveries for each of the previous ten financial years. This information is detailed for a threshold of EUR 20,000 and for EUR 100,000.

TABLE 9.1. – EU OR1 – Operational risk losses

(Million euro)		a	b	c	d	e	f	g	h	i	j	k
		Dec 25	Dec 24	Dec 23	Dec 22	Dec 21	Dec 20	Dec 19	Dec 18	Dec 17	Dec 16	Ten-year average
Using €20,000 threshold												
1	Total amount of operational risk losses net of recoveries (no exclusions)	436	237	95	46	30	14	27	21	9	12	93
2	Total number of operational risk losses	38	41	40	47	30	45	55	42	33	30	40
3	Total amount of excluded operational risk losses	0	0	0	0	0	0	0	0	0	0	0
4	Total number of excluded operational risk events	0	0	0	0	0	0	0	0	0	0	0
5	Total amount of operational risk losses net of recoveries and net of excluded losses	436	237	95	46	30	14	27	21	9	12	93
Using €100,000 threshold												
6	Total amount of operational risk losses net of recoveries (no exclusions)	430	236	94	45	29	13	25	20	8	12	91
7	Total number of operational risk losses	22	24	19	19	17	14	15	16	13	15	17
8	Total amount of excluded operational risk losses	0	0	0	0	0	0	0	0	0	0	0
9	Total number of excluded operational risk events	0	0	0	0	0	0	0	0	0	0	0
10	Total amount of operational risk losses net of recoveries and net of excluded losses	430	236	94	45	29	13	25	20	8	12	91
Details of operational risk capital calculation												
11	not applicable											
12	not applicable											
13	not applicable											

Calculation of own funds requirements

The calculation of capital requirements follows the new Standardised Measurement Approach for operational risk based on the Business Indicator Component (BIC). BIC is calculated using the following formula:

$$BIC=\alpha_i BI$$

With BI (Business Indicator) corresponding to summation of the three-year average of ILDC (Interest, lease and dividend component), SC (Services component), and FC (Financial component). While α_i corresponds to the marginal coefficient and is applied progressively.

TABLE 9.2. – EU OR2 – Business Indicator, components and subcomponents

(Million euros)		a	b	c	d
BI and its subcomponents		Dec. 25	Dec. 24	Dec. 23	Average value
1	Interest, lease and dividend component (ILDC)				2190
EU 1	ILDC related to the individual institution/ consolidated Group (excluding entities considered by Article 314(3)				0
1a	Interest and lease income	4382	4724	4375	4494
1b	Interest and lease expense	1482	1886	1546	1638
1c	Total assets/Asset component	105068	97456	89322	97282
1d	Dividend income/ dividend component	1	1	2	1
2	Services component (SC)				1721
2a	Fee and commission income	1038.6	997.2	945.7	994
2b	Fee and commission expense	190.0	187.5	172.6	183
2c	Other operating income	145.8	125.6	132.7	135
2d	Other operating expense	576.6	787.5	816.5	727
3	Financial component (FC)				373
3a	Net profit or loss applicable to trading book (TB)	224	288	250	254
3b	Net profit or loss applicable to banking book (BB)	52	186	117	118
EU 3c	Approach followed to determine the TB/BB boundary (PBA or accounting approach)				0
4	Business Indicator (BI)				4283
5	Business indicator component (BIC)				613

Disclosure on the BI:		
		a
6a	BI gross of excluded divested activities	4283
6b	Reduction in BI due to excluded divested activities	0
EU 6c	Impact in BI of mergers/acquisitions	0

The operational risk own funds requirement and risk exposure amounts for operational risk are given below:

TABLE 9.3. – EU OR3 – Operational risk own funds requirements and risk exposure amounts

(Million euro)		a
1	Business Indicator Component (BIC)	613
EU 1	Alternative Standardised Approach (ASA) Own Funds Requirements (OROF) under Article 314(4)	0
2	Not applicable	
3	Minimum Required Operational Risk Own Funds Requirements (OROF)	613
4	Operational Risk Exposure Amounts (REA)	7656

9.4. Operational Risk Management

The key instruments used for managing operational risk in the BCP Group are described below:

Operational losses capture

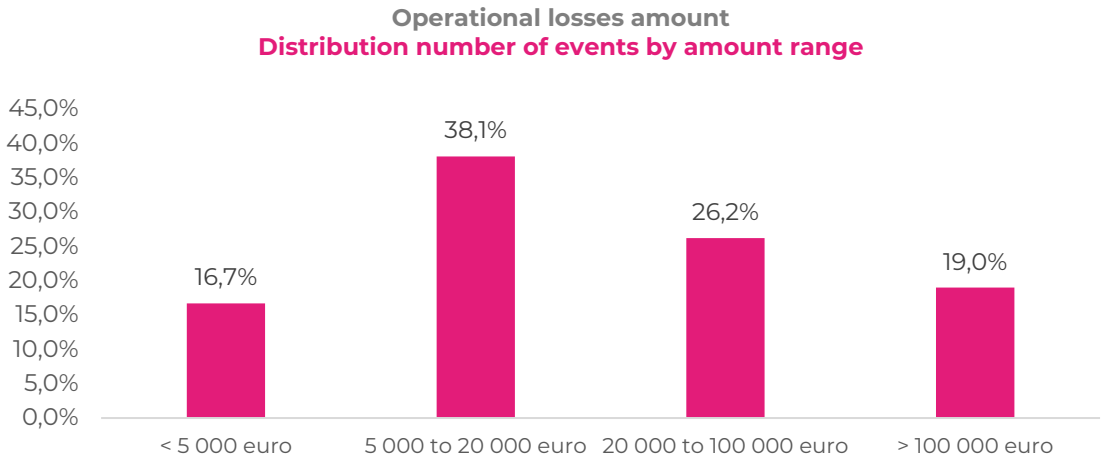
The operational losses data capture (i.e. the identification, registration and typification) of operational losses and of the originating events aim at the strengthening of the awareness to this risk and to provide relevant information for process owners to incorporate within their process management.

The detection and reporting of operational losses is a responsibility of all employees of the Group, and the process owners play a crucial role in the promotion of these procedures within the context of the processes for which they are responsible. The Process Owner oversees the capture of losses related with their processes.

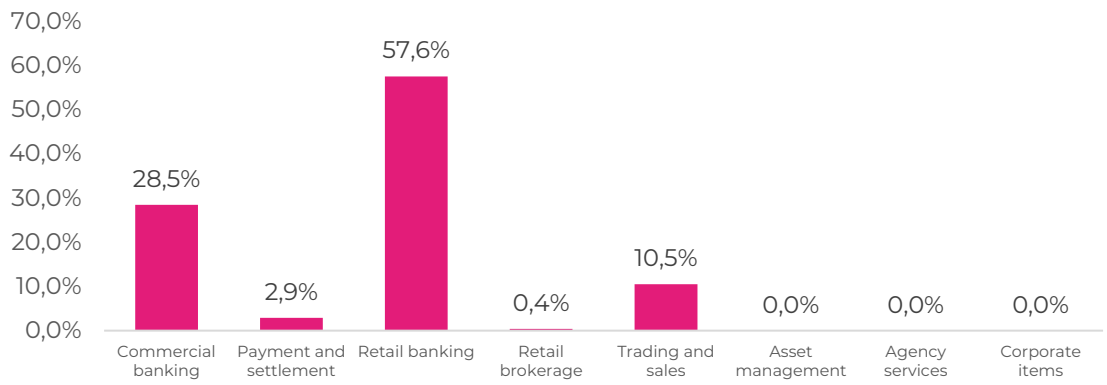
The identified events in which the losses, effective or potential, exceed the defined materiality limits (for each geographical area) are characterized by the process owners and process managers of the processes to which the losses are related, including the description of the respective cause-effect and 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).

The following graphs present the profile of the losses captured in the appropriate database in 2025:





Operational losses amount
Distribution number of events by business line



Regarding the distribution of losses by cause, the weight of losses related to 'Procedural risks' and 'IT risks' represents about 80% of net losses, which is essentially justified by causes associated with hardware and software problems, as well as failures in the capture, execution and maintenance of transactions.

Regarding the distribution of losses by amount class (in number of losses), there was a decrease in 2025 in the weight of events of lower amounts compared to 2024, due to an update of the materiality limits considered for the registration of events.

Finally, the distribution of losses by segment of banking activity, the weight of losses in 'Retail banking' decreased compared to 2024, which had been 82.2%, but remains the segment with the highest weight.

Risks and Control Self-Assessment (RCSA)

The aim of the RCSA exercises is to promote the identification and mitigation (or elimination) of risks, either actual or potential, in each process, through the assessment of all the subtypes of operational risk.

The assessments are positioned in a risk tolerance matrix, considering the 'worst-case event' that might occur in each process, for three different scenarios: Inherent Risk (without considering the existing/implemented controls), Residual Risk (considering the existing/implemented controls) and Target Risk (the desirable risk level). These exercises are typically carried out in the second half of each year.

In 2025, the results of the RCSA exercises conducted on the operational processes of Portugal, Poland, and Mozambique indicate moderate levels of operational risk.

Scenario analysis

The Scenario Analysis is an exercise executed every three years in which all the macro process owners participate, as well as the heads of selected Divisions, aiming at the impact assessment of extreme and relevant events - potential risks of high severity (low frequency/high impact) – even if this type of events has never occurred at the Bank. The results of this exercise are integrated in the losses estimation model that was developed for the ICAAP, and this data is also used for risk management and mitigation, thus contributing to the reinforcement of the internal control environment.

Key Risk Indicators (KRI)

A set of KRI is used by the Group's various operations to monitor the processes risks. These KRI are management instruments represented by metrics that aim at the identification of changes in risk profiles and in controls effectiveness, to act preventively and avoid turning potential risk situations into actual losses. Within the process's management, a set of performance and control indicators is also used (Key Performance Indicators and Key Control Indicators)

contributing to the detection of risks, even though it is more oriented towards the assessment of operating efficiency.

Mitigation actions

Mitigation actions' objective is to mitigate a given risk which is not within the appetite of BCP's framework. Any of the above processes/tools may lead to the identification of such cases and the creation of mitigation actions that lead to a lower risk exposure, either through a decrease in frequency or in severity.

Risk transfer (insurance)

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 CCCOR and approved by the EC.

Reporting

Operational Risk reporting under this framework ensures appropriate and timely communication to both Management and the Supervisory entities regarding:

- Operational risk events and related losses, providing complete, accurate, and timely information.
- The outcomes of the RCSA, KRI, and scenario analysis.
- Review report performed within the ICT Risk Management Framework (as per DORA).

The reporting is made to the Conduct, Compliance and Operational Risks Commission (CCCORC), to Operational Resilience Commission (CRO), and to the Risk Assessment Committee (RAC).

A set of Operational Risk indicators are included in the RAS approved by the BoD and reported monthly to the EC, RAC and BoD. The EC is informed at least monthly of operational losses and yearly of the completion of the RCSA.

Training

A critical requirement for the efficient implementation of the operational risk framework is through increased awareness of this risk. A culture of operational risk is promoted by periodic training of the various stakeholders for the several types of operational risk.

In this context, several training programmes are provided for all employees on operational risk topics (e.g. fraud, conduct, operational resilience, etc.). In addition, broader operational risk management training initiatives are made available to all employees, alongside a dedicated onboarding initiative specifically designed for new Process Owners.

9.5. Legal and Compliance Risk

Legal and compliance risk is defined as the current or prospective risk of loss - financial, reputational or otherwise - arising from the Bank's failure to comply with applicable laws, regulations, internal rules, codes of conduct and ethical standards, as well as from regulatory or supervisory actions resulting from non-compliance. This risk category encompasses conduct risk, financial crime risk, regulatory risk and certain aspects of litigation risk, and is identified as an integral component of the broader operational risk framework.

The management and oversight of legal and compliance risk is the primary responsibility of the Compliance Office, acting as second line of defence, in coordination with the relevant business units and support functions. The Compliance Office is responsible for ensuring that the Bank operates with integrity and in compliance with applicable regulations and internal rules, and for

managing, monitoring and controlling conduct risk, legal and regulatory risk. It reports independently to the Executive Committee and, where applicable, to the Board of Directors, in line with the three lines of defence governance model.

Conduct and compliance risk

The Bank's activity is governed by operating principles and internal rules designed to ensure sound conduct, aligned with best international practices and with applicable legal and regulatory requirements. The Bank regularly reviews its internal regulations and procedures to ensure that the conduct of its employees is guided by the highest ethical principles, client protection standards and sustainable value creation objectives.

In the area of market conduct, the Compliance Office reinforces the oversight of its activities and the monitoring of internal conduct controls, including second-line controls on Market Abuse. In this context, the transition to a new post-trade control application represents a relevant enhancement of the monitoring framework. The Compliance Office also performs systematic control over the implementation of legislative updates impacting the Bank's operations.

To comply with the relevant legal and regulatory obligations related to AML/CFT, and to ensure alignment with best international practices, the Bank maintains a set of policies, procedures and systems designed to enable effective prevention and control of financial crime risk. This operational model allows the Bank to identify, assess and mitigate the potential risks inherent to the activities of its clients, non-clients and business relationships.

Through a risk-based approach to the assessment and monitoring of business relationships and occasional transactions, the Bank complies with all applicable duties enshrined in Law no. 83/2017, of 18 August, including due diligence, abstention, refusal and reporting obligations. The AML/CFT control framework is supported by an integrated set of information systems, encompassing:

- 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 framework, the following initiatives were implemented or advanced during 2025:

- Continued strengthening, training and specialisation of the Compliance Office teams within the scope of the AML/CFT model, across its various dimensions.
- Preparation for adaptation to the new European AML legislative package, which will come into effect from 2027 onwards.
- Development of enhanced controls to identify transactions and risk entities subject to sanctions and embargoes, ensuring compliance with applicable restrictive measures.
- Reinforcement of the integrated customer view model, strengthening the effectiveness of AML/CFT duties, including identification, due diligence, refusal, examination and reporting.
- Continued development of automated solutions promoting alignment and cooperation between the first and second lines of defence in the fulfilment of AML/CFT obligations.
- 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 internal regulatory framework regarding corruption prevention.
- Issuance of the Conflicts of Interest Report, the Internal Control System Report for Combating Corruption, and the Anti-Money Laundering and Counter-Terrorist Financing Report (RPB) for 2025.
- Coordination and cross-divisional implementation of the institutional adaptation plan to Banco de Portugal Notice No. 2/2025 (amending Notice No. 3/2020), including the execution of comprehensive gap analyses, update of internal regulations regarding organisational culture and conflicts of interest, and restructuring of the annual Self-Assessment Report on the adequacy and effectiveness of the internal control system, to ensure compliance with the revised supervisory standards.

Legal and regulatory risk

Legal and regulatory risk encompasses the risk of loss arising from the improper implementation or interpretation of applicable legislation, the inadequacy of internal processes and operations relative to applicable legal requirements, or the emergence of regulatory changes with potential impact on the Bank's business model and operations. This risk category also includes the risk of claims or actions by clients, counterparties or supervisory authorities resulting from non-compliance with applicable legal and regulatory standards.

The Compliance Office is responsible for the ongoing monitoring of the regulatory environment, including legislative and supervisory developments at national and European level, and for coordinating the Bank's response to regulatory changes with potential impact on its activities. This function is performed in close cooperation with the Legal function and the relevant business units, ensuring that regulatory developments are promptly assessed, translated into concrete adaptation plans and escalated to the appropriate governance bodies where required.

In 2025, the Bank continued to monitor and respond to significant regulatory developments. Key focus areas included the preparation for the implementation of the new European AML legislative package, due to come into effect from 2027, and the adaptation to the updated supervisory framework introduced by Banco de Portugal Notice No. 2/2025, reflecting the continued tightening of supervisory expectations applicable to the banking sector.

9.6. Litigation Risk in Swiss francs Portfolio in Poland

The Group is subject to litigation risk in the Polish operation related to the clients' claims which 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 alleged abusive nature of indexation clauses, or maintenance of the loan agreement in PLN and with interest rate indexed to CHF Libor (currently CHF Saron).

In anticipation of Poland joining the European Union (happened in 2004), since 2002 a significant part of the families took mortgage loans in foreign currencies. Currently, in the polish market numbers indicate that 1 in every 5 Polish mortgages is held in Swiss francs. The polish currency was strong at the time but began to fall as the financial crisis kicked in and the Swiss franc surged. The biggest hit came in 2015, when the Swiss franc abandoned its currency ceiling against the euro. When polish individuals took their mortgage loans the Swiss franc was worth less than two zloty. By 2015 the Swiss franc had climbed to five zloty and since then stabilized around four zloty. The above context and the political and monetary policy shift in Poland, set into motion a series of legal actions against the Polish Banks, including Bank Millennium.

On December 31, 2025, the Bank had 16,653 loan agreements and additionally 2,285 loan agreements from former Euro Bank under individual ongoing litigations (excluding claims submitted by the Bank against clients i.e. debt collection cases) concerning indexation clauses of FX mortgage loans submitted to the courts (43% loans agreements before the courts of first instance and 57% loans agreements before the courts of second instance) with the total value of claims filed by the plaintiffs amounting to PLN 3,551.2 million and CHF 293.2 million (Bank Millennium portfolio: PLN 3,057.8 million and CHF 281.4 million and former Euro Bank portfolio:

PLN 493.4 million and CHF 11.8 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 for 109.0 thousand loan agreements (Bank Millennium portfolio: PLN 18.3 billion for 103.8 thousand loan agreements and former Euro Bank portfolio: PLN 1.1 billion for 5.2 thousand loan agreements). Out of 16,653 BM loan agreements in ongoing individual cases 426 are also part of class action. From the total number of individual litigations against the Bank approximately 4,380 or 26% 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 1,170 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, the Bank is a party to the group proceedings (class action) subject matter of which is to determine the 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 1,389. Out of 1,389 loan agreements in class action 426 are also part of ongoing individual cases, 27 concluded settlements and 15 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 January 31, 2025, and then on: March 25, 2025, May 8, 2025, June 6, 2025, July 30, 2025, September 1, 2025, October 6, 2025, November 24, 2025, December 15, 2025 and January 13, 2026, the court issued orders setting aside the judgment and discontinuing the proceedings from the persons who entered into amicable settlements. On January 19, 2026, another appellate hearing took place, during which the Court obliged both the claimant and the Bank to further specify the composition of the group. The next hearing date will be scheduled ex officio. Based on these orders, the number of credit agreements covered by the class action dropped from 3,273 to 1,389.

Until the end of 2019, 1,980 individual claims were filed against the Bank (in addition, 235 against former Euro Bank), in 2020 the number increased by 3,002 (265), in 2021 the number increased by 6,151 (421), in 2022 the number increased by 5,754 (407), in 2023 the number increased by 6,864 (645), in 2024 the number increased by 5,838 (655) and in 2025 the number increased by 3,712 (427).

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 (incl. former Euro Bank portfolio) is concerned, from 2015 until the end of 2025, 17,730 cases were finally resolved (17,593 in claims submitted by clients against the Bank and 137 in claims submitted by the Bank against clients i.e. debt collection cases) out of which 5,488 were settlements, 136 were remissions, 89 rulings were favourable for the Bank and 12,017 were unfavourable including both invalidation of loan agreements as well as conversions into PLN+LIBOR. The Bank undertakes proper legal actions aiming 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 the Bank (incl. former Euro Bank portfolio) on 31 December 2025 was CHF 796 million (of which the outstanding amount of the loan agreements under the class action proceeding was CHF 60 million).

In the 4 quarters of the year 2025, the Bank created PLN 1 801.3 million of provisions for Bank Millennium originated portfolio and PLN 236.1 million for the former Euro Bank originated

portfolio. The balance sheet value of provisions for the Bank Millennium portfolio at the end of December 2025 was PLN 6 293.2 million, and for the former Euro Bank portfolio - PLN 820.3 million.

The methodology developed by the Bank of calculating provisions for legal risk involved with indexed loans is based on the following main parameters:

- The number of ongoing cases (including class action agreements).
- The number of potential 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:
    - regarding active loans (i.e., loans with an outstanding balance), the Bank estimates that approximately 2.7 thousand will neither sign an out-of-court settlement nor decide to file a lawsuit.
    - regarding loans already fully repaid or converted to Polish zloty, the Bank anticipates that approximately 4,7 thousand repaid loans — those with the economic rationale for initiating legal proceedings against the Bank and which were not previously subject to a settlement — may result in future litigation initiated by the borrowers.
- The amount of the Bank's potential loss in the event of a specific court judgment (including statutory interest estimation).
- Estimates involved with amicable settlements with clients, concluded in court or out of court:
    - negotiations are conducted on a case-by-case basis and can be stopped at any time by the Bank,
    - 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.

The Bank 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 30,369. As of the end of 2025, the Bank had 14,741 active FX mortgage loans.

Legal risk from former Euro Bank portfolio is fully covered by Indemnity Agreement with Société Générale S.A.

9.7. Information & Communications Technology (ICT) Risk

The BCP Group recognizes ICT Risks as a key component of its overall risk management framework, considering the growing dependence of banking activity on digital infrastructures, technological innovation and interconnected systems. The increasing sophistication of cyber threats, the acceleration of digital transformation and the growing relevance of data and outsourced technological services require the Bank to continuously strengthen its technological resilience, security and operational continuity capabilities.

ICT Risk corresponds to the current or prospective risk to earnings, capital, liquidity or reputation arising from failures, inadequacies or disruptions related to information systems, technological infrastructures, cybersecurity, data management processes, ICT changes or outsourced technological services. This includes risks associated with cyberattacks, information security breaches, operational disruptions, data integrity deficiencies, ineffective change management processes and failures of third-party ICT providers.

The Bank manages ICT Risk through a governance and internal control framework aligned with regulatory requirements, supervisory expectations and international best practices regarding cybersecurity, operational resilience, information security and outsourcing management.

Throughout 2025, the Bank continued reinforcing its ICT risk management and operational resilience framework, with emphasis on the following initiatives:

- Reinforcement of cybersecurity monitoring, threat detection and incident response capabilities, enhancing preventive and detective controls against cyber threats and unauthorized activities.
- Strengthening of business continuity and disaster recovery frameworks, including resilience testing and recovery exercises aimed at safeguarding the continuity of critical operations and services.
- Continued enhancement of data governance and information security controls to reinforce the integrity, reliability and protection of data processed across the Bank's technological environment.
- Reinforcement of governance and control mechanisms related to ICT change management processes, technological transformation programmes and systems lifecycle management.
- Continued alignment with the evolving European regulatory framework applicable to ICT and digital operational resilience, namely regarding the implementation of requirements associated with the Digital Operational Resilience Act (DORA).
- Strengthening of oversight and monitoring procedures over outsourced ICT services and critical third-party providers, reinforcing the assessment of operational resilience and service continuity risks.
- Enhancement of training and awareness initiatives related to cybersecurity, information security and ICT risk management, promoting a stronger risk culture across the organization.

Through the continuous enhancement of its ICT governance, security and resilience framework, the Bank seeks to ensure the reliability and continuity of its technological environment, supporting the sustainable development of its operations and maintaining the trust of customers, regulators and other stakeholders.

10. ESG Risk

The qualitative ESG risk information disclosed in this report is aligned with regulatory requirements set out in EBA's Implementing Technical Standards on prudential disclosures on ESG Risk in accordance with article 449a CRR. The tables below present the disclosure requirements on Environmental, Social and Governance risk, as well as their mapping within present section, and section 3.5.

TABLE 10.1. – Qualitative information on environmental risk

Qualitative information		Mapping into MDR 2025
Business strategy and processes		
a)	Institution's business strategy to integrate environmental factors and risks, considering the impact of environmental factors and risks on institution's business environment, business model, strategy and financial planning	10.1. Business Strategy and Processes, A. Strategic Plan
b)	Objectives, targets and limits to assess and address environmental risk in short-, medium-, and long-term, and performance assessment against these objectives, targets and limits, including forward-looking information in the design of business strategy and processes	10.1. Business Strategy and Processes, B. Strategic Goals | 10.2. Risk Management
c)	Current investment activities and (future) investment targets towards environmental objectives and EU Taxonomy-aligned activities	10.1. Business Strategy and Processes, B. Strategic Goals
d)	Policies and procedures relating to direct and indirect engagement with new or existing counterparties on their strategies to mitigate and reduce environmental risks	10.1. Business Strategy and Processes, C. Commitments and Policies | 10.4. ESG factors in Credit Origination and Monitoring Processes
Governance		
e)	Responsibilities of the management body for setting the risk framework, supervising and managing the implementation of the objectives, strategy and policies in the context of environmental risk management covering relevant transmission channels	3.7. - ESG (Sustainability) as a transversal risk factor) | A. Governance model
f)	Management body's integration of short-, medium- and long-term effects of environmental factors and risks, organisational structure both within business lines and internal control functions	3.7. - ESG (Sustainability) as a transversal risk factor) | A. Governance model
g)	Integration of measures to manage environmental factors and risks in internal governance arrangements, including the role of committees, the allocation of tasks and responsibilities, and the feedback loop from risk management to the management body covering relevant transmission channels	3.7. - ESG (Sustainability) as a transversal risk factor) | A. Governance model
h)	Lines of reporting and frequency of reporting relating to environmental risk	10.3. Reporting
i)	Alignment of the remuneration policy with institution's environmental risk-related objectives	3.7. - ESG (Sustainability) as a transversal risk factor) | A. Governance model 10.6. Qualitative information on Governance risk
Risk management		
j)	Integration of short-, medium- and long-term effects of environmental factors and risks in the risk framework	10.2. Risk Management, C. ESG Risk Assessment
k)	Definitions, methodologies and international standards on which the environmental risk management framework is based	10.2. Risk Management
l)	Processes to identify, measure and monitor activities and exposures (and collateral where applicable) sensitive to environmental risks, covering relevant transmission channels	10.2. Risk Management

Qualitative information		Mapping into MDR 2025
m)	Activities, commitments and exposures contributing to mitigate environmental risks	10.1. Business Strategy and Processes | 10.2. Risk Management, F. Decarbonization Targets and Transition Plan
n)	Implementation of tools for identification, measurement and management of environmental risks	10.2. Risk Management, C. ESG Risk Assessment
o)	Results and outcome of the risk tools implemented and the estimated impact of environmental risk on capital and liquidity risk profile	10.2. Risk Management, C. ESG Risk Assessment
p)	Data availability, quality and accuracy, and efforts to improve these aspects	10.5. Data Availability
q)	Description of limits to environmental risks (as drivers of prudential risks) that are set, and triggering escalation and exclusion in the case of breaching these limits	10.2. Risk Management, D. ESG Metrics
r)	Description of the link (transmission channels) between environmental risks with credit risk, liquidity and funding risk, market risk, operational risk and reputational risk in the risk management framework	10.2. Risk Management, B. Transmission Channels

TABLE 10.2. – Qualitative information on social risk

Qualitative information		Mapping into MDR 2025
Business strategy and processes		
a)	Adjustment of the institution's business strategy to integrate social factors and risks considering the impact of social risk on the institution's business environment, business model, strategy and financial planning	10.1. Business Strategy and Processes, A. Strategic Plan
b)	Objectives, targets and limits to assess and address social risk in short-term, medium-term and long-term, and performance assessment against these objectives, targets and limits, including forward-looking information in the design of business strategy and processes	3.7. - ESG (Sustainability) as a transversal risk factor) | B. Sustainability Master Plan 10.1. Business Strategy and Processes
c)	Policies and procedures relating to direct and indirect engagement with new or existing counterparties on their strategies to mitigate and reduce socially harmful activities	10.1. Business Strategy and Processes, C. Commitments and Policies | 10.4. ESG factors in Credit Origination and Monitoring Processes
Governance		
d)	Responsibilities of the management body for setting the risk framework, supervising and managing the implementation of the objectives, strategy and policies in the context of social risk management covering counterparties' approaches to: i) activities towards the community and society; ii) Employee relationship and labour standards; iii) Customer protection and product responsibility; vi) Human rights.	3.7. - ESG (Sustainability) as a transversal risk factor) | A. Governance model, B. Sustainability Master Plan
e)	Integration of measures to manage social factors and risks in internal governance arrangements, including the role of committees, the allocation of tasks and responsibilities, and the feedback loop from risk management to the management body	3.7. - ESG (Sustainability) as a transversal risk factor) | A. Governance model
f)	Lines of reporting and frequency of reporting relating to social risk	10.3. Reporting
g)	Alignment of the remuneration policy in line with institution's social risk-related objectives	10.6. Qualitative information on Governance risk
Risk management		

Qualitative information		Mapping into MDR 2025
h)	Definitions, methodologies and international standards on which the social risk management framework is based	10.2. Risk Management
i)	Processes to identify, measure and monitor activities and exposures (and collateral where applicable) sensitive to social risk, covering relevant transmission channels	10.2. Risk Management
j)	Activities, commitments and assets contributing to mitigate social risk	10.1. Business Strategy and Processes, B. Strategic Goals, C. Commitments and Policies
k)	Implementation of tools for identification and management of social risk	10.2. Risk Management
l)	Description of setting limits to social risk and cases to trigger escalation and exclusion in the case of breaching these limits	10.2. Risk Management, D. ESG Metrics
m)	Description of the link (transmission channels) between social risks with credit risk, liquidity and funding risk, market risk, operational risk and reputational risk in the risk management framework	10.2. Risk Management, B. Transmission Channels

TABLE 10.3. – Qualitative information on governance risk

Qualitative information		Mapping into MDR 2025
Governance		
a)	Institution's integration in their governance arrangements governance performance of the counterparty, including committees of the highest governance body, committees responsible for decision-making on economic, environmental, and social topics	3.7. - ESG (Sustainability) as a transversal risk factor) | A. Governance Model, B. Sustainability Master Plan
b)	Institution's accounting of the counterparty's highest governance body's role in non-financial reporting	3.7. - ESG (Sustainability) as a transversal risk factor) | A. Governance Model
c)	Institution's integration in governance arrangements of the governance performance of their counterparties including: i) Ethical considerations; ii) Strategy and risk management; iii) Inclusiveness; iv) Transparency; v) Management of conflict of interest; vi) Internal communication on critical concerns.	10.2. Risk management 10.4. ESG factors in credit origination and monitoring processes 10.6. Qualitative information on Governance risk
Risk Management		
d)	Institution's integration in risk management arrangements the governance performance of their counterparties considering: i) Ethical considerations; ii) Strategy and risk management; iii) Inclusiveness; iv) Transparency; v) Management of conflict of interest; vi) Internal communication on critical concerns.	10.2. Risk management 10.4. ESG factors in credit origination and monitoring processes 10.6. Qualitative information on Governance risk

10.1. Business Strategy and Processes

A. Strategic plan

Environmental, social and governance risks are part of BCP's business strategy approved in the context of the Strategic Plan. In the 2025/2028 Strategic Plan, "Valorizar 28", aware of the growing importance of ESG issues for the resilience and competitiveness of organisations, Millennium bcp reaffirms its commitment to the progressive and transversal integration of these factors in the strategic definition and daily management of the business. The Bank continues to strengthen its capacity to innovate, accelerate growth and assert itself as an essential partner in supporting the sustainability of companies.

Among the central objectives of this plan is the reinforcement of the commitment to Sustainability, including the ambition to position the Bank in the top quartile of the S&P Global CSA (Corporate Sustainability Assessment) rating. This commitment is materialised by promoting: (i) sustainable financing, with a particular focus on supporting the climate transition; (ii) the well-being, diversity and professional development of employees; and (iii) strengthening a solid culture of rigour and responsibility.

To ensure robust ESG management, BCP applies a double materiality approach – evaluating both how ESG risks affect the Group's financial performance and how the Group's activities impact society and the environment. This double materiality assessment (DMA) is carried out regularly, involving active stakeholder engagement (including shareholders, employees, clients, suppliers, investors and communities), and informs both the Strategic Plan and the Sustainability Master Plan (SMP). Stakeholders input enables the Bank to define ESG risk priorities and the allocation of resources - prioritising lending/investing allocation at a portfolio level and to reduce interactions with clients that do not meet its environmental and social commitments and/or economic expectations, or that do not follow any transition pathway.

B. Strategic goals

In alignment with its Sustainability Master Plan and stakeholder expectations, Millennium bcp has defined, in the context of the United Nations 2030 Agenda for Sustainable Development, a set of priority Sustainable Development Goals (SDGs) to steer activities and commitments towards long-term value creation – SDG 4 (Quality Education), SDG 7 (Affordable and clean energy), SDG 8 (Decent work and economic growth), SGD 10 (Reduced inequalities), SDG 13 (Climate action). These priority SDGs were selected for their direct relevance to the Group's activity and their potential to generate substantial sustainable impact and are fully embedded in the strategic plan's objectives.

PRIORITY SDGS



Additionally, Millennium bcp recognises the structural relevance and cross-cutting influence of other SDGs in its social and environmental responsibility framework. In this context, SDG 1 (No Poverty), SDG 5 (Gender Equality) and SDG 15 (Life on Land) are also considered relevant and are reflected in BCP policy design, assessment of social and environmental impact, and stakeholder engagement processes.

RELEVANT SDGS



The effective integration of these SDGs into the Bank's strategy is evident through concrete initiatives and objectives ranging from employee training and financial literacy programmes to the promotion of renewable energy, support for social entrepreneurship, and active measures for climate action – all documented and monitored in the annual Sustainability Report.

The table below provides a detailed overview of the strategic initiatives proposed for each of the identified SDGs (priority and relevant).

TABLE 10.4. – **The Sustainable Development Goals (SDG), with the greatest impact on the management of social and environmental risks**

Priority



Developing employees' personal and professional skills, promoting training and skills development activities for our employees (e.g., Millennium Academy, LEAD Development Program and Millennium Campus in Poland).

Results: (i) 7,214 training sessions; (ii) 848,475 training hours and (iii) 54 training hours per Employee | BCP Group

Promote the financial literacy of the population, contributing to a more informed management of personal finances and promoting entrepreneurship. Noteworthy is the promotion of financial literacy actions, namely, in Portugal, the digital literacy program “Afinal de contas”, “European Money Week and European Money Quiz” in partnership with APB (Portuguese Banking Association) and, in Poland, the "Financial ABC" program and, in Mozambique, the “School Savings” initiative.

Priority



Ensure universal access to modern and affordable energy services, affordable and Clean Energy refers to the provision of energy services that are accessible, affordable, reliable and environmentally sustainable. It involves financing renewable energy infrastructure and equipment projects, and others that contribute to or enhance renewable energy consumption and ensuring universal access to electricity and modern energy sources while reducing reliance on fossil fuels and transitioning to renewable energy alternatives.

Results: 46.2% of the project finance portfolio in responsible financing

Priority



Promote financial inclusion products that support productive activities, job creation, and entrepreneurship, with job creation by offering microcredit and other initiatives.

Results: 89 jobs created under the support lines for business creation projects

Protect labour rights and promote safe and secure working environments for all employees (internally), by promoting a safe and secure workplace. Of note are the initiatives of Medical Units and a staff of dedicated physicians in the facilities, with specialties such as Nutrition, Clinical Psychology, and Physiotherapy.

Results: 193 visits by occupational safety and health officers to the premises

Priority



Contribute to the development of entities in the social economy sector by providing management training and ensure equal opportunities at work and reduce inequalities (externally). We highlight the training of managers of social entities within the scope of the GOS (Management of Social Organizations) training program by AESE Business School.

Results: 15 Bank Volunteers placed their skills at the service of five social-economy organisations, supporting them in defining and developing priority projects

The **initiatives to promote equal opportunities**, namely participation in: Inclusion Labs within the scope of the Inclusive Community Forum; support in the promotion of training "Winning in the World of Work"; participation in the initiatives of IGen – Forum of Organizations for Equality; presence in the Women Empowerment Principles (WEP) Portuguese Steering Committee; and partnership with APSA -

Portuguese Association of Asperger's Syndrome.

Results: 59.5% of the total training hours provided are aimed at women number of Employees with disabilities: 296

Priority



Contribute to limiting global warming to 2°C and increase the percentage of renewable energy in total fuel consumption, with the installation of two photovoltaic plants in Taguspark and starting to install micro photovoltaic in branches in Portugal, Poland and Mozambique. In 2025 all the electricity consumed in Portugal and Poland has been 100% green. Other decarbonisation initiatives include new photovoltaic plants, reduced business travel and participation in the ELENA programme for energy efficiency.

Results: In Portugal, 32.4% of the fleet is electric or hybrid (target: 80% by 2030); in Poland, the fleet is 100% hybrid. BCP Group reduced its Scope 1 and 2 CO_2 emissions from its operations by approximately 4% compared to 2024, considering emissions associated with Portugal, Poland, and Mozambique. Scope 3 emissions increased by 16.7%, reflecting improved data collection and the inclusion of new categories in the calculation.

Increase the percentage of renewable energy in total fuel consumption

Results: In 2025, 100% of the electricity consumed in all Millennium bcp facilities in Portugal and Bank Millennium in Poland came from renewable sources, fully meeting the Group's green energy commitment.

Calls for urgent action to combat climate change and its impacts. It is intrinsically linked to all 16 of the other Goals of the 2030 Agenda for Sustainable Development. To address climate change, countries adopted the Paris Agreement to limit global temperature rise to well below 2 degrees Celsius

Relevant



Promoting employment and social innovation by financing and supporting social enterprises.

Results: Support for social enterprises through dedicated accounts and financing; 287 new “Non-Profit Associations” accounts opened in 2025 (total: 5,445).

Contribute to improving the quality of life and reducing poverty and partnerships with social and educational organisations in Portugal and Mozambique.

Results: Community support via donations (€1.9 million), volunteering (5,243 hours, 1,013 volunteers)

Relevant



Strengthen the Bank's position regarding the promotion of gender equality and non-discrimination with commitment to gender equality reinforced by signing the iGen Charter, UN Women’s Empowerment Principles and the European Commission’s Diversity Charter.

Initiatives include discussion forums for women and raising awareness on equality.

Results: 55% women in the total workforce; 35% women on the Board of Directors; 42% of management positions held by women (26% in Portugal, 55% in Poland, 27% in Mozambique).

Relevant



- Mobilise and increase the financial means for the conservation and respect for biodiversity and for ecosystems and for the promotion of a sustainable management of forests, including maintenance and re-forestation. Promote financial inclusion products. Financing for biodiversity conservation and sustainable forest management through credit lines and guarantee programmes with the EIF, EIB, and national initiatives in Portugal and Poland.
- Longstanding partnership with WWF Polska supports forest ecosystem protection and specific conservation projects.

Results: Supported 1,139 small business and community projects, with a total of €167 million in loans for biodiversity and ecosystem conservation.

The strategic plan and other BCP public disclosures (e.g. the Sustainability Report) also set out a number of quantitative targets related to these SDGs and initiatives, namely: (i) €3bn in new sustainable financing production; (ii) carbon neutrality by 2030 in its own operations in Portugal and Poland; (iii) top quartile in the S&P Global CSA; (iv) decarbonisation targets for specific portfolios; (v) around 45% of promotions to leadership positions awarded to women in Portugal; and (vi) €2m per year associated with initiatives with social impact.

C. Commitments and policies

In addition to the internal ESG strategy, and as part of the commitment to responsible investment and awareness of the impacts of the Bank's activities on society and the planet, BCP has adhered to the following international commitments (which provide access to reference methodologies and practices for business management and climate and environmental risk factors):

- United Nations Environment Programme – Finance Initiative (UNEP-FI).
- Principles of Responsible Banking (PRB), which implies a commitment to a transformative dynamic in the financial sector that places Sustainability at the heart of its strategy.
- Task Force on Climate-related Financial Disclosures (TCFD).

Furthermore, the BCP Group ensures that its operations, as well as those of all parties to whom its Policy applies comply with the legislation of the regions in which it operates. The Group is also guided by the main guidelines, principles, and commitments on Human Rights, namely:

- International Labour Organization (ILO) Conventions on fundamental principles and rights at work.
- Principles of the United Nations Global Compact.
- Guidelines of the Organisation for Economic Co-operation and Development (OECD).
- Declaration of Business Leaders for Global Cooperation of the UN Global Compact.
- Guide of the CEO on Human Rights of the World Business Council for Sustainable Development.
- Charter of Principles of the Business Council for Sustainable Development (BCSD) Portugal.
- Women's Empowerment Principles (WEPs) of the United Nations.
- Principles for Responsible Banking (PRB) of the UNEP FI.
- United Nations Guiding Principles Framework (Ruggie framework).

Regarding internal policies, BCP has established sustainability-related policies and principles, to define values, guidelines and references on how to act in accordance with its ESG objectives and commitments. Its current policies and principles related to ESG are listed below:

- Sustainability Policy.
- Human Rights Policy.
- Social Impact Policy.
- Environmental Policy.
- Anti-Corruption and Anti-Bribery Policy.
- Diversity and Equal Opportunities Policy.

- Corporate Volunteering Policy.
- Sustainability Guidelines for Suppliers.
- Responsible Procurement Policy.
- Principles for Responsible Financing.
- Principles for Responsible Investment.

The last two principles listed recognise the existence of sectors and activities who's environmental and/or social impacts may not be aligned with the Group's commitment to a sustainable future and, as such, require specific procedures for credit decisions and monitoring. This is therefore fully integrated into regular client and transaction reviews and provides the Bank with guidance for compliance with directives and government decisions aimed at combating greenwashing and/or social washing.

All BCP Group's corporate policies and principles are reviewed and updated at least biennially, incorporating feedback from stakeholders and reflecting best-practice international standards. They are available for consultation on the website: Main Corporate Policies and Principles - Millennium bcp.

10.2. Risk Management

From a risk management perspective, environmental, social, and governance aspects, collectively referred to as ESG factors, are viewed as cross-cutting risk factors that may impact traditional risk categories (e.g. credit, market, reputational, and business risk) via transmission channels. To promote the integration of ESG factors into risk management, BCP has implemented a set of processes and methodologies to identify, assess, manage, and monitor their potential impact on the Group's overall risk profile. As such, these factors have been incorporated into the BCP Group Risk Framework, which is aligned with the Group's ESG Strategy, and are mapped as drivers of traditional risk types, as defined in BCP's Group Risk Taxonomy.

A. Identification of ESG risk drivers

a. Climate and nature-related risk drivers

The first pillar of ESG, "Environmental", is divided into climate and nature-related risk drivers (C&N). Climate-related risk drivers encompass the financial vulnerabilities posed by the exposure of the Group to counterparties that may potentially contribute to or be affected by climate change, while nature-related risk drivers stem from counterparties' dependencies and impacts on nature. These two types of drivers share common characteristics, yet they are interdependent. The two dimensions of environmental risk drivers can be decomposed into "Physical" and "Transition". The subsequent breakdown within both physical and transition factors is consistent across climate- and nature-related risk drivers.

	Environmental	
	Climate-related	Nature-related
Physical	Acute, Chronic	
Transition	Policy / Regulation, Technology, Market Sentiment	

Transition risks drivers

Transition risk arises from the adjustment process towards a low-carbon economy and from the misalignment of economic actors with actions aimed at preserving nature, which could prompt reassessment of the value of a large range of assets. Generically, this can be assessed through three underlying drivers:

- Policy and regulation risk factors:

Policy and regulatory changes aimed at reducing the adverse effects of climate change or promote adaption to climate change (e.g., carbon taxes, building energy efficiency standard, carbon footprint disclosures) and aimed at protecting, restoring, and/or reducing negative impacts on nature (e.g., soil and water pollution regulation, establishment of protected areas, anti-deforestation legislation).

- Technology risk factors:

Developments and improvements of technologies to support the transition to a low-carbon economic system (e.g., renewable energy, carbon capture and storage, market penetration of enabling tech) and with a reduced impact on nature (e.g., precision agriculture, biodegradable containers, advanced seafood cultivation).

- Market Sentiment risk factors:

Changes in market supply and demand of certain products and services due to climate- and nature-related risks and opportunities (e.g., shift away from carbon-intensive and land- and water-intensive companies by lenders, vendors, insurers, and investors).

Physical risk drivers

Physical risk drivers - arising when climate and natural systems are compromised - can be decomposed into acute and chronic hazards. Climate-related physical risk drivers derive from weather and climate-related events, while nature-related physical risk drivers stem from the degradation of nature, including its biodiversity, and the loss of ecosystem services, both potentially posing substantial financial and other risks for the Group:

- Acute: if they arise from weather-related extreme events because of climate change, as well as from acute destruction of the environment (e.g., floods, heatwaves, wildfires, pest wiping out significant parts of a harvest), or
- Chronic: if they arise from progressive shifts in climate and weather patterns, or gradual loss of ecosystem services. (e.g., sea-level rise, increase in average global temperature, deforestation, decline of species diversity)

Even though physical risk drivers have mainly been defined concerning climate change-driven risks, there are relevant physical nature-driven risks, such as natural capital degradation in the form of water stress, biodiversity loss, depletion of natural resources, which may have detrimental impacts on economic activities, given their unavoidable reliance on the Earth's ecosystems' services In fact, the human interactions with nature, either directly, via phenomena like pollution and deforestation, or indirectly via climate change, are depleting the natural capital at a rising rate. This overuse of natural capital affects its ability to continue providing the ecosystems services on which the economy is dependent, potentially leading to disruptions on production.

b. Social risk drivers

The social risk factors are related to the rights, well-being, and interests of people and communities, including factors such as decent work, adequate living standards, inclusive and sustainable communities and societies, and human rights. Social factors can translate into risks for institutions when these factors have a negative or disruptive impact in the due course of the economic and financial activities of the Group's counterparties and/or invested assets, which might translate into a financial impact for the Bank.

The following social risk drivers can be identified:

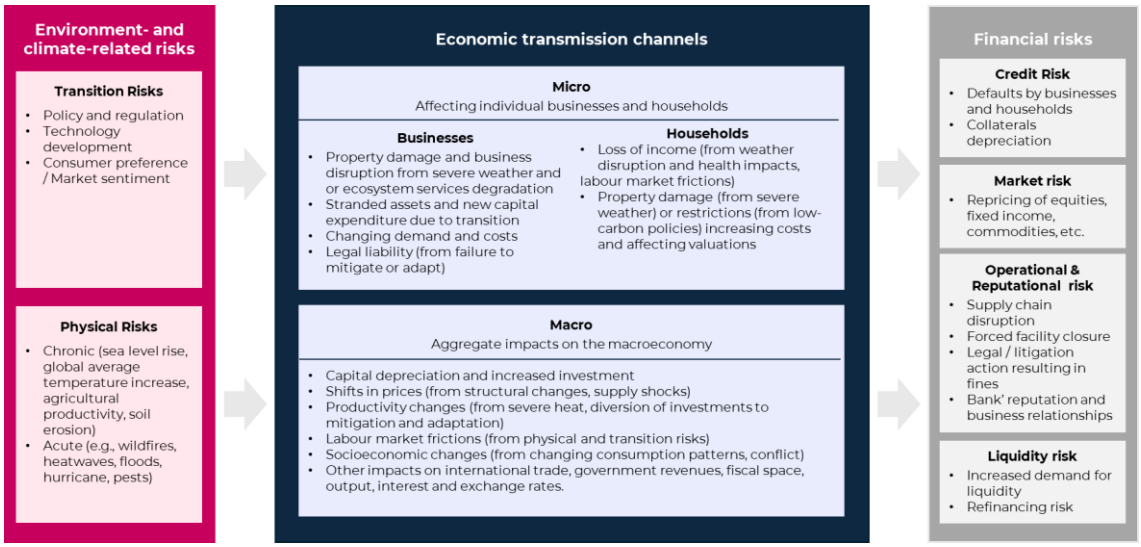
- Environmental risks.
- Changes in social policy; and
- Changes in market sentiment regarding social factors.

Unlike environmental risk drivers, it is not conceptually straightforward to categorise the drivers of social risks as physical and transition risks. This is because social risk drivers are not driven by factors that can be labelled as physical and because, compared to environmental issues, the evolution of social norms, preferences, and policies is more challenging to predict and cannot simply be labelled as a "transition".

B. Transmission channels

Both climate and nature-related risk drivers, transition and physical, can materialise via several transmission channels (at macroeconomic, and microeconomic levels), potentially impacting BCP's balance sheet through several risk types. Macroeconomic transmission channels are the mechanisms by which environmental risk drivers affect macroeconomic factors (for example, labour productivity and economic growth) and how these, in turn, may have an impact on macroeconomic variables such as risk-free interest rates, inflation, commodities, and foreign exchange rates. On the other hand, microeconomic transmission channels include the causal chains by which risk drivers affect financial institutions' counterparties (corporates, households, sovereigns, and financial institutions). A general overview of these transmission channels is provided in the next figure:

Environment- and climate-related risks transmissions channels to financial risks



(Adapted from Network for Greening the Financial System, Overview of Environmental Risk Analysis by Financial Institutions, September 2020)

Similarly, C&N risks and social risks may also translate into financial risks via channels such as reputational damage, regulatory action, labour disruptions, or supply chain failures. For example, weak workplace diversity and anti-discrimination policies may lead to employee lawsuits and reputational harm, increasing legal costs, reducing talent retention, and negatively affecting the firm's performance and investor confidence.

C. ESG risk assessment

Proper identification of relevant ESG risk drivers is a key prerequisite for sound risk management. The BCP Group performs an annual Risk Identification Process (RIP), grounded in its risk taxonomy, to ensure that all potential risks are identified and assessed in terms of their impact on the Group's capital, earnings, and liquidity, and subsequently reflected in the ICAAP and other planning processes. Within this framework, risks are broken down into more granular types and subject to a self-assessment exercise aimed at determining the material risks to which the Group is or could be exposed. ESG impacts on the Group's business model are further analysed through a contextual exercise conducted via the Business Environment Analysis

Report (BEAR), in line with the risk and strategic planning cycle. This analysis identifies emerging political, societal, and economic trends, as well as anticipated regulatory and competitiveness developments.

Building on the BEAR, the C&N Materiality Assessment (C&N MA) evaluates the potential impact of climate and nature-related drivers on BCP's risk categories through the quantification of Exposure at Risk (EaR) by risk type and factor. It covers all relevant geographies, portfolios, counterparty segments, business relationships, and owned assets, and assesses both transition and physical risk drivers through risk-dependent transmission channels across credit, market, operational, liquidity, and reputational risk.

The assessment applies scenario analysis based on Network for Greening the Financial System scenarios (Net Zero 2050, Delayed Transition, and Current Policies) for transition risk, and Intergovernmental Panel on Climate Change scenarios (RCP4.5 and RCP8.5) for physical risk, across short-term (1 year), medium-term (2–5 years), and long-term (>5 years) horizons. Results classify C&N factors as "Material" or "Non-Material" based on established thresholds.

The results from the C&N Materiality Assessment are integrated into the RIP, ensuring consistency in how climate and nature-related drivers are reflected in the Group's risk identification and assessment framework. In the most recent assessment, climate-related risks - both physical and transition - were identified as potentially material for credit and business risks in the medium term under a scenario aligned with carbon neutrality by 2050.

C&N Risk Identification framework



Regarding social aspects, the EBA Guidelines on the management of ESG risks state that, where quantitative information is initially lacking - particularly in relation to social risks - institutions' internal procedures should "...provide for methods that start by evaluating qualitatively the potential impacts of these risks on the operations of, and financial risks faced by, the institution, and should progressively develop more advanced qualitative and quantitative measures. Institutions should gradually enhance their approaches in line with regulatory, scientific, data availability and methodological progress." In addition, the EBA Guidelines on environmental scenario analysis acknowledge that, with respect to social risks, "it is recognised that at this stage the availability of structured data on these factors is very limited, and that methodologies to identify and assess these risks are not yet sufficiently developed to serve as a basis for robust scenario analyses."

BCP has been progressively assessing how the social risks factors can be included in the risk framework and enhance its understanding and treatment of material social risks. Although the assessment of social aspects remains at an early stage of maturity, the bank has been working on its methodology to make the assessment of social risk factors' impacts more robust, and has considered the following standards and initiatives:

- UN Guiding Principles on Business and Human Rights
- International Labour Organisation (ILO) Standards
- United Nations Global Compact
- The European Commission's "European Pillar of Social Rights"

As of today, the Bank is assessing how discrimination, armed conflicts, freedom of association, and other social risk factors may affect traditional risk categories, including credit, operational, reputational, and business risks. In line with the evolving regulatory and methodological landscape, the Bank will continue to enhance its assessment framework throughout 2026, with a particular focus on strengthening internal methodologies and the identification of potential transmission channels between social risk factors and financial risks.

At this stage, however, and considering the current nature of the Bank's activities, exposure profile, and available data, social and governance risk factors are not considered material across the Bank's various risk categories and time horizons.

D. ESG metrics

ESG Risk Appetite Statement (RAS) metrics form an integral part of the Bank's overall Risk Appetite Framework (RAF), supporting the integration of ESG considerations into the Bank's risk management and strategic decision-making processes. The potential impacts identified through the Climate and Nature (C&N) Materiality Assessment, together with the climate scenarios assessed, provide key inputs for risk appetite discussions and the ongoing evaluation of the Bank's exposure to ESG-related risks. These analyses support the identification of early warning signals and potential threshold breaches, thereby enabling the timely implementation of risk mitigation measures, including policy adjustments, the definition of additional limits, and the establishment of further strategic targets.

Currently, BCP's C&N RAS metrics cover transition, physical, and nature-related risks, as well as social and governance risk dimensions. These metrics are defined under the baseline scenario described in the C&N Materiality Assessment, with particular focus on the Net Zero 2050 and RCP 4.5 scenarios for the 2030-time horizon. The metrics are clearly defined, approved, and reviewed at least annually by the Board of Directors, and translated into specific limits and thresholds that are subject to regular monitoring and reporting processes.

In addition to the RAS metrics, BCP has established a broader set of ESG metrics aimed at monitoring the impact of ESG factors across the Bank's activities, business lines, and portfolios. These metrics are aligned with the Bank's internal ESG policies, strategic commitments, and sustainability objectives, while also reflecting external disclosure and reporting requirements, including the Sustainability Report, the EU Taxonomy framework, and Pillar 3 disclosures.

Together, the metrics referred to above constitute the ESG Dashboard, which serves as a key management and monitoring tool for assessing the impact of ESG risks on BCP's risk profile. The ESG Dashboard supports the ongoing monitoring of the Bank's ESG-related exposures and contributes to the integration of ESG considerations into risk governance and decision-making processes.

E. Stress test framework

To improve the existing risk tools to estimate the impact of environmental risk on capital and liquidity risk profile, the Bank has been developing a comprehensive Climate Stress Testing framework. Also, following the publication of the EBA Guidelines on ESG Scenario Analysis (EBA/GL/2025/04), the Bank has considered the relevant requirements, ensuring full compliance with the regulatory and supervisory expectations.

The Bank's stress testing framework is based on the application of a set of climate (and economic related) scenarios to describe the potential performance of key risk drivers across different time horizons. When relevant, the scenarios are supplemented by sensitivity analysis assumptions, promoting a comprehensive and quantitative assessment of the climate impacts over traditional risk categories.

By taking different time horizons, the climate risk dynamics are explored. Thus, the framework considers both a climate-stress test (CST); and a climate-resilience analysis (CRA):

- CST: In the business-cycle period (IBC): covering a time horizon of 3 / 5 years, meaning that projections and risk quantification are made to capture the impacts for a foreseeable future, aiming at informing capital and financial exercises.

- CRA: Beyond the business-cycle period (BBC): targeting at a minimum period of 5 to 10 years (or longer), it aims at exploring new hypotheses that are foreseeable, but its materialization is likely to occur only in long-term projections.

In practice, additional components were added to the existing framework (that already informed the internal capital adequacy process/ ICAAP in previous years):

- Improved interplay between climate transition and climate physical risks.
- Higher granularity in terms of the risk factors considered: financial impacts from more volatile energy costs, additional carbon costs/ taxes across the value chain of corporate companies, operational disruption following natural catastrophes, financial leveraging tied to green investments, etc. are examples of factors considered at a sectorial and counterparty level.
- Combination of top-down (location and economy-wide impacts) and bottom-up (counterparty-level impact, based on the C&E Materiality Assessment) approaches, resulting in climate-stressed ratings, ratings/ PDs and LGDS, interest margins, volumes' growth, credit spreads and liquidity outflows.
- Collateral specific impacts, assessing both transition and related effects, especially for the immovable properties.
- Introduction of short-to-medium (pure climate stress test) and medium-to-long term (climate resilience analysis) methodological perspectives. In the latter, the climate scenarios are supplemented by what-if-hypothesis specifically designed to explore specific climate risk conditions present in the Bank's business model.
- Connection with ICAAP framework: from the scenarios design to the business projection and risk quantification components, the climate stress testing is fully embedded in the overall ICAAP and risk management framework.

Main results: the quantification of the financial effects of climate risks shows a limited impact in a 3-years' time horizon, across all relevant metrics (capital, liquidity or interest margin). For long--term time horizons, the impact may be increased, especially if the compensating effects of higher long-term rates are assumed to be capped (e.g., 2nd round effect – lower willingness to take investment decisions by corporates).

Overall, the impacts confirm the appropriateness of the existing climate risk methodologies, especially the C&N Materiality Assessment: the impacts, the time-horizons, the segments and portfolios considered are confirmed – i.e., the impacts quantified provide for a proper backtesting of the conclusions/ outcomes of the remaining methodologies.

F. Decarbonisation targets and transition plan

Recognising its role both as an organisation and as a financier of the global transition towards a low-carbon economy, the BCP Group acknowledges the need to reduce greenhouse gas (GHG) emissions arising from its own operations, as well as those attributable to its credit and investment portfolios. In this context, the Group maintains its commitment to sustainability, aiming to achieve carbon neutrality in its own operations (direct emissions) by 2030 and carbon neutrality across its credit and investment portfolio by 2050. This commitment is reinforced through the Group's Transition Plan, which defines guidance targets and defines the strategic approaches and actions required to achieve them.

Regarding the reduction of Scope 3 financed emissions (Category 15), the Bank has established a set of interim targets for 2028, in line with Pillar 3 disclosure requirements, covering eight carbon-intensive sectors: Power, Fossil Fuels, Automotive, Aviation, Maritime Transport, Cement, Steel and Aluminium, and Chemicals.

The Group's Strategic Plan and Prudential Transition Plan are designed to ensure that its business model remains aligned with the transition towards a carbon-neutral economy, while progressively integrating ESG considerations into business management, strategic decision--making, and the overall risk management framework. Further information regarding the

Transition Plan is available in the Group's Sustainability Report, under section E1-1 – Transition Plan for Climate Change Mitigation.

10.3. Reporting

A. Internal reporting

The Board of Directors (BoD), Executive Committee (EC), and other management bodies are the primary recipients of the various outputs from the main risk management processes. As ESG risks are being integrated into all processes, they are addressed in several internal reports:

- The Risk Appetite Statement (RAS) metrics are monitored and reported, at least, quarterly, both at the consolidated Group level and for each entity.
- Conclusions of the C&N Materiality Assessment are reported and embedded into the risk identification process (RIP) / risk assessment report.
- Through the ESG Dashboard, the progress of the ESG metrics is reported and monitored, aiming to track the implementation of BCP's sustainability strategy and adjust as necessary.
- Additional reports, such as Credit Risk Monitoring, Top Largest Economic Groups, and Leveraged Transactions, also monitor and report various ESG metrics, including the ESG RAS metrics, specifically for new production.
- Since ESG risks are already integrated into the ICAAP and ILAAP frameworks, they are thoroughly covered in the respective ICAAP/ILAAP reports.

B. External reporting

BCP's sustainability and ESG risk management approach is documented through several externally published reports, each offering a distinct perspective. While many of these disclosures respond to evolving ESG-related regulatory requirements, they are complemented by a range of voluntarily published materials that reinforce the Bank's commitment to transparency and responsible practices:

- Mandatory EBA ESG Templates on Pillar 3,STE/SREP risk templates and ESG EBA ad-hoc collection: These reports focus on ESG risk perspective and include assessments such as: i) climate change transition risk for loans collateralised by immovable property, based on collateral's energy efficiency; ii) credit quality of exposures - regarding climate transition risk - by sector, emissions and residual maturity; iii) alignment metrics for carbon-intensive portfolios and iv) exposures subject to physical risk. The required data is collected on a best-effort basis, prioritising real data whenever available, while also proxies to estimate unavailable data.
- The BCP Group Sustainability Report, published on an annual basis, is a comprehensive report on BCP's sustainability performance. The report details how BCP addresses corporate sustainability and how it implements BCP's sustainability strategy and Sustainable Finance Programme. It addition, it also presents (i) the policies and guidelines, governing BCP's actions in ESG matters; (ii) goals (namely, strategic ones), targets (including decarbonisation targets), commitments and initiatives (in particular those under the SMP) set by BCP, as well as their level of implementation / execution; (iii) its main achievements and actions undertaken during the reporting year in all its geographies; iv) its social and environmental footprint in the reporting period.
    - EU Taxonomy templates: published on an annual basis, alongside the Group Sustainability Report, presenting the proportion of eligible and aligned assets relative to Banks' total covered assets.
- The BCP Annual Report includes a mandatory Sustainability Statement, which incorporates adaptation to the new European Union (EU) guidelines on non-financial reporting, namely the Corporate Sustainability Reporting Directive (CSRD) (EU 2022/2464), the European Sustainability Reporting Standards (ESRS) (EU Regulation

2023/2772), in the case of sector indicators, the GRI Standards guidelines, and also publishes the SASB indicators, namely those associated with the financial sector. The recommendations of the Task Force on Climate Related Financial Disclosures (TCFD) are also followed, as well as the requirements of CMVM in Portugal. This statement provides an overview of BCP's sustainability strategy, sustainability governance, and how the Group manages the material impacts, risks, and opportunities as identified through a double materiality assessment. Additionally, this report also covers Human Rights reporting in accordance with the UN Guiding Principles Reporting Framework.

- EU Regulation 2019/2088 on the disclosure of sustainability-related information in the financial services sector (SFDR - Sustainable Finance Disclosure Regulation), adopted by the European Union in November 2019, which aims to make information on investment financial products and their contribution to sustainability comparable and more easily understood by investors and other information users and which came into force in March 2021.

10.4. ESG factors in credit origination and monitoring processes

As the ESG risk drivers are integrated in the Group's risk management practices, the various intervenient in the credit risk process are required to identify clients and transactions that carry relevant risk from a climate, environmental and/or social perspective, and concomitantly incorporate this information in the credit origination and monitoring activities.

For that purpose, BCP has developed a specific framework, leveraging on its internal ESG risk methodologies, processes, and assessments, to support credit decision analysis and decision-making process on whether and how to start, or maintain, a credit relationship with a business customer. Several components are considered within this assessment framework, namely:

- Sectoral climate and nature-related risks classifications, according to C&N Materiality Assessment conclusions.
- ESG Ratings, based on exposure of economic sectors to environmental and social risks, as well company's specific information on environmental, social, governance, and disclosure factors.
- Energy Performance Certificate (EPC) or other sustainability certifications for buildings, in case of a real estate-related transaction (or otherwise collateralized by immovable property).
- Client-specific information, such as: i) GHG emissions intensity and how it compares (e.g., percentual gap) with the portfolio alignment targets defined for the sector in which the borrower operates, to better understand the expected contribution of the client or the specific transaction under decision for the Group's Targets; ii) disclosure of mitigation factors, such as transition plan and policies/plans for natural capital protection; iii) existence of significant controversies regarding environmental and social conduct that could potentially harm the Group's reputation and/or influence the clients' financial capacity (e.g., litigation risk, potential liabilities associated with any ESG matter).

As a conclusion of this assessment, where necessary, an additional level of conservatism can be introduced into credit policies (especially for long-term operations) and sectoral strategies. This may result, for example, in additional requirements on the price or profitability of operations, the application of covenants, or even stricter acceptance criteria.

10.5. Data Availability

According to EBA guidelines on management of environmental, social and governance risks, institutions should implement "...sound information management systems to identify, collect, structure and analyse the data that is necessary to support the assessment, management and monitoring of ESG risks".

The existence of complete and reliable data is essential for conducting effective risk assessment exercises, developing quantification methodologies, and implementing consistent risk monitoring routines.

Recognizing the importance of meeting these guidelines and expectations, the BCP Group has implemented an ESG-integrated data platform. The platform ensures adequate data availability, reliability (quality, auditability, transparency), granularity, and timeliness, and includes aggregation capabilities and reporting procedures for both regular and ad hoc requests.

The platform integrates data from both internal and external sources, covering customer, operations, and collateral information. It includes both real and estimated data, using proxies when specific information is unavailable or missing.

For ESG data collection from Clients, BCP established that each Group entity should develop and implement efficient procedures and questionnaires to gather essential ESG data. Institutions may also leverage external solutions available in the market, such as the SIBS ESG tool available for the Portuguese market: a systemic solution that BCP has joined in partnership with SIBS and other national banks, aimed at helping companies address ESG information challenges. It is an integrated platform that allows data provided by companies, once and in one place, to be centralized and shared directly with participating financial institutions. This solution offers companies four distinct questionnaires: i) ESG questionnaire, aligned with applicable international standards, that enables the collection of data related to environmental performance, socially responsible behaviour, and corporate governance practices; ii) European taxonomy questionnaire, which enables companies to either upload their existing ESG reports, if already prepared, or to carry out the assessment directly on the platform, evaluating the degree of alignment of their activities with the European Taxonomy; iii) physical risks questionnaire, that allows for the assessment of various acute and chronic physical risks to which a company is exposed, taking into account the location of its assets; and iv) CO2 calculator, that enables companies to estimate their scope 1, 2 and 3 greenhouse gas emissions.

10.6. Qualitative Information on Governance Risk

Governance risk factors have a dual perspective: inside-out and outside-in. The inside-out perspective relates to risks arising from poor management within the BCP Group (violations or non-compliance with principles of good governance) and is monitored under the 'Governance Risk' category, whereas the outside-in perspective relates to risks stemming from poor management at the level of the Group's counterparties and invested asset.

In both perspectives, governance risk can be driven by a variety of factors, such as i) the inadequate management of material issues, including environmental and social ones; and ii) non-compliance with corporate governance framework or codes. This risk can stem from shortcomings in governance practices across multiple areas of activity, including executive leadership, compensation, auditing, internal controls, tax practices, board independence, shareholder rights, and anti-corruption measures.

BCP's ESG governance risk management framework is structured around a set of targets, commitments, principles and internal controls that guide its actions both internally and externally. Through its Code of Conduct, as well as compliance and control processes - including those addressing the prevention of money laundering and terrorist financing, conflict of interest, anti-bribery and anti-corruption – BCP ensures that, prior to the establishing any business relationship or providing services, clients and counterparties are subject to screening. Where necessary, they are also subject to an individualised assessment to determine whether to start or maintain a business relationship with the BCP Group.

Governance factors, including significant controversies regarding governance conduct, are factored into ESG rating assignment, which in turn is included in the loan origination and monitoring framework, as described above in section 4 of this chapter – ESG factors in credit origination and monitoring processes.

Building on the legal framework, BCP defined internal rules from the SMP framework as an expression of its commitment to sustainable governance and the accompanying social and

environmental responsibility. Adequate procedures for monitoring and controlling the execution of the different dimensions of the SMP and of the relevant ESG metrics are in place, including the regular report to the management bodies.

Moreover, consumers, investors and supervisory authorities are becoming increasingly aware of ESG-related matters. Consequently, the Bank's association with third parties – such as suppliers, counterparties and credit institutions - with poor ESG performance, or those involved in ESG controversies, may indirectly but significantly impact its reputation. It is therefore crucial to ensure thorough due diligence of key counterparties, to guarantee they are aligned with BCP's ESG strategy and vision. Through the C&N Materiality Assessment, as presented above, the BCP Bank assesses the impact of ESG factors in reputational risk, based on external ESG ratings and legal / litigation events involving its largest counterparties and suppliers. The goal is to assess the potential reputational damage related to governance matters, safeguard the Bank's public image, and maintain Clients' trust.

As part of the credit risk assessment for large corporate clients, financial ratings include a component specifically dedicated to assessing the quality of the company's governance, management, and organizational structure. This component is assessed individually for each company and considered within the context of its industry and market segment. Risk analysts evaluate the following aspects:

- The organizational structure and the functioning of its management and governance bodies.
- The quality of its sectoral and peer-to-peer strategy and positioning.
- The transparency and reliability of externally disclosed information.
- How conflicts of interest are identified, managed, and controlled.

Also, the Governance component within the financial rating model for large companies has been enhanced with additional analytical elements. These are to be assessed by risk analysts through the collection and verification of company-specific information, including:

- Internal control system policies and practices.
- Transparency of governance.
- Independence of governing bodies.
- Shareholders' rights.
- Anti-corruption policies and initiatives.
- Quality of the remuneration policies of the governing bodies.

Concerning credit risk policies dedicated to the principles of management and control of environmental, corporate, and governance risks (ESG Management and Control Principles) integrates sustainability principles into all stages of the credit granting and monitoring process, especially considering climate and environmental risks:

- The identification, management, and mitigation of the physical and transition risks that may directly affect customers' ability to pay and the security of the Group's assets.
- The implementation of adequate due diligence to understand Customers' vulnerabilities before granting credit.
- The consideration of ESG risk factors in credit analyses and assessments.
- The incorporation of a promotional pricing policy based on criteria established by BCP's Green Taxonomy.
- The internal ESG risk analysis process is part of the ordinary credit risk analysis process to which large companies are subject.

The implementation of these compliance control processes is also guided by a formal policy framework, which includes:

- Policy for Preventing and Combating Money Laundering and Terrorist Financing (AML/CFT) defines the key principles and the Global Compliance Operating Model for the design and implementation of controls considered appropriate for the prevention of ML/TF, within the scope of the BCP Group.
- Policy for the Prevention and Management of Conflicts of Interest defines the principles, governance model, and fundamental processes adopted for the identification and management of situations of conflict of interest that occur within the scope of BCP or in any entity directly or indirectly controlled by it, integrating the Group.
- Anti-Corruption and Anti-Bribery Policy reinforce BCP's commitment to proactively combat and prevent all forms of corruption and bribery, defining the principles and guidelines to prevent and manage these practices.
- Privacy Policy ensures the security of personal data and the privacy of data subjects while respecting the regulations in force.
- New Product Approval Policy establishes the approval rules for the launch of new products and services (applicable in Portugal) and for changing the characteristics of the products being marketed (creation, alteration, reintroduction, or elimination of the offer), ensuring the protection of customers, the preservation of the Bank's soundness, and the mitigation of situations of possible conflicts of interest.
- Remuneration Policies define the rules and principles underlying the management of the Bank's remuneration for employees and members of the management and supervisory bodies, promoting the transparency of remuneration policies regarding the integration of sustainability risks.
- Principles of Responsible Financing: excluded, and conditional projects define the exclusions of projects and the sectoral and project limitations to be considered in the decision to grant credit, namely in what concerns the environmental and social risks associated with these sectors of activity, to safeguard the environmental and social impact on communities.
- Principles of Responsible Investment: ESG financing and investing is recognized as a specific business management strategy under the umbrella of responsible banking, in which the Bank incorporates ESG considerations in the decisions related to long-term exposures and returns. To this end, ESG factors are evaluated both in terms of their risks and opportunities.
- Sustainability Guidelines for Suppliers defines a set of action commitments applicable to the contracting of third-party services, per the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, the Fundamental Principles and Rights at Work of the International Labour Organization (ILO), the United Nations Global Compact and the Charter of Principles of BCSD Portugal, to which BCP subscribes.
- Millennium BCP's Principles in Tax Issues establish a set of action commitments, including the definition of the tax framework of the Group's companies and the activities carried out by them, monitoring, and implementing the changes that prove necessary.
- Responsible Procurement Policy, which ensures that all procurement processes for goods and services are conducted ethically, transparently and in alignment with principles of efficiency and sustainability. Purchasing decisions include the assessment of associated environmental and social impacts, as well as the analysis of relevant risks and opportunities for the Bank's financial and reputational performance.

To ensure the alignment of incentives with the objectives of the BCP Group's ESG strategy, the Bank's remuneration policy was adjusted to include performance indicators linked to sustainability.

Thus, to award variable remuneration, a Sustainability indicator – the degree of implementation of the Sustainability Master Plan – was integrated into the Remuneration Policies for Employees

and members of the EC, which contributes, among others, to the definition of the degree of achievement of the Bank's overall objectives, a condition for determining the allocation of variable remuneration and the respective amount.

Alongside existing business, organization, and risk management-related indicators, these sustainability metrics enable BCP's performance in sustainability to directly support the Bank's overall management objectives.

All BCP Group's corporate policies and principles are available for consultation on the website:

Main Corporate Policies and Principles - Millennium bcp ;

Articles of Association and other internal regulations of the Bank - Millennium bcp

11. Other Risks

11.1. 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 to maintain the benefits defined by the Fund. The responsibility for the regular monitoring of this risk and the follow-up of its management lies with the Pension Funds Risk Monitoring Commission.

The liabilities assumed by the BCP Group are related with the payment to Employees of pensions on retirement and permanent disability and orphan and widow benefits.

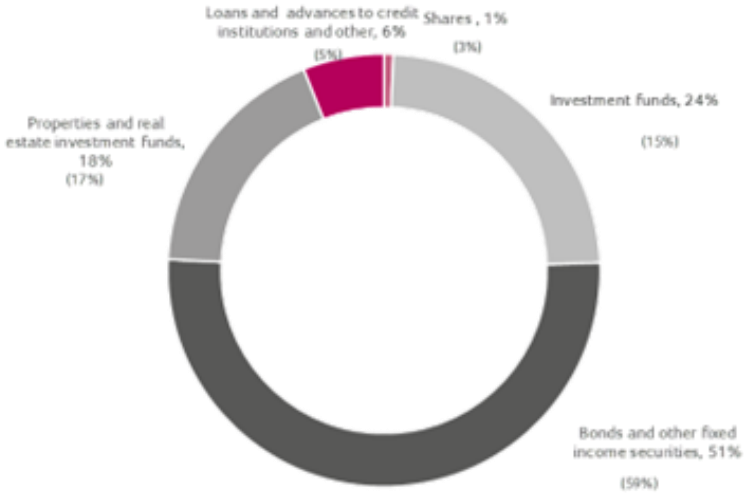
The first line of defence is ensured by the Assets and Liabilities, Research and Financing Division, which monitors the performance and the risk level of the Pension Funds and participates in Pension Funds Risk Monitoring Commission. The second line of defence is assumed by the Risk Office, which also participates in the referred Commission, while the Internal Audit Division performs the third line of defence for this risk.

On 31 December 2025, the Group's liabilities for pensions on retirement and other benefits stood at EUR 3,025 million, which compares with the EUR 3,203 million recorded at the end of previous year, reflecting mainly the impact of an increase in the discount rate (4.13% on 31 December 2025 vis-à-vis 3.48% on 31 December 2024). These liabilities were fully funded and at levels above the minimum set by Banco de Portugal, showing a coverage rate of 109.4% at the end of the current year (104.6% at the end of the previous year).

The Pension Fund's assets which are financing the above-mentioned liabilities reached EUR 3,309 million at the end of 2025 (EUR 3,351 million recorded on 31 December 2024). These assets showed a positive cumulative return of 3.92%, which compares favourably with the rate of 3.48% considered in the actuarial assumptions in the first half of the year and is broadly in line with the 3.90% rate considered in the actuarial assumptions in the second half of the year.

On 31 December 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 on 31 December 2025



(x%) Proportion as at 31 December 2024

On 31 December 2025, the structure of the Pension Fund's asset portfolio shows, compared to 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 bonds and other fixed income securities and in shares.

The main indicators of the Pension Fund over the last three financial years are as follows:

TABLE 11.1. – Pension fund indicators

Main indicators	31 Dec. 25	31 Dec. 24
Liabilities with pensions	3,025	3,203
Minimum level of liabilities to cover*	2,991	3,165
Value of the Pension Fund	3,309	3,351
Coverage rate	109.4%	104.6%
Coverage rate of the minimum level of liabilities*	110.6%	105.9%
Return on Pension Fund	3.92%	1.292%
Actuarial (gains) and losses	(146)	248

* According to the Banco de Portugal requirements (assuming the application of the minimum requirement to all Group companies).

11.2. Model Risk

The Group's risk management and principles and guidelines policy define model risk as the current or prospective risk to earnings, capital and liquidity arising from the development or the use of any flawed of inappropriately applied models/algorithms, within the scope of pricing or transactions' decision making, internal capital quantification models or business decisions. This risk could be also impacted by digitalization risk drivers (e.g., increased need to build different models for different purposes, increased reliance on AI, machine learning, and big data analytics).

The Bank has in place a group policy concerning Model Risk Management principles and guidelines, which establishes concepts, requirements and standards for measuring, monitoring, managing and mitigating model risk across the Group.

This policy applies to all models used for Pillar 1 and Pillar 2 capital requirements of the Basel framework (i.e. risk and capital models) and to all IRB financial institutions, branches or subsidiaries, within the BCP consolidation perimeter.

The model risk management framework applies across the model lifecycle and is enforced by a robust governance structure including a holistic understanding of the application and usage of models, the identification and measurement of model risk, the management and mitigation of model risk and the monitoring and reporting of model risk.

Particularly, models are identified and captured in a model inventory, which is a golden source of key information on individual models, central to the model risk management framework and the basis from which model risk is identified, assessed and monitored.

Models ongoing usage and performance are monitored to ensure models are used in accordance with their approved scope and purpose and continue to perform as expected. Model users are individually accountable for the model risk generated by their use of the model and are responsible for ensuring that appropriate controls, processes, and procedures are in place to manage model risk on an ongoing basis.

Model life cycle

The Bank's internal ratings framework is embedded within a comprehensive model risk and credit risk governance structure that ensures consistency, robustness and regulatory alignment across all entities within the Group. Internal rating systems, credit decision models and risk parameter estimation processes are developed, implemented, monitored and validated within a structured lifecycle framework covering model development, independent validation, approval, deployment and ongoing performance monitoring.

The Group model risk management is aligned with the stages of the model life cycle:

- Identification - Models are included in a centralized inventory containing information on each model.
- Development - The model owners ensure the development of the models according to the identified business needs, ensuring compliance with the Group's methodological standards that ensure model quality.
- Validation - The internal validation function documents validation activities and retains records of outcomes and findings, ensuring transparency and end to end traceability of validation work.
- Approval - Internal approval is required before deployment. The independent validation function provides its conclusion and recommendation to the Validation Commission and/or the Risk Commission, as applicable. Where required, external supervisory approval (or pre-/post notification) must be obtained in accordance with applicable regulatory requirements and the model change classification.
- Implementation and use - The integration of newly developed models into IT systems requires technical teams and model owners to run tests to confirm that implementation matches the methodological design and delivers the expected results.
- Monitoring and control - Model control and monitoring aims to review whether models operate properly and remain fit for purpose. Changes or redevelopment of the models may be made if necessary.

Governance framework

Model risk is managed in accordance with the three lines of defence, in which: model owners, users and developers are the first line; the independent validation function represents the second line; and internal audit is the third line of defence.

The Risk Commission is the body that has global responsibility for the risk control function, while the Validation Commission is the body responsible for monitoring the performance and confirming the validity of the rating systems and internal models used by the Bank within the scope of the risks management function. The conclusions of the Validation Commission are presented to the Risk Commission.

The Chief Risk Officer (CRO) bears direct responsibility for the area of model risk management, including the independent validation function, which is responsible for the oversight and effective challenge to the development, implementation, and use of models.

The Model owners are the Divisions who are the sponsors of the model and responsible for the model's development, implementation and deployment, including documentation and formalization.

The Model user are the Divisions that use the model, whether using outputs directly from the model itself or through an ancillary report. Model users are accountable for the risk generated by using the model and for its use in accordance with the approved scope and purpose.

The Internal Audit Division is responsible for assessing the overall design and effectiveness of the model risk management framework, evaluating its comprehensiveness and rigor, namely by performing periodical reviews of all the aspects of the model risk management process, including development, monitoring and validation stages.

Model users, developers, and owners work with the independent validation function GAVM to identify, measure and manage individual model risk. Where appropriate, model risk issues should be escalated to the Validation Commission and/or Risk Commission, where applicable.

Models landscape

BCP Group has 37 internal models in use for regulatory capital calculation.

TABLE 11.2. – **Internal models**

	IMA	PD	IRB Slotting	LGD	CCF	Total
Portugal	1	16	1	3	1	22
Poland		11		3	1	15
BCP Group	1	27	1	6	2	37

The Group operates a set of internal rating systems that segment credit exposures by customer type and financing nature, ensuring differentiated risk assessment for individuals, small businesses, corporates and specialized project finance.

An internal rating system is defined as a comprehensive framework combining methodologies, models, rules (including override mechanisms), processes and control mechanisms used to assess the credit risk of counterparties. Each rating model is calibrated to the Rating Master Scale, ensuring that model outputs translate into comparable risk grades across portfolios.

Regarding the activity in Portugal these systems cover retail individuals, retail small businesses and corporate exposures, including specialized lending for projects. Within the international perimeter referenced, a dedicated rating system for individual customers is applied at Bank Millennium.

Across the systems described, the Group uses its own estimates for Probability of Default (PD), Loss Given Default (LGD) and Credit Conversion Factors (CCF), supporting risk-sensitive measurement and consistent parameterization across portfolios.

At the core of the credit risk assessment framework lies a unified Rating Master Scale applied across exposure classes and geographies, ensuring consistency in the measurement of obligor creditworthiness. Credit risk segmentation is structured across distinct client categories, including sovereigns, corporates and retail exposures.

With respect to the estimation of PD, the framework is anchored in the Rating Master Scale, in which each rating grade is associated with a defined range of PD values, including minimum, midpoint and maximum levels, and one rating grade representing default, with a PD of 100%. The definition of default is applied at obligor level and is based on regulatory criteria, including exposures that are more than 90 days past due or situations in which the borrower is assessed as unlikely to pay its obligations without recourse to recovery actions, such as restructuring, insolvency or other credit impairment events.

The model development framework requires that methodologies are appropriately selected and justified, that calibration approaches are robust and aligned with regulatory standards, and that input data is representative, subject to quality controls and appropriately adjusted where necessary. The framework also allows for the incorporation of both quantitative methods and expert judgement, depending on the characteristics of the portfolio.

Validation of PD models follows a structured process, assessing key performance dimensions such as discriminatory power, calibration accuracy and stability over time, while also incorporating qualitative assessments of the rating process, including override practices and consistency of application.

Key IRB risk parameters (PD, LGD and CCF/EAD) are subject to ongoing performance monitoring and validation, with parameter estimates by grade or segment, realised-versus-expected default rates, and, where own estimates are used, comparisons of realised LGDs and conversion factors against expectations.

Differences between estimated PDs and realised default rates are addressed through the ongoing monitoring and validation framework, which includes the analysis of calibration performance and the implementation of corrective actions.

For estimating the LGD the Bank uses an internal methodology based on the observed recovery profiles which maximizes the usage of all information available and promotes a closer alignment with current recovery practices and calibrated under economic downturn conditions.

In respect of Credit Conversion Factors (CCF), the Bank calculates exposure values for off-balance sheet items by applying CCFs to nominal amounts of commitments and contingent exposures. The Group uses internally estimated CCFs for key portfolios, including retail and corporate exposures in certain jurisdictions, complemented by standardised CCF values where internal estimates are not applicable.

11.3. 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 non-material 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 aims to 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.

Governance framework

The first line of defence in the scope of real estate risk is the Specialised Credit and Real Estate Department (DCEI), which has the corporate mission of managing the Group's foreclosed assets portfolio, referred as non-performing assets, with the objective to place them back to the market in the best price conditions. DCEI has dedicated operational systems that allow to monitor and manage the real estate portfolio including the operational risks associated to 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), and 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 and, finally, the fiscal risk associated with possible tax contingencies relating to properties owned by the Group. DCEI activity is supported in a set of internal policies and standards that regulate the asset management processes on the balance sheet. The assets are also under the umbrella of adequate insurance protection.

At the time of acquisition, real estate classified as non-operational 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 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 Appraisal Department of the Rating Division (DRAT), which is independent from the DCEI is responsible for managing the process of real estate appraisals.

These assets are under the umbrella of adequate insurance protection.

The second line of defence is ensured by the Risk Office and the Compliance Office, while the third line is performed by the Audit Division.

BCP has in place a collegial body, the Real Estate Marked Conference that is composed of the heads of DCEI and DRAT and elements of the Appraisals Department and Risk Office, which meets quarterly with the objective of monitoring the behaviour of the real estate market and quickly identifying changes, trends and risks that may impact the value of properties owned or received in collateralization of credit operations. The Conference issues opinions, recommendations or prepare studies on topics related to projections on the evolution of the real estate market, on its own initiative or when requested and prepare periodic information on the evolution of the real estate market to be reported every six months to the Risk Commission.

Finally, the Credit and Non-Performing Assets Monitoring Commission of BCP also monitors the real estate owned assets portfolio main performance and risk indicators, as well as the operational plans to sell foreclosed real estate assets.

Limited exposure to real estate risk

The management of properties not available for sale has been characterised by agile, rigorous, and results-oriented action, ensuring the physical, legal, and administrative regularization of assets resulting from debt recovery or no longer needed for operation. Continuous process optimization and rapid adaptation to the legislative framework have allowed these properties to be made available for sale in an increasingly shorter timeframe. This consistent approach has

driven the reduction of the portfolio and the completion of sales under more favourable conditions, consistently exceeding the defined objectives.

BCP continued the management of the Bank's controlled holdings in entities that manage real estate risk, Funds, and Companies in a divestment strategy with value preservation

- Non-material value of real estate held for sale portfolio.
- Moderate expectation new properties because of foreclosure proceedings.
- Impact of Insurance policies on risk mitigation with real estate assets, including climate risks.

By the end of December 2025, the Group's exposure to Real Estate Risk is the following:

TABLE 11.3. – **Real estate risk**

(Million euro)	Exposure at default	RWA	Capital requirements
Real Estate	336	401	32

11.4. Reputational Risk

Reputation risk is defined in the BCP Group risk taxonomy as the current or prospective risk to earnings, capital and liquidity arising from adverse perception of the image of the financial institution on the part of customers, counterparties, shareholders, investors, or regulators due to actions of any BCP Group entity or its employees, which may also result from potential impact of climate related risks, namely the physical and transition risks.

The BCP Group exposure to reputation risk is assessment as low due to the known resilience of the institution to reputational risk, a clear and transparent communication strategy, supported by an image and communication contingency plan, and the consistent improvement trend in the Bank's financials and business indicators. The Bank has created a sound image through as a leading financial group in the Portuguese economy as well as in Poland and in Mozambique. This leading image in the market was a key factor for the Bank's resilience to the years of negative financial results and to some negative news in the media that could have damaged the Bank's public image.

Reputational Risk Management strategies and processes

Good conduct

Reputational Risk can arise from multiple sources including, but not limited to, Group's employees, business strategies and activities, clients, and counterparties. Such events could contribute to among other consequences, financial losses, litigation, regulatory enforcement actions, or monetary fines, as well as other reputational harm.

In this context, the BCP Group's Code of Conduct, approved by the Board of Directors, by recommendation issued by the Executive Committee and after a prior opinion from the Audit Committee and from the Corporate Governance, Ethics and Sustainability Committee, is a key element for the reputation risk management by defining the values and behaviour standards and corporate responsibility to be observed by all the companies of the Group, safeguarding that its activity complies with high ethical and organizational culture standards, placing into practice controls, preventive actions and levels of tolerance concerning conduct risks. The Code of Conduct provides the guidance for proper conduct and ethical values at all levels of the organization, prohibiting practices that may inadvertently provide incentives or temptations for inappropriate activities.

Credit activity

The BCP Group has limited appetite for transactions or relationships with material reputational risk or in areas which inherently pose a higher reputational risk such as production, acquisition and/or supply of controversial weapons; exploration and extraction of oil and coal, prostitution, pornography, and related activities, trading and selling of endangered wildlife or species or

selling of illegal wood, as stated in the Group's Principles for Responsible Financing, approved by the Board of Directors. The limitation to engage with clients operating in these sectors, among other restricted or conditioned economic activities, illustrate the low appetite of the Bank to reputational exposed segments. For the restricted sectors, decisions about specific transactions or relationships are made based on a risk based, individualized and objective assessment. Reputational risk cannot be precluded as it can be driven by unforeseeable changes in perception of its practices by its various stakeholders (e.g. public, clients, shareholders and regulators).

Strong compliance culture

The focus of the BCP Group in enhance the monitoring and control mechanisms related with the legal, conduct and compliance processes, based on continuous trainings for the Bank's employees and investment in supporting systems is key for the maintenance of reputational risk at low level by setting up controls over the conduct risk, financial crime risk, regulatory risk and certain aspects of litigation risk.

To comply with the relevant legal and regulatory obligations related to AML/CFT, and to ensure alignment with best international practices, the Bank maintains a set of policies, procedures and systems designed to enable effective prevention and control of financial crime risk. This operational model allows the Bank to identify, assess and mitigate the potential risks inherent to the activities of its clients, non-clients and business relationships

Sustainable principles

The entities of Group BCP and the members of its management and supervisory bodies, as well as its employees guide their actions on principles of respect for people's rights, of preservation of social and environmental sustainability, and of culture and institutional values, committing themselves to behave in an upstanding and honest manner in all relations they establish among themselves, with customers, or any other person or entity with whom they relate.

The Board of Directors approved several Policies which are important mitigators of the reputational risk, namely the Sustainability Policy, the Environmental Policy, the Anti-corruptions and anti-bribery Policy, the Social impact Policy, the Human Rights Policy, the Diversity and equal opportunity Policy, the Corporate volunteering Policy, the Sustainability guidelines for suppliers Policy, the Principles for Responsible Financing and the Principles for Responsible Investment.

The Group has approved RAS metrics to monitor the reputation risk which are reported monthly to the Executive Committee, Risk Assessment Committee and Board of Directors.

Reputational risk management structure and organization

The first line of defence is embedded in procedures and processes of the operational units of the Bank that effectively manage the Banks' business and supported by a strong good conduct and rigorous risk culture. All the employees of the Group are responsible for performing their tasks according to the Code of Conduct and for proactively implementing measures to identify, manage and mitigate reputational risk. The primary responsibility for the identification, assessment, management, monitoring and, if necessary, referring or reporting of reputational risk matters lies with the Business Divisions as the primary risk owners.

The second line of defence is performed by the Compliance Office, which is the division of the Bank designated as risk owner of reputational risk, and by the Risk Office.

The Audit Division, 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, in order 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.

Whistleblowing policy

The Group has in place appropriate autonomous Whistleblowing Policy and procedures to report potential or actual breaches of regulatory or internal requirements, through specific, independent and autonomous channels. The Whistleblowing Policy is approved by the Board of Directors, pursuant to a prior opinion from the Audit Committee, and defines as irregularities, the acts and omissions, both with malicious intent or negligence, that are susceptible 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.

12. Remuneration

This section is made accordingly to the provisions defined in the Decree-Law no 298/92[6], namely the Articles 115-C, 115-H and 115-I, which establish the principles and requirements of remuneration policies and the functioning of the Remuneration Committee, and on the Article 450 of Regulation (EU) No 575/2013, which defines the transparency requirements applicable to the financial sector concerning the remuneration policies and practices in relation to those categories of personnel whose professional activities have a significant impact on the risk profile (Identified Staff]. This information is included throughout this chapter.

12.1. Governance and organization

The following information refers to the staff of Banco Comercial Português SA and the entities that are part of its consolidation perimeter for prudential purposes (hereinafter BCP Group), who are classified as Key Function Holders (KFH), in accordance with the applicable regulations for 2025. Bank Millennium (Poland); Millennium bim (Mozambique), ActivoBank and Interfundos have their own Remuneration Policies, which are aligned with those of the BCP Group and define their own KFH, following the same process used by BCP, according to the Remuneration Policy framework approved by the Board of Directors.

The quantitative information includes the remuneration data of professionals classified as Holders of Essential Functions throughout the Group, including professionals classified as KFH of the entities: Banco Comercial Portuguese, S.A.; Bank Millennium S.A.; Banco Internacional de Moçambique, S.A. (BIM); Banco ActivoBank, S.A. and Interfundos - Sociedade Gestora de Organismos de Investimento Coletivo, S.A.

Remuneration and Welfare Board (RWB)

The RWB emanates from the General Shareholders' Meeting (GSM) and is responsible for setting and reviewing the remuneration of the Members of the Management and Supervisory Bodies (MMSB), including contributions for the purposes of supplementary retirement and in conjunction with the Nominations and Remuneration Committee (NRC), annually submitting to the GMS the Remuneration Policy of BCP's MMSB, ensuring that it reflects the institution's strategic principles and objectives. The RWB monitors the execution of the Remuneration Policy and the application of the respective guidelines.

In 2025, the composition was as follows:

Chair:	José António Figueiredo Almaça	Independent
Members:	Jorge Manuel Baptista Magalhães Correia	Non independent
	Valter Rui Dias de Barros	Non independent

Since the RWB's mission is to observe the long-term interests of shareholders, investors and other stakeholders in the institution, as well as the public interest in general, all members in office are independent of the Executive Members of the Management Body, with two of the members being related to qualified shareholders and the Chairman being independent.

At the GSM of 4 May 2022, José António Figueiredo Almaça was elected Chairman of the RWB, with an annual remuneration set at 50,000.00 euros, which was effectively paid in 2025. The other members, who combine the role of members of this Board with that of Non-Executive Directors of the BoD, do not receive any remuneration for this position.

As part of the review of the MMSB Remuneration Policy in 2023 and 2024, the RWB and NRC enlisted the specialised advice of Korn Ferry, an independent and qualified service provider, with the aim of carrying out an in-depth benchmarking and compliance analysis of the Bank's remuneration policies and practices, assessing the suitability of the remuneration structure in relation to best market practices, as well as applicable legal and regulatory requirements.

[6] Regime Geral das Instituições de Crédito e Sociedades Financeiras General (RGICSF), which is the legal framework of Credit Institutions and Financial Companies in Portugal.

In 2025, a Mercer study - Total Compensation - Banking Sector - was also contracted, aimed at the financial sector and including functions critical to the Bank's activity, making it possible to complement the analyses previously carried out through structured market information on total compensation levels (fixed remuneration, variable remuneration and benefits) and benchmarking with comparable institutions in the Portuguese banking sector.

Nominations and Remuneration Committee (NRC)

The NRC provides support and advice to the Board of Directors (BoD) on issues related with human resources, evaluation and composition of the BoD and of its Committees, reviewing the Remuneration and Succession Policies of the Directors and Employees and monitoring their respective implementation. Among others, the following competences lie with the NRC:

- Define and review the Remuneration Policy for the MMSB and submit the proposal for approval by the GMS, together with the RWB.
- Issue an opinion on the Remuneration Policy for Employees, including those responsible for internal control functions, as proposed by the Executive Committee (EC).
- Approve, on a proposal from the EC, the corporate objectives of the first line managers, and monitor the application of the Remuneration Policy and the evolution of their fixed and variable remunerations.
- Approve, on a proposal from the EC, the maximum overall value of the annual variable remuneration pool to be attributed to Employees and monitor the adequacy and consistency of the individual employee performance evaluation process used to define the variable component of remuneration.
- Issue an opinion on the consistency of the Remuneration Policies of the Group subsidiaries with the BCP Group policy.
- Assess, together with the risk management and compliance functions, the impact of remuneration practices, the mechanisms and systems implemented to ensure that the remuneration system takes into account all types of risks and own funds, and that the overall remuneration policy is coherent and promotes sound and effective risk management and is aligned with the strategic business plan, the objectives, the culture, including that of risk and corporate values and the long-term interests of the Bank, and identify measures aimed at correcting any deficiencies detected.

In 2025, the composition of the CNR was as follows:

Chair:	Lingzi Yuan (Smilla Yuan)	Independent
Members:	Li Tao (Vicent Li)	Non-independent
	Valter Rui Dias de Barros	Non-independent

It is important to highlight that the RWB and the NRC perform complementary functions, ensuring a balance between the strategic definition of the Policy and its implementation, assuring that the decisions taken reflect the best practices and objectives defined for the Bank. While the RWB sets and reviews remuneration, ensuring the implementation of the established guidelines, NRC plays an essential role in the formulation and updating of the Remuneration Policy, being responsible for defining the principles and criteria applicable to MMSB, monitoring their evolution to guarantee compliance with the Bank's context and regulatory requirements.

Other committees and divisions role

In addition, the Risk Assessment Committee (RAC) examines whether the incentives established in the MMSB's Remuneration Policy take into account risk, capital, liquidity and expectations regarding results at any given time.

The EBA Guidelines assign specific responsibilities to the human resources, risk management, compliance and audit functions, which are assumed by the corresponding Divisions at BCP Group:

- The Human Resources Division participates in the design of the remuneration structure, remuneration levels, and incentive schemes, taking into consideration strategic and budget goals, risk appetite, staff profile, retention strategies, and market conditions.
- The Risk Office informs on the definition of suitable risk-adjusted performance indicators, including ex-post adjustments, as well as in assessing how the variable remuneration structure affects the risk profile and culture of the Group BCP.
- The Compliance Office analyses the remuneration policies to ensure compliance with legislation, regulations, and internal policies.
- The Audit Division carries out an independent review of the design, implementation and effects of the remuneration policy and compliance with the guidelines established in overall Group Policy.

12.2. Description of Identified Staff

As defined in a Remuneration Policy, the BCP Group annually identifies the employees whose professional activities have a significant impact on the risk profile of credit institutions, also denominated key functions, through a self-assessment process carried out by BCP's Human Resources Division, in coordination with similar bodies in each Group subsidiary, in accordance with the Commission Delegated Regulation (EU) 604/2014. This exercise is supported on the qualitative and quantitative criteria mentioned below and the output is the list of the employees that qualify as Key Function Holders (KFH):

- First-line Managers and Executive Directors or equivalent of other Entities of the Group.
- Second-line Managers of the Risk Office, Compliance Office, and Internal Audit Division.
- Second-line Managers of the Treasury Division.
- Employees with delegated powers to approve credit transactions at a decision level immediately below those in which the intervention of the members of the EC is required.
- Members of the management committees, with the right to vote, not included in the above-mentioned groups.
- Employees with total remuneration of more than 500,000 euro or equivalent in the last financial year.
- Employees included in the set of 0.3% of employees with a higher total remuneration, in the previous financial year.
- Employees with a total remuneration, in the previous financial year, above the lowest total remuneration of a First-Line Manager, provided that their professional activities have a material impact on the Group's risk profile.
- Employees, by themselves or as a member of a Commission, who can approve or veto decisions regarding credit transactions that represent 0.5% of the Entity's Common Equity Tier 1 and are at least 5 million euro.
- Employees, by themselves or as a member of a Commission, who have the ability to take, approve or veto decisions on transactions in the trading book, for market risks, that in aggregate represent 0.5% or more of the Entity's Common Equity Tier 1 capital or, where an internal model-based approach is approved for regulatory purposes, 5% or more of the Entity's internal value-at-risk limit for trading book exposures at a 99th percentile (one-tailed confidence interval level).

The annual self-assessment process at the level of the Group Entity is conducted during the third quarter of the year and the results submitted for approval by each BoD of the Group subsidiaries, and subsequently presented to BCP's BoD, jointly with the opinion issued by the NRC.

At the end of 2025, the list of KFH was made up of 115 professionals.

12.3. Qualitative Information on Remuneration

A. General principles

The rules guiding remuneration policies at BCP Group, establishing a common framework defining the concepts, principles, rules and governance model for the preparation, approval, execution and monitoring of remuneration policies implemented in all entities of the Group, are clearly defined, approved by the BoD, and published in a group code applicable to the entire Group.

In this context, the principle of alignment of the Remuneration Policy with the business strategy, objectives, values and long-term interests of the Group and each Group Entity is established and incorporates measures that avoid conflicts of interest and commercial practices misaligned with Customer needs as well as the promotion of sound and effective risk management that does not encourage the assumption of risks that exceed the risk level of the Bank defined in the RAS. It is up to the Group subsidiaries to implement, for the different segments of the identified employees, specific remuneration policies and appropriate risk alignment mechanisms to ensure that the impact of the employee category identified in the risk profile of the institution is adequately aligned with its remuneration and its structure.

The Group Remuneration Policy considers a fixed component and a variable component. In the cases where variable remuneration is allocated, this assignment is based on the performance of the business units, the team, and the individual performance of each employee, and considers the risks assumed. In principle, the variable component of remuneration may not exceed the fixed component, but exceptions are allowed provided that they are justified and approved by the competent bodies.

The fixed remuneration of employees identified as Key Functions Holders incorporate their professional experience and organizational responsibility considering their academic level, their seniority, the level of knowledge and skills, their limitations and work experience, the business activity concerned and the level of remuneration in the geographical location.

The variable remuneration is aligned with the strategic plan and incorporated into the budget projections. The preliminary amount allocated for this purpose is explicitly approved in the annual budget by the Board of Directors, considering its impact on the capital and liquidity requirements of the Bank and of the Entity.

The amount of the variable remuneration allocated conforms adequately to changes in the performance of the employee, with situations where the performance and/or behaviour of the employee lead to a sharp reduction of the variable remuneration, which may even be reduced to zero, being defined.

The Remuneration Policy considers, as a rule, 100% of the maximum ratio between the variable and fixed components of the remuneration. However, a maximum proportion above 100% may be approved by the GMS, when necessary, or by the BoD, but may not exceed 200%, except for the Chief Risk Officer and KFH with control functions, for whom the maximum limit is 150%.

In determining the remuneration policy, different categories of employees are considered, and specific schemes are defined for each category, namely distinguishing between executive and non-executive directors, the Chief Risk Officer, other members of the corporate bodies directly elected by the GMS, employees with key functions performing control functions of the Bank or not and, lastly, all the other employees. The policies defined for the above-mentioned categories are described in detail in Part D of the Corporate Governance Report, available on the Bank's website.

Employees involved in control functions are independent of the business units they supervise and are remunerated according to the execution of the goals that do not depend on the performance of the business areas they control.

The Remuneration Policy is designed in such a way that the adequate compensation of employees is not dependent on the allocation of variable remuneration, to avoid incentives to take excessive risks in the short term. For that purpose, there is no guaranteed variable remuneration.

All employees have access to the Remuneration Policy through the Bank's intranet

B. Remuneration policies description

The Remuneration Policy for MMSB defines an annual variable remuneration system, depending on the annual evaluation of the performance of each member of the EC which is carried out based on quantitative and qualitative criteria. Depending on this evaluation and on the annual fixed remuneration, and provided that a minimum level of performance of the Bank in a set of quantitative indicators is met, the value of the annual variable remuneration that may be attributed to each member of the EC shall be determined. The payment of the amount of the variable remuneration is subject to a 5-year deferral period for 50% of its amount, and 50% of which is paid in the year following the financial year to which it relates. For members whose variable remuneration is greater than two thirds of the annual fixed remuneration earned in the financial year to which it refers, 60% of the amount must be paid on a deferred basis. If the amount of variable remuneration to be attributed is equal to or less than 50,000 euro and does not represent more than one third of the Executive Directors' total annual remuneration, the payment of the annual variable remuneration will be 100% in cash and there will be no deferral. The amounts for the non-deferred and deferred part are paid 50% in cash and 50% in BCP shares. The number of BCP shares assigned results from their valuation at a share-price value defined in accordance with the approved Remuneration Policy.

In the Remuneration Policy for Employees, an annual variable compensation system is provided for employees not covered by the Commercial Incentive Systems, based on the evaluation of the performance of each employee supported on quantitative and qualitative criteria that is carried out annually. Depending on this evaluation and on the fixed reference remuneration for the function performed, and provided that a minimum level of performance of the Bank in a set of quantitative indicators is met ensuring an annual pool amount, the value of the variable remuneration that may be attributed to each Employee is determined. For Employees considered Key Functions Holders, the payment of the amount of the variable remuneration assigned, as long as it exceeds a value determined in the Remuneration Policy or represents more than a third of the total annual remuneration, is subject to a 5-year deferral period for 40% of its amount, and 60% of which is paid in the year following the financial year to which it relates. If the amount of variable remuneration to be attributed is equal to or less than 50,000 euro and does not represent more than one third of the KFH's total annual remuneration, the payment of the annual variable remuneration will be 100% in cash and there will be no deferral. The amounts for the non-deferred and deferred part are paid 50% in cash and 50% in BCP shares. The number of BCP shares assigned and to be assigned results from its valuation at a share-price value defined in accordance with the approved Remuneration Policy. Employees considered Key Function Holders are not covered by Commercial Incentive Systems.

As provided for in the approved Remuneration Policy and applicable legislation, the variable remuneration amounts attributed to the members of the EC and KFH are subject to reduction and reversal mechanisms, to be applied in case of verification of extremely significant events, duly identified, in which the persons concerned have had a direct participation.

For the members of the EC and KFH, a long-term variable remuneration system is also provided for, whereby they may receive a fully paid variable remuneration in BCP shares or other instruments after the end of the evaluation period from 1 January 2022 to 31 December 2025 for the EC Members, and from 1 January 2023 to 31 December 2025 for KFH, provided that a certain level of performance is achieved in a set of long-term objectives. The amount of the variable long-term remuneration allocated is subject to a 5-year deferral period for 50% of its amount, and 50% of which is paid in the year following the evaluation period to which it relates. The number of BCP shares assigned results from their valuation at a share-price value defined in accordance with the approved Remuneration Policy, and similarly for other instruments.

All shares attributed to members of the EC and to KFH, related to the payment of the variable remuneration, including the long-term, are subject to a retention period of 1 year after their payment.

C. Approval of the compensation policy in force in 2025

The MMSB Remuneration Policy for 2025 was approved by the GSM on May 22, 2025, by a majority of 74.16% of the votes cast and entered in force on January 1, 2025.

The revised MMSB Remuneration Policy maintained its structuring principles, namely the link to the Bank's strategic objectives and to the mechanisms that ensure the alignment between performance, value creation and prudent risk management. The main changes introduced in the 2025 revision are as follows:

- General Principles:
    - Variable compensation is explicitly linked to the commitment and co-responsibility for the Bank's results.
    - Remuneration practices are gender-neutral, ensuring equal pay for work of equal value.
- Structure and Attribution of Variable Compensation:
    - Simplification of Evaluation: The attribution of variable compensation no longer has two evaluation steps (corporate KPIs and individual performance) and now has only one individual evaluation that integrates corporate and specific objectives.
    - Chief Risk Officer (CRO) limit: The maximum limit of variable remuneration for CRO increases from 100% to 150% of the fixed component, maintaining independent evaluation criteria.
    - Global Limit of the Annual Variable Remuneration (AVR): A global maximum limit of 1.00% of the BCP Group's net profit is defined for the variable remuneration of the members of the EC, subject to the achievement of at least 80% of the budgeted net results.
    - AVR Calculation Formula: The weighting of individual quantitative objectives is reduced (from 80% to 70%) and that of qualitative objectives is increased (from 20% to 30%), reflecting macroeconomic uncertainty and the valuation of sustainability and leadership criteria.
    - Corporate KPIs: Introduction of more complete information on the structure and weighting of common corporate KPIs, to align with shareholder expectations.
    - Deferral Criterion: The mandatory deferral rule of 60% of variable remuneration applies when its value is equal to or greater than the Annual Fixed Remuneration (previously, two thirds).
    - Update of the Deferred Component: The value of the deferred component of the variable remuneration paid in cash will be updated with interest calculated at the 12-month Euribor rate, plus 0.25%, from the date of attribution.
- Attribution of Long-Term Variable Remuneration (LTVR):
    - Introduction of information on the LTVR KPIs for the 2022-2025 mandate, increasing transparency and clarifying their possible and discretionary nature.

- Benefits and Complementary Regime:
    - Benefits Awarded: Clarification that benefits (health insurance, mobile phone, credit card, life insurance) are adjusted to responsibilities and functional requirements and to the principles of equity.
    - Contribution to the Retirement Plan: Clarification that the Bank's annual contribution to the retirement plan may vary between 20% and 30% of the annual gross fixed remuneration, if so defined by the Remuneration and Pension Board (CRP).

D. Fixed remuneration

The fixed remuneration of identified staff should reflect their professional experience and organizational responsibility considering the level of education, the degree of seniority, the level of expertise and skills, the constraints (e.g. social, economic, cultural or other relevant factors), and job experience, the relevant business activity, and the remuneration level of the geographic location. The Bank has implemented salary bands with the purpose to foster internal fairness.

The remuneration structure of staff is designed to ensure that they do not depend on the award of variable remuneration, thereby preventing incentives for short-term-oriented excessive risk taking, including the mis-selling of products, in situations where without such short-term risk taking the performance of BCP or the Group Entity or the staff member would not allow for the award of variable remuneration

E. Variable remuneration

The variable remuneration for identified staff is based on a proportional balance between fixed and variable remuneration, and on performance measurements, combining the results of the individual evaluated based on financial and non-financial criteria, of the affected business unit and the overall results of the institution. ESG risk factors, cost of capital and liquidity are considered in the assessment.

Both quantitative (financial) and qualitative (non-financial) criteria are considered when assessing performance and evaluating individual results. The appropriate mix of quantitative and qualitative criteria depends on the tasks and responsibilities of each staff member. In all cases, the quantitative and qualitative criteria and the balance between them should be specified and clearly documented for each level and category of staff.

Executive Directors

The remuneration conditions of the EC Members, as mentioned, are based on strict performance parameters, aligned with the Bank's strategic objectives and the best market practices, promoting a culture of recognition and appreciation of performance and includes two components of Variable Remuneration: the Annual Variable Remuneration (AVR) and the Long-term Variable Remuneration (LTVR).

The variable component of remuneration is linked to performance, and its total value may vary between zero and a maximum equivalent to 200% the Annual Fixed Remuneration (AFR), except for the CRO, whose variable component may not, in each year, exceed 150% of the AFR. For this purpose, it should be noted that the Pension Supplement for EC Members constitutes Fixed Remuneration.

The maximum limit applicable to the CRO has been revised compared to the previous one (100% of the AFR) while maintaining a variable remuneration ratio lower than that applicable to the other Executive Directors. This amendment ensured greater proportionality in the remuneration framework of the function, considering the evolution of the Bank's performance and the strengthening of the role of the control functions, without prejudice to safeguarding the independence of the CRO. The evaluation criteria applicable to the CRO continue to focus on qualitative indicators and metrics related to compliance with prudential and behavioural rules.

a. Annual Variable Remuneration (AVR)

The structure of the AVR was designed to reflect the Bank's performance and to ensure clear adjustment and limitation mechanisms in case of lower-than-expected results. It reflects the fulfilment of a set of common corporate KPIs relating to the Bank's overall performance, as well as specific KPIs (quantitative and qualitative) defined for each Executive Director, according to their respective areas of responsibility.

The definition and monitoring of these KPIs are carried out annually by NRC, ensuring their alignment with the Bank's short- and long-term strategic goals.

The Bank's performance evaluation has a direct impact on the calculation of the AVR, since the respective maximum global value corresponds to 1% of the Group's net profits for the year to which the AVR relates, and in any case, its attribution is conditional on the achievement of at least 80% of the budgeted net results, establishing a clear link between the Bank's performance and remuneration, encouraging the EC Members to achieve results at a global level, in line with the present and future profile and risk tolerance defined for the Group.

Corporate KPIs set for 2025:

The selected indicators reflect the Group's strategic priorities and include categories of capital, profitability, risk and evolution, ensuring a balanced assessment of its performance. These corporate KPIs assume a decisive weight in the quantitative evaluation of performance for the purposes of Annual Variable Remuneration.

Category	Description of BCP Group's Common Corporate KPIs	Weight
Capital (15%)	Common Equity Tier 1 (CET1) capital ratio (fully implemented) - Group	10 %
	MREL-TREA (%) - Portugal Resolution Group	5 %
Profitability (40%)	Return On Equity - Group	40 %
Risk (10%)	NPE ratio - Group	5 %
	Net Stable Funding Ratio (NSFR) (%) - Group	5 %
Evolution (35%)	Digital Transformation (% of mobile active customers in total active customers) - Group	10 %
	Customer Satisfaction – BCP- PT	10 %
	Business Volumes - Group	10 %
	Level of Execution of the Sustainability Master Plan - Group	5 %

The definition of global limits constitutes an additional control mechanism, ensuring proportionality and discipline in the allocation of variable remuneration. In case the sum of the individual AVR exceeds the maximum global value calculated, an adjustment factor will be applied to the individual values calculated, to ensure that the total does not exceed this limit.

b) Long-term Variable Remuneration (LTVR)

The long-term component reinforces the link between remuneration and sustainable value creation, ensuring a medium and long-term vision aligned with the Group's strategy.

Related to performance over a multi-year cycle, the LTVR aims to reward EC Members for meeting long-term strategic goals, aligned with the objectives defined in the Group's Strategic Plan and with the comparative performance of BCP's Total Shareholders Return (TSR) against the weighted average of the TSR of market indices, promoting a continuous focus on value creation, sustainability of results and alignment with the long-term interests of all stakeholders.

RVLP calculation metric 2022-2025

Category	KPIs
Strategic Plan 50%	Alignment with the Group's Strategic Plan: Component 1 (weight of 75%) - Period 2022-2024: degree of achievement of the objectives of the Strategic Plan 2021-24. Component 2 (weight of 25%) - Year 2025: degree of achievement of the objectives of the Strategic Plan 2025-2028 for the year 2025.
Total Shareholder Return 50%	Performance, measured between December 31, 2021, and December 31, 2025, of the Total Shareholder Return (TSR) of the Bank's shares compared to the TSR resulting from the weighted average of the TSR of the market indexes, calculated as follows: i) TSR of the PSI Index, with 30% weight ii) TSR of the Stoxx Europe 600 Banks Index, with 70% weight.

This component is paid exclusively in company shares or other instruments and is subject to deferral terms, promoting a continued focus on the institution's performance

Other categories

For KFH in the internal control functions and in other categories, the AVR depends on their role and is adjusted to the risk reflecting the area to which they belong or the position they hold, favouring qualitative indicators and quantitative indicators related to compliance with behavioural and prudential rules, which translates into specific KPI for determining the variable remuneration.

In addition, to measure the achievement of the multi-year targets, the corporate targets that are set for each financial year are considered.

As established by the EBA Guidelines, the variable remuneration of KFH working in the internal control functions is established in accordance with the performance indicators that are unrelated to the results achieved by the business areas they supervise or control.

E. Deferral of payment of the variable component of remuneration

Deferral, retention and recovery mechanisms are essential elements of the incentive structure, reinforcing discipline, prudent risk management and alignment with the Bank's long-term interests.

The MMSB Remuneration Policy establishes a deferral mechanism for the variable component of remuneration, applicable to both AVR and LTVR. This mechanism aims to encourage prudent risk management and ensure that Variable Remuneration is aligned with the Bank's long-term performance.

The ARV and LTVR are deferred by 50% over a period of 5 years, with one fifth of the respective amount being paid each year. It is also foreseen that in the case of the AVR, being equal to or greater than the AFR of each Executive Director, 60% of the amount must be deferred. In addition, if the AVR, individually considered or together with the LTVR, is equal to or less than 50,000 euro, and this sum does not represent more than one third of the total annual remuneration of the Executive Director, the payment of the AVR will be made in full in cash, with no deferral.

12.4. Quantitative Information on Remuneration

Quantitative information on the overall amount of remuneration awarded in 2025 and their breakdown by business areas and categories of employees is available in note 7 of the Annual Report and Financial Statements for 2025 and Part D of the Corporate Governance Report.

The tables below complement the above-referred information according to the models defined in the Commission Implementing Regulation (EU) 2024/3172, of 29 November 2024:

TABLE 12.1. – EU REM1 – Remuneration awarded for the financial year

(Thousand euro)			a	b	c	d
			MB Supervisory function	MB Management function	Other senior management	Other identified staff
1	Fixed remuneration	Number of identified staff	11	6	205	65
2		Total fixed remuneration	2 439	4 189	26 925	5 252
3		Of which: cash-based	2 211	3 426	26 925	5 252
4		(Not applicable in the EU)				
EU-4a		Of which: shares or equivalent ownership interests				
5		Of which: share-linked instruments or equivalent non-cash instruments				
EU-5x		Of which: other instruments				
6		(Not applicable in the EU)				
7		Of which: other forms	227	764		
8		(Not applicable in the EU)				
9	Variable remuneration	Number of identified staff		6	133	48
10		Total variable remuneration		10 667	11 238	2 607
11		Of which: cash-based		1 584	4 251	1 079
12		Of which: deferred		792	1 261	137
EU-13a		Of which: shares or equivalent ownership interests		9 084	6 987	1 528
EU-14a		Of which: deferred		4 542	3 356	730
EU-13b		Of which: share-linked instruments or equivalent non-cash instruments				
EU-14b		Of which: deferred				
EU-14x		Of which: other instruments				
EU-14y		Of which: deferred				
15		Of which: other forms				
16		Of which: deferred				
17	**Total remuneration (2 + 10)**		**2 439**	**14 857**	**38 163**	**7 859**

TABLE 12.2. – EU REM2 – Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff)

(Thousand euro)		a	b	c	D
		MB Supervisory function	MB Management function	Other senior management	Other identified staff
	Guaranteed variable remuneration awards				
1	Guaranteed variable remuneration awards - Number of identified staff				
2	Guaranteed variable remuneration awards -Total amount				
3	Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap				
	Severance payments awarded in previous periods, that have been paid out during the financial year				
4	Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff				
5	Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount				
	Severance payments awarded during the financial year				
6	Severance payments awarded during the financial year - Number of identified staff			3	3
7	Severance payments awarded during the financial year - Total amount			948	495
8	Of which paid during the financial year			589	495
9	Of which deferred			358	
10	Of which severance payments paid during the financial year, that are not taken into account in the bonus cap			358	
11	Of which highest payment that has been awarded to a single person			358	230

TABLE 12.3. – EU REM3 – Deferred remuneration

(Thousand euro)		a	b	c	d	e	f	EU - g	EU – h
		Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e. changes of value of deferred remuneration due to the changes of prices of instruments)	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
1	**MB Supervisory function**								
2	Cash-based								
3	Shares or equivalent ownership interests								
4	Share-linked instruments or equivalent non-cash instruments								
5	Other instruments								
6	Other forms								
7	**MB Management function**	**4 554**	**902**	**3 652**	**0**	**0**	**0**	**902**	**540**
8	Cash-based	2 188	362	1 826	0	0	0	362	0
9	Shares or equivalent ownership interests	2 366	540	1 826	0	0	0	540	540
10	Share-linked instruments or equivalent non-cash instruments								
11	Other instruments								
12	Other forms								
13	**Other senior management**	**8 687**	**2 121**	**6 566**	**0**	**0**	**127**	**2 121**	**1 277**
14	Cash-based	3 939	844	3 095	0	0	0	844	0
15	Shares or equivalent ownership interests	4 748	1 277	3 472	0	0	127	1 277	1 277
16	Share-linked instruments or equivalent non-cash instruments								
17	Other instruments								
18	Other forms								
19	**Other identified staff**	**7**	**5**	**2**	**0**	**0**	**0**	**5**	**2**
20	Cash-based	3	2	1	0	0	0	2	0
21	Shares or equivalent ownership interests	3	2	1	0	0	0	2	2
22	Share-linked instruments or equivalent non-cash instruments								
23	Other instruments								
24	Other forms								
25	**Total amount**	**13 248**	**3 028**	**10 220**	**0**	**0**	**127**	**3 028**	**1 819**

TABLE 12.4. – EU REM4 – Remuneration of 1 million EUR or more per year

(Euro)		a
		Identified staff that are high earners as set out in Article 450(i) CRR
1	1 000 000 to below 1 500 000	
2	1 500 000 to below 2 000 000	1
3	2 000 000 to below 2 500 000	5
4	2 500 000 to below 3 000 000	
5	3 000 000 to below 3 500 000	1
6	3 500 000 to below 4 000 000	
7	4 000 000 to below 4 500 000	
8	4 500 000 to below 5 000 000	
9	5 000 000 to below 6 000 000	
10	6 000 000 to below 7 000 000	
11	7 000 000 to below 8 000 000	

TABLE 12.5. – EU REM5 – Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff)

(Thousand euro)		a	b	c	d	e	f	g	h	i	j
		Management body remuneration			Business areas						
		MB Supervisory function	MB Management function	Total MB	Investment banking	Retail banking	Asset management	Corporate functions	Independent internal control functions	All other	Total
1	Total number of identified staff										287
2	Of which: members of the MB	11	6	17							
3	Of which: other senior management				1	169	5	27	3	0	
4	Of which: other identified staff				0	30	3	6	26	0	
5	Total remuneration of identified staff	2 439	14 857	17 295	325	30 264	2 005	8 642	4 787	0	
6	Of which: variable remuneration	0	10 667	10 667	164	6 865	920	3 959	1 938	0	
7	Of which: fixed remuneration	2 439	4 189	6 628	161	23 398	1 085	4 683	2 849	0	

Annexes

Annex 1 – Index of Regulatory Reporting Tables – Quantitative & Qualitative

Guidelines on Disclosure Requirements Under Part Eight of Regulation (EU) N.º 575/2013 & Regulation of Execution (EU) 2024/3172

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EU REM2	Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff)	12.4	12.2
EU REM3	Deferred remuneration	12.4	12.3
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Annex 2 - EU CR7

EU CR7 – IRB approach – Effect on the RWEAs of credit derivatives used as CRM techniques

December 2025 (Euro million)		Pre-credit derivatives risk weighted exposure amount	Actual risk weighted exposure amount
		a	b
1	Central governments and central banks - F-IRB	-	-
EU 1a	Regional governments and local authorities -F-IRB	-	-
EU 1b	Public sector entities - F-IRB	-	-
2	Central governments and central banks - A-IRB	-	-
EU 2a	Regional governments and local authorities A-IRB	-	-
EU 2b	Public sector entities A-IRB	-	-
3\	Institutions – F-IRB	-	-
4	not applicable		
5	Corporates – F-IRB	-	1,819
EU 5a	Corporates - General	-	1,316
EU 5b	Corporates - Specialised lending	-	503
EU 5c	Corporates - Purchased receivables	-	-
6	Corporate – A-IRB	-	7,628
EU 6a	Corporates - General	-	7,628
EU 6b	Corporates - Specialised lending	-	-
EU 6c	Corporates - Purchased Receivables	-	-
7	not applicable		
8	not applicable		
EU 8a	Retail - A-IRB	-	6,038
9	Retail – Qualifying revolving (QRRE)	-	735
10	Retail – Secured by residential immovable property	-	4,120
EU10a	Retail – Purchased receivables	-	-
EU10b	Retail- Other retail exposures	-	1,183
11	not applicable		
12	not applicable		
13	not applicable		
14	not applicable		
15	not applicable		
16	not applicable		
17	Exposures under F-IRB	-	1,819
18	Exposures under A-IRB	-	13,666
19	Total Exposures	-	15,485

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Annex 4 – Acronyms and Technical Terms Frequently used Throughout the Document

Acronym	Description
AML/CTF	Prevention of money laundering and terrorism financing
APB	Portuguese Bank Association
AT1	Additional Tier 1 capital
AudC	Audit Committee
AVA	Additional valuation adjustments
BCBS	Basel Committee on Banking Supervision
BEAR	Business Environment Analysis Report
BM	Basel III Monitoring
BoD	Board of Directors
bps	Basis points (1 basis point = 0,01%)
BRRD	Bank Recovery and Resolution Directive
BTAR	Banking Book Taxonomy Alignment Ratio
C&E	Climate-related and Environmental
CALCO	Capital Assets and Liabilities Committee
CBR	Combined Buffer requirement
CCF	Credit Conversion Factors
CCP	Central Counterparty
CCR	Counterparty credit risk
CDS	Credit default swap
CET1	Common Equity Tier 1
CGSES	Corporate Governance, Ethics and Sustainability Committee
COREP	Common reporting framework for prudential reporting by financial institutions in the European Economic Area
CRD	Capital Requirements Directive
CRD IV	Directive 2013/36/EU of June 26 regarding access to credit institutions' activity and prudential supervision of credit institutions and investment companies, which alters Directive 2002/87/CE and revokes Directives 2006/48/CE and 2006/49/CE
CRM	Credit Risk Mitigation techniques
CRR	Capital Requirements Regulation - Regulation 575/2013/EU of June 26, related to prudential requirements for credit institutions and for investment companies, which changes Regulation (EU) no. 648/2012
CVA	Credit Valuation Adjustment

Acronym	Description
DPD	Dyas past due
DORA	Digital Operational Resilience Act
EAD	Exposure at Default
EBA	European Banking Authority
EC	Executive Committee of the BoD
ECAI	External Credit Assessment Institutions
ECB	European Central Bank
EL	Expected loss
EMIR	European Market Infrastructure Regulation (Regulation (EU) No 648/2012
ESG	Environmental, Social and Governance
EU	European Union
FINREP	Financial Reporting framework for entities in the European Economic Area
GAR	Green Asset Ratio
GL	Guidelines
GOS	Management of Social Organizations
HQLA	High quality liquid assets
IAS	International Accounting Standards
ICAAP	Internal Capital Adequacy Assessment Process
ICS	Internal Control System
ICT	Information and communication technology
IFRS 13	International Financial Reporting Standard 13 - Fair Value Measurement
IFRS 9	International Financial Reporting Standard 9 - Financial Instruments
ILAAP	Internal Liquidity Adequacy Assessment Process
ILAAP	Internal Liquidity Adequacy Assessment Process
ILO	International Labour Organizations
IRB	Internal ratings-based approach
IRRBB	Interest Rate Risk in the Banking Book
ISDA	International Swaps and Derivatives Association
ITS	Implementing technical standard
KNF	Komisdja Nadzoru Finansowego: Polish financial Supervisory authority
KPI	Key Performance Indicators
KRI	Key Risk Indicators
LCR	Liquidity Coverage Ratio
LGD	Loss Given Default
MiFIR	Markets in Financial Instruments Regulation
MMSB	Member of the Management and Supervisory Board
MREL	Minimum requirement for own funds and eligible liabilities

Acronym	Description
NFC	Non-financial corporations
NII	Net interest income
NPA	Non-performing Assets
NPE	Non-performing Exposures
NPL	Non-performing loan
NSFR	Net Stable Funding Ratio
OECD	Organisation for Economic Co-operation and Development
O-SII	Other Systemically Important Institution
OTC	Over-the-Counter derivatives
PD	Probability of Default
RAC	Risk Assessment Committee (CAVR)
RAF	Risk Assessment Framework, defined as the set of principles, policies, rules, limits and reports that support the Bank's risk management function
RAR	Risk Assessment Report
RAS	Risk Appetite Statement, declaration including a set of indicators of risk acceptance limits by the Bank
RC	Risk Commission
RCSA	Risk and Control Self-Assessment
REPOS	Repurchase agreements: Financial instruments subject to repurchase agreements
RIP	Risk Identification Process
RMS	Risk Management System
RSA	Risks Self-Assessment
RTS	Regulatory technical standard
RWEA	Risk Weighted: Risk Weighted Exposure Amounts
SFDR	Sustainable Finance Disclosure Regulation
SREP	Supervisory Review and Evaluation Process
T2	Tier 2 capital
TCR	Total capital ratio
TEM	Total exposure amount
TREA	Total risk exposure amount
VaR	Value at Risk

2025 Market Discipline Report

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