

# Annual Report

CONSOLIDATED

# 2022



MESSAGE FROM THE CHAIRMAN OF THE GENERAL AND SUPERVISORY BOARD .....	3
MESSAGE OF THE CHAIRMAN OF THE EXECUTIVE BOARD OF DIRECTORS .....	6
MANAGEMENT REPORT .....	8
1. KEY INDICATORS .....	8
2. DISTINCTIONS AND MAIN EVENTS .....	9
3. SUMMARY OF THE PERFORMANCE AND ACTIVITY OF THE CRÉDITO AGRÍCOLA GROUP, 2020-2022 .....	13
3.1. BANKING ACTIVITY .....	13
3.2. INSURANCE ACTIVITY .....	14
4. PRESENTATION OF THE CRÉDITO AGRÍCOLA GROUP .....	15
4.1. VISION, MISSION, VALUES AND STRATEGY OF THE CRÉDITO AGRÍCOLA GROUP .....	15
4.2. STRUCTURE OF THE CRÉDITO AGRÍCOLA GROUP .....	17
4.3. CAIXA CENTRAL AND GOVERNANCE OF THE GROUP .....	20
4.4. BUSINESS MODEL OF THE CRÉDITO AGRÍCOLA GROUP .....	25
4.5. CORPORATE RATING .....	31
5. ACTIVITY OF THE CRÉDITO AGRÍCOLA GROUP IN 2022 .....	33
5.1. ACTIVITY FRAMEWORK .....	33
5.2. BANKING ACTIVITY OF THE CA GROUP IN 2022 .....	48
5.3. INSURANCE ACTIVITY OF THE CA GROUP IN 2022 .....	54
6. FINANCIAL INFORMATION AND RISK MANAGEMENT .....	57
6.1. FINANCIAL ANALYSIS .....	57
6.2. RISK MANAGEMENT .....	84
7. NON-FINANCIAL INFORMATION .....	110
7.1. BUILDING A SUSTAINABLE LEGACY: THE CA GROUP'S SUSTAINABILITY STRATEGY .....	110
7.2. VALUE AND IMPACT CREATION: A SUSTAINABILITY APPROACH FOCUSED ON OUR STAKEHOLDERS .....	118
7.3. TABLE OF CORRESPONDENCE WITH DECREE-LAW 89/ 2017 OF 28 JULY .....	128
7.4. TABLE ON CORE GRI STANDARDS – GLOBAL REPORTING INITIATIVE .....	130
FINANCIAL STATEMENTS OF THE CA GROUP .....	145
ALTERNATIVE PERFORMANCE MONITORING (APM) OF THE CA GROUP .....	153
CA GROUP REPORTING PERIMETERS .....	157
EXPLANATORY NOTES TO THE CONSOLIDATED ACCOUNTS .....	160
NOTES TO THE FINANCIAL STATEMENTS OF THE CRÉDITO AGRÍCOLA GROUP .....	160
EXTERNAL AUDITORS' REPORT OF THE CA GROUP .....	354
CAIXA CENTRAL'S FINANCIAL STATEMENTS .....	367
ALTERNATIVE PERFORMANCE MONITORING (APM) OF CAIXA CENTRAL .....	373
EXPLANATORY NOTES TO CAIXA CENTRAL'S ACCOUNTS .....	377
NOTES TO THE FINANCIAL STATEMENTS OF THE CRÉDITO AGRÍCOLA GROUP .....	377
EXTERNAL AUDITORS' REPORT OF CAIXA CENTRAL .....	521
PROPOSED APPROPRIATION OF PROFIT OR LOSS OF CAIXA CENTRAL .....	532
REPORT ON CORPORATE GOVERNANCE STRUCTURE AND PRACTICES .....	533
SUMMARY OF THE SELF-EVALUATION REPORTS UNDER THE TERMS OF ARTICLE 60 OF NOTICE 3/2020 .....	624
ACTIVITY REPORT OF THE GENERAL AND SUPERVISORY BOARD .....	630
ACTIVITY REPORT OF THE COMMISSION FOR FINANCIAL MATTERS .....	640
OPINION OF THE SUPERIOR COUNCIL .....	647
OPINION OF THE GENERAL AND SUPERVISORY BOARD .....	649
OPINION OF THE COMMISSION FOR FINANCIAL MATTERS .....	650

(Free translation from the Annual Report originally issued in Portuguese language. In case of doubt, the Portuguese version will always prevail).



## MESSAGE FROM THE CHAIRMAN OF THE GENERAL AND SUPERVISORY BOARD

The post-pandemic economic recovery, anticipated for 2022, was compromised by disruptive events in the year, notably the invasion of Ukraine and the return to high levels of inflation. The war in Europe triggered an energy and food crisis that threatened supply chains and drove up inflation. The attempt by Central Banks to control and reduce the effects of inflation led to a more accelerated reversal of monetary policies, together with an unprecedented rise in reference interest rates in the eurozone.

As a result, the economic growth that had been experienced at the beginning of the post-pandemic period slowed down. According to the World Bank, global growth in 2022 is estimated to have been 2.9% and the same institution forecasts that this slowdown in global growth will be long-lasting. Under these circumstances, the Portuguese banking market in 2022 continued to register a growth trend in the volume of deposits, of about 6.4% in 2022, although lower than in previous years.

Loans granted in Portugal recorded a 1.9% growth in 2022, which, although lower than in 2021, was mainly driven by the increased demand for loans by households, which grew 3.3%. For its part, in 2022, the national insurance market registered a decline of 9.5% in total production in the Life and Non-Life Businesses, exclusively justified by the significant impact on the Life business, mainly in life insurance linked to investment funds.

In the CA Group the gross loan portfolio in 2022 showed a 2.2% growth to 12.1 billion euros, on the back of commercial dynamics and permanent support for the national economy in a bleak context, representing a market share of loans granted of 5.7%. In 2022, the CA Group also recorded an improvement in the quality of its loan portfolio, with a significant decrease in the NPL ratio which stood at 5.1% (7.2% in December 2021) and NPL impairment coverage of 41.2%.

In 2022, the CA Group also posted year-on-year growth in customer deposits of 5.8%, reaching a total of 20,470 million euros, maintaining a market share of around 8%.

In 2022, net interest income in the CA Group increased 17.7% year-on-year, benefiting from the evolution of reference rates and the positive impact on interest-generating assets, and net commissions increased 18.5% year-on-year, driven by the increase in customer transactions and the growth of loans.

In 2022, the portfolio of non-life business policies in force at CA Seguros grew about 4%, reaching a value of 154 million euros in gross premiums written, representing a year-on-year growth of 6.2%. At the end of 2022, CA Vida had 279 thousand life insurance policies in force and 32 thousand pension fund contracts, representing a year-on-year growth of 6.9% and 8.9%, respectively. The gross premiums issued in the life insurance business reached a value of 248 million euros, with year-on-year growth of 75.4%.

In terms of economic and financial performance, in 2022 the CA Group posted a net income of 144.3 million euros, equivalent to a return on equity of 7.1%. These results led to CET1 and Total capital ratios of 19.9%, with liquidity presenting a liquidity coverage ratio (LCR) of 500% and a net stable funding ratio (NSFR) of 167.7%.

To comply with the MREL (Minimum Requirement for Own Funds and Eligible Liabilities) intermediate requirement, the CA Group issued non-preferred debt in 2021 of 300 million euros, and incorporates in its own funds the net income it generates. On 5 August 2022, the CA Group was also informed by the Resolution Authority (Banco de Portugal) of the revision of the MREL requirements, which make it compulsory to hold own funds and eligible liabilities equivalent to around 24% of risk-weighted assets from January 2024.

In 2022, Caixa Central issued a subordinated debt instrument, eligible for additional Tier 1 capital, for an amount of 100 million euros, to ensure compliance with the minimum leverage ratio requirement at the individual level.

Also through a communication from Banco de Portugal in 2022, the CA Group was identified as an Other Systemically Important Institution (O-SII), thus determining a reserve of 0.25% of the total amount of the positions at risk to be applied from June 2023.

In 2022, pursuant to the established provisions in terms of internal risk policies since previous years, the appropriate management of risks arising from the activity constitutes a priority for the CA Group, recognising its impact on the creation of value and its fundamental role in the construction of a cohesive and solid internal control system.

In these terms, in accordance with Banco de Portugal Notice 3/2020, Caixa Central defined a Common Services Policy for Crédito Agrícola, which regulates, from the beginning of 2022, the provision of the common services of the internal audit function and the risk management function to the Caixas Agrícolas that are part of SICAM, under the guidance, monitoring and supervision powers of Caixa Central. Without prejudice to the specific powers of each of these functions, the Monitoring and Supervision Department and the Transformation and Development Office perform supplementary control functions, contributing to the adequacy and effectiveness of the internal control system.

Regarding human resources, it is noted that the number of employees of the CA Group increased in 2022, with a net growth of 18 employees, to a total of 4,110 employees. This evolution in the number of employees was due to the increase of 15 employees assigned to control or similar functions, 5 employees to reinforce the digital and IT areas and 8 employees for other areas.

At the level of the Associated Caixas Agrícolas, the decline in their number is motivated by merger processes in 2022, in addition to the reduced number of Group branches, which fell from 624 branches at the end of 2021 to 617 branches at the end of 2022.

Throughout the 2022 financial year, the General and Supervisory Board (GSB) monitored the activities developed by the CA Group, in the exercise of its powers and the specific powers of its specialised committees, the Financial Matters Committee, the Remuneration Committee, the Risk Committee, the Supervisory Matters Committee and the Cooperative Affairs Committee, active until 3 April 2022, through my articulation of the work of the specialised committees and the periodic reporting of the activity developed in each specialised committee by the respective Chairman.

In this financial year, the activities of the GSB and its specialised committees took place in accordance with the internal regulations and the provisions of Banco de Portugal Notice 3/2020, consisting, among other duties, in monitoring the activity of the Executive Board of Directors, supervising the preparation and disclosure of financial information and monitoring the internal control system and supervision of the Associated Caixas.

Also noteworthy in 2022 is the completion of a study, promoted by the Cooperative Affairs Committee, in collaboration with CIRIEC (International Centre of Research and Information on the Public, Social and Cooperative Economy), on the contribution of Cooperative Banking to regional and local development, its role in the European banking system and in development and social cohesion in Portugal. As a result of this study, the book "Cooperative Banking and Regional and Local Development" was launched in early 2023.

The CA Group CA remains attentive to the challenges that the current national and international situation poses to households and companies, as well as to the consequent impacts that may be reflected in its activity. In this context, the CA Group reinforces its commitment to the defence of current and future generations, observing the European prudential regulatory framework applicable to ESG (Environmental, Social and Governance) risks in financial activity, as a cooperative-based financial group.

The values of inclusion, sustainability and innovation, which are part of the culture of the CA Group, and which are so well expressed in our current institutional campaign under the motto "We are here for a Greater Good", are allied to its mission and objectives of contributing to the economic and social progress of the communities, through the practice of proximity financial activity, with a social and sustainable purpose, solid and with a strong presence in all regions.

### **Ricardo Pinheiro**

Chairman of the General and Supervisory Board

## MESSAGE OF THE CHAIRMAN OF THE EXECUTIVE BOARD OF DIRECTORS

Everything suggested that by the year 2022 the world and European economies would continue to recover from the impacts of the coronavirus pandemic when, in February 2022, we were surprised by the invasion of Ukraine by Russia, in a return of the war to European territory that triggered an inevitable review of the assumptions on which the world geopolitical order was based, ushering in a new context of uncertainty.

In the national context, the external and financial environment deteriorated due to the increase in inflation rates and interest rates, with adverse impacts on the income of households that, even so, maintained internal consumption levels sustained by employment levels and by savings accumulated during the period of confinement following a period of financial and social support measures granted by the Government to companies and households. In contrast, there was a slowdown in private and public investment, justified by uncertainty, the energy crisis and the increase in financing costs, partially offset by the favourable performance of exports, essentially in the tourism sector.

Despite the drastic and unexpected changes in the macroeconomic environment, which are becoming increasingly frequent, the Crédito Agrícola Group achieved a remarkable performance in 2022. The consolidated profit for the year reached 144 million euros, which translated into a return on equity of 7.1%, and net operating income rose 14% to 652 million euros.

In a prudent approach, the cost of credit risk rose to 0.45% in 2022, which represents a year-on-year increase of 41 basis points, and which incorporates an *overlay* to accommodate the expected effects of Decree-Law 80-A/2022 and the possible degradation of exposures relating to contracts particularly exposed to sectors affected by the energy crisis or to logistical problems originating in Russia's invasion of Ukraine.

Aware of the specific characteristics of the cooperative model, the Crédito Agrícola Group's management bodies have been continuously analysing the business environment and the operating model in order to make strategic decisions and implement agile measures that allow the Group to adapt quickly and flexibly to changes in demographics, behaviour and customer expectations and to react promptly to sudden changes in the economic, competitive and regulatory context.

The growth in legal and regulatory requirements in banking and insurance, and the increase in service levels in the branch network and complementary channels, combined with the necessary technological and informational investments, are responsible for the growth in operating costs of 7.6% to 400.9 million euros.

As a result of the commitment of the Caixas Agrícolas to monitoring and recovering loans, the non-performing loans (NPL) ratio fell by 2.1 p.p. to 5.1% and this allowed exposure to problem assets (NPA) to fall to 993 million euros (of which, 586 million euros of NPL and 407 million euros of real estate).

The Crédito Agrícola Group had a Common Equity Tier 1 ratio considering the results generated in the 2022 financial year of 19.9% and a total capital ratio also of 19.9%, ratios that are clearly above the SREP requirements.

In addition to the robust capital situation, the Group has a liquidity position that allows it to comfortably accommodate the growth of the activity for the coming years. In 2022, the loan to deposit ratio fell to 58%, the lowest value in the banking sector in Portugal. Around 80% of total deposits are covered by the DGF and the Group has a significant portfolio of eligible collateral with the Eurosystem to meet potential liquidity needs. At the end of the year, the liquidity coverage ratio (LCR) reached 500% and the net stable funding ratio (NSFR) stood at 167.7%.

With regard to resolution planning (BRRD), the binding requirements in force since 1 January 2022 were met with a gap of 3.88 p.p. for  $MREL_{TREA+CBR}$  and 2.87 p.p. for  $MREL_{LRE}$ .

It remains our conviction that the financial sector in general, and Crédito Agrícola in particular, must always protect depositors and actively remain at the service of society, promoting climate transition and the development of the real economy, which is increasingly circular and fair, and contributing to improving people's quality of life and achieving a positive and comprehensive impact. Let us keep in mind that Crédito Agrícola's vision is to become a reference in inclusion, sustainability and innovation, maintaining its recognition as the most trusted financial group in Portugal.

The 112 years of full integration with local communities, the evident solidity and liquidity, and the trust that Portuguese society and the diaspora place in the Crédito Agrícola brand are the necessary foundations for our Group, and the 71 Caixas Agrícolas that make it up, to continue to support our Members and Customers in their financial and protection choices and to move forward, in harmony, towards a prosperous, secure and hopeful future.

The effort, commitment and talent of our people, the most important asset of the Crédito Agrícola Group, are reflected in the excellence of customer service, independently recognised over the years, and in the strengthening of the capital base and reputation.

On my own behalf and on behalf of the Executive Board of Directors of Caixa Central, I would like to end with a word of congratulations to all the employees, managers, partners and other stakeholders of the Crédito Agrícola Group for the way in which they were able to cooperate, even in the most challenging times in 2022, and a warm thank you to our Members and Customers for the trust they have placed in us, which undoubtedly constitutes our driving force to continue to create value, day after day, in all regions of the country without exception.

**Licínio Pina**

Chairman of the Executive Board of Directors

# MANAGEMENT REPORT

## 1. KEY INDICATORS

### EVOLUTION OF CRÉDITO AGRÍCOLA GROUP

	In million euros, except %		
	2020 Dec.	2021 Dec.	2022 Dec.
<b>BALANCE SHEET</b>			
Total net assets	23 451	26 002	24 895
Total loans and advances to customers (gross) <sup>1</sup>	11 189	11 726	11 982
Total loans and advances to customers (net)	10 804	11 393	11 632
Total customer funds	18 767	21 060	22 416
Customer funds on the balance sheet	17 046	19 236	20 398
Off-balance sheet funds	1 720	1 824	2 018
Accumulated impairments and provisions	579	502	501
of which: Accumulated impairment of credit	386	333	350
Insurance contract technical provisions	726	713	782
Equity	1 889	2 019	2 042
<b>RESULTS</b>			
Net interest income	319	313	368
Technical margin of insurance activity	37	66	145
Net fees and commissions	126	123	146
Core operating income	482	503	659
Net trading income	95	63	-3
Other net operating income	-7	4	-4
Operating income	569	570	652
Operating costs	-365	-373	-401
Impairment and provisions for the year	-74	2	-57
Consolidated net income	87	159	144
<b>EFFICIENCY AND PROFITABILITY RATIOS</b>			
Cost-to-income	64.1%	65.4%	61.5%
Core cost-to-income	75.7%	74.2%	60.8%
Return on assets (ROA)	0.4%	0.6%	0.6%
Return on equity (ROE)	4.9%	8.1%	7.1%
<b>CAPITAL AND LIQUIDITY RATIOS</b>			
Common equity tier 1 ratio <sup>2</sup>	18.6%	19.2%	19.9%
Total own funds <sup>2</sup>	18.6%	19.2%	19.9%
Leverage ratio	7.8%	8.7%	7.6%
Loan to deposit ratio <sup>3</sup>	63.4%	59.2%	57.0%
Liquidity coverage ratio (LCR)	433.5%	477.2%	500.0%
Net stable funding ratio (NSFR)	150.0%	150.2%	167.7%
<b>ASSET QUALITY RATIOS</b>			
NPL Ratio <sup>4</sup>	8.1%	7.2%	5.1%
NPL coverage by NPL impairments <sup>5</sup>	35.3%	32.6%	41.2%
NPL coverage by NPL impairments and collateral <sup>5</sup>	128.1%	133.5%	151.3%
NPL coverage by NPL impairments and collateral (FINREP) <sup>5,6</sup>	86.8%	87.6%	91.9%
Texas ratio <sup>7</sup>	40.8%	38.8%	27.3%
Cost of risk	0.48%	0.04%	0.45%
<b>OTHER INDICATORS</b>			
# of employees	4 098	4 092	4 110
# Associated Caixas Agrícolas	75	75	71
# of bank branches	637	624	617
<b>MOODY'S RATING (last rating action, December 2022)</b>			
Outlook		Stable	
Counterparty Risk Rating (CRR)		Baa2/Prime-2	
Bank Deposits		Baa3/P3	
Baseline Credit Assessment (BCA)		ba1	
Adjusted Baseline Credit Assessment		ba1	
Counterparty Risk Assessment (CR)		Baa1(cr)/Prime-2(cr)	
Senior Unsecured Notes		Ba2	

(1) Includes Customer debt instruments (commercial paper operations)

(2) The ratio incorporates net income for the period.

(3) Ratio calculated in accordance with BdP Instruction 23/2012, determined by the ratio between net loans and advances to customers and customer deposits.

(4) Ratio calculated according to BdP Instruction 20/2019.

(5) Applying haircuts and recovery costs. (6) Coverage limited to the contract exposure.

(7) Determined by: NPL / (Tangible common equity + Stock of impairments)



## 2. DISTINCTIONS AND MAIN EVENTS

### Distinctions achieved by the Crédito Agrícola Group



Crédito Agrícola was elected by “Escolha do Consumidor 2022” (Consumer Choice 2022) as the best Bank, in the Category of Small and Medium-Sized Banks, thus conquering the preference of the Portuguese consumers by having been ranked in the first place in 8 of the 10 categories under assessment.

In early 2023, Crédito Agrícola was once again distinguished by “Escolha do Consumidor 2023” in the Category of Small and Medium-Sized Banks, reaffirming the preference of the Portuguese consumers and maintaining its first place in 8 of the 10 categories under assessment.



CA Seguros was distinguished, for the 4th consecutive year, as leader in customer satisfaction and experience by BECX 2021 - Best European Customer Experience, in the Non-life Insurance business category, being ranked in the first place in 7 of the 8 assessment indices. In turn, CA Vida was considered by its Customers, for the 4th time, as the best company in the Life Insurance business category, having achieved the first place in all indicators.

### Quality of Service of the Crédito Agrícola Group

According to the Behavioural Supervision Report, issued by Banco de Portugal, relative to the year of 2022, Crédito Agrícola stood out in the ranking of national banks with less complaints.

Indeed, it was the second institution with fewest complaints concerning current accounts (0.14 complaints per 1000 current accounts, compared to the banking system average of 0.35), the third institution with fewest complaints in consumer credit (0,23 complaints per 1000 consumer credit contracts, compared to the banking system average of 0.48), and was ranked in second place for mortgage loans (0.83 complaints per 1000 contracts, compared to the banking system average of 1.17).

CA Seguros was indicated as the second insurer with the least Motor Insurance claims in 2021, in the Report on Regulation and Supervision of Market Conduct published by ASF - Autoridade de Supervisão de Seguros e Fundos de Pensões (Portuguese Insurance and Pension Funds Supervision Authority), with 0.177 complaints per 1000 insured vehicles, compared to an average of 0.309 for the market as a whole.

## Main events for 2022

- **January**
  - Crédito Agrícola elected Consumer Choice 2022 in the Category of Small and Medium-Sized Banks.
- **February**
  - Under the Supervisory Review and Evaluation Process (SREP), Banco de Portugal notified the CA Group about the prudential requirements to be met, on a consolidated basis, from 1 July 2022, namely a Common Equity Tier 1 (CET1) ratio of 9.16%, Tier1 of 11.13% and Total Capital Ratio of 13.75%, including a Combined Buffer Requirement (CBR) of 2.5% and Pillar 2 Guidance (P2G) of 0.75%, all fully complied with by Crédito Agrícola.
  - CA Seguros was distinguished, for the 4th consecutive year, as leader in customer satisfaction and experience by BECX 2021 - Best European Customer Experience, in the Non-life Insurance business category.
  - CA marks 111 years of history with the “DIA CA Sempre Sustentável” (Always Sustainable CA DAY) campaign.
- **March**
  - CA VIDA was considered, for the 4th time, the best company in the Customer Experience Index – BECX 2021 Award, in the Life Insurance business category;
  - Disclosure of the Results for the year of 2021, with a Net Income of 158.8 million euros.
  - Caixa Central informs on the issuance of a Subordinated Debt Instrument Eligible for Additional Tier 1 Capital, of a maximum value of 100 million euros, aimed at ensuring compliance with the Leverage Ratio minimum requirement of 3% at the individual level, exclusively available for subscription by the Caixas de Crédito Agrícola Mútuo, its shareholders.
- **April**
  - Crédito Agrícola and Crédit Agricole Leasing & Factoring Portugal (CAL&F Portugal), enter into an innovative partnership, enabling the provision of CAL&F Portugal Factoring services to Crédito Agrícola’s Corporate Customers;
  - The Governing Bodies of Caixa Central de Crédito Agrícola Mútuo take office for the three-year period of 2022-2024.
- **May**
  - Disclosure of the Results for the first quarter year of 2022, with a Net Income of 35.7 million euros.
- **June**
  - General Meeting of Caixa Central grants the Executive Board of Directors authorisation for the repurchase and resale of up to 10% of its own bonds “PTCCCAOM0000” issued in November

2021, for a period of 18 months, at its discretion and subject to prior authorisation by Banco de Portugal;

- Launch of the “CA Empresas” (CA Companies) campaign, under the motto “*Seja qual for o desafio, estamos cá para apoiar*” (No matter what the challenge, we are here to support) with solutions aimed at accompanying the life cycle of the companies;
- Crédito Agrícola joins the digital literacy programme of the Associação Portuguesa de Bancos (APB) (Portuguese Banking Association), primarily directed at the senior population, having presented the topic “*Como abrir uma conta online?*” (How to open an account online) in this context;
- Launch of the “CA Solução Família” (CA Family Solution) campaign, directed at Customers of all age cohorts who prioritise family and health protection and investment solutions, under the motto “*Cuidar para viver ao máximo*” (Caring to live life to the fullest).

- **August**

- The CA Group was informed by the Resolution Authority (Banco de Portugal) of the review of its Minimum Requirement for Own Funds and Eligible Liabilities (MREL). From 1 January 2024, the CA Group shall be required to hold a value of own funds and eligible liabilities equivalent to 24.68% of the amount of risk-weighted assets (Total Risk Exposure Amount or TREA) (including the Combined Buffer Requirement (CBR) of own funds reserve of 2.50%) and 5.91% of the total exposure measurement (Large Exposures Return or LRE);
- Disclosure of the Results for the first half of 2022, with a Net Income of 64.4 million euros;
- Launch of a new personal credit campaign, with the motto “*Há espaço para o que sempre quis*” (There’s room for what you always wanted), becoming the pre-eminent partner for those seeking to invest in the accomplishment of personal projects.

- **September**

- Communication of Banco de Portugal of the identification of the CA Group as an “other systemically important institution” (O-SII) during 2022, thus determining a reserve of 0.25% of the total amount of exposures, applicable from 1 December 2023;
- Launch of a new “CA Empreendedores” (CA Entrepreneurs) campaign, aimed at boosting the development and revitalisation of local business growth, with the motto “*A tua ambição leva-te onde quiseres*” (Your ambition will take you where you want).

- **October**

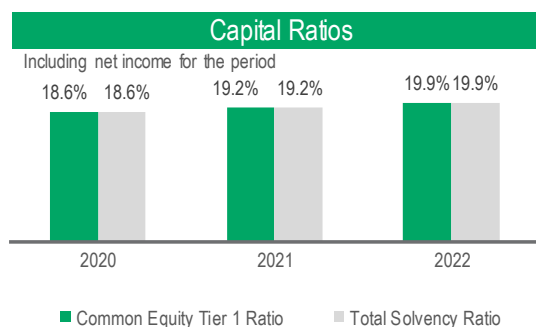
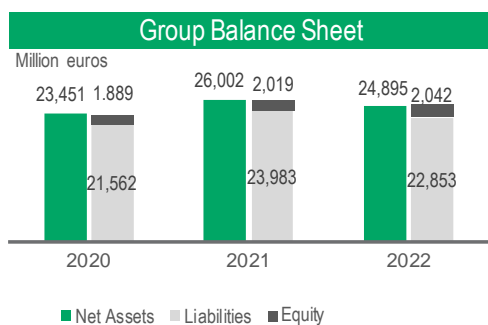
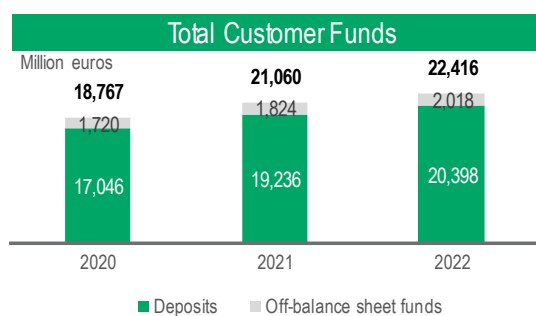
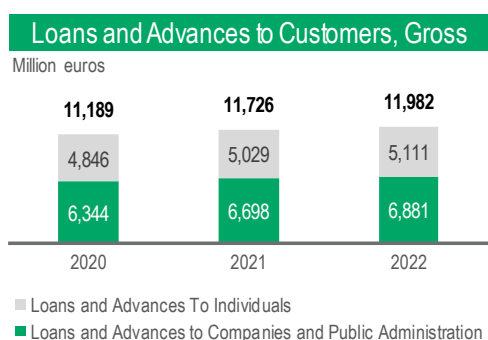
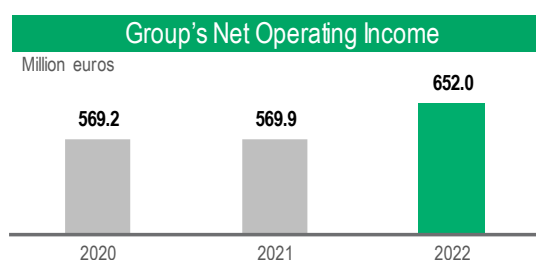
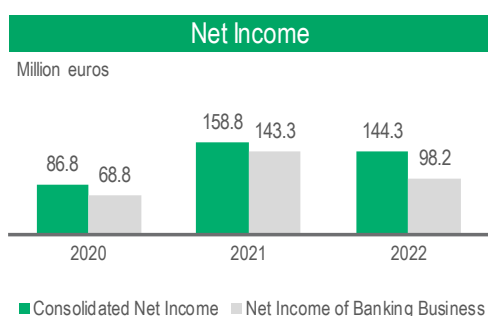
- Caixa Central discloses the payment of interest relative to Coupon number 1 of its bond issue “€300,000,000 2.50 per cent. Fixed/Floating Rate Callable Senior Preferred Notes due 2026” (ISIN PTCCCAOM0000);
- With the motto “*Eu sei o que quero*” (I know what I want), launch of the “CA Jovens” (CA Youth) campaign, with a view to promoting an offer with attractive conditions to ensure the future of young people aged between 13 and 17 years old, emphasising the importance of saving;

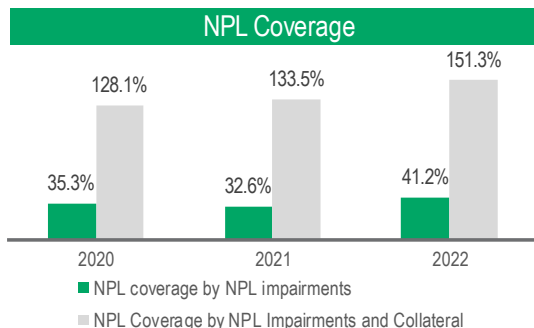
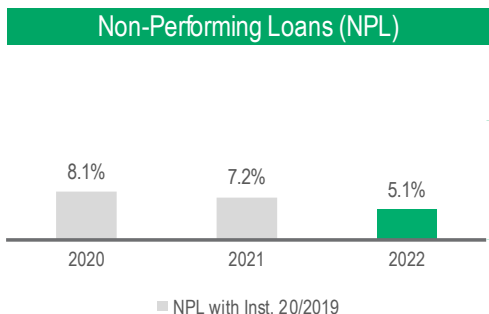
- New institutional campaign at a national level, under the motto “*Estamos Cá Por Um Bem Maior*” (We are Here for the Greater Good). Included in Crédito Agrícola’s strategic goals and focused on the Group’s new positioning, of “being a benchmark for sustainability in Portugal”, the new advertising campaign is especially centred on CA’s commitment as an active agent of change towards a better world.
- **November**
  - Crédito Agrícola launches the “CA Dedicado” (CA Dedicated) campaign, with an offer of Protection and Health Solutions covering “Seguro CA Protecção Família” (CA Family Protection Insurance), “Seguro CA Saúde” (CA Health Insurance) and CA Dedicated Cards, under the motto “*Escolha o melhor rumo para os seus planos. Dedicado a Si.*” (Choose the best route for your plans. Dedicated to You);
  - Disclosure of the Results for the first nine months of 2022, with a Net Income of 93.8 million euros.
- **December**
  - The Rating Agency Moody’s reaffirms the ratings assigned to Caixa Central, namely the Baseline Credit Assessment of “ba1”.



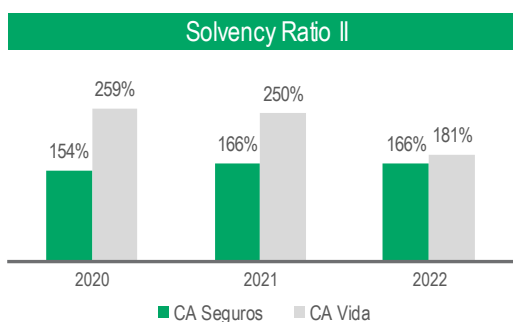
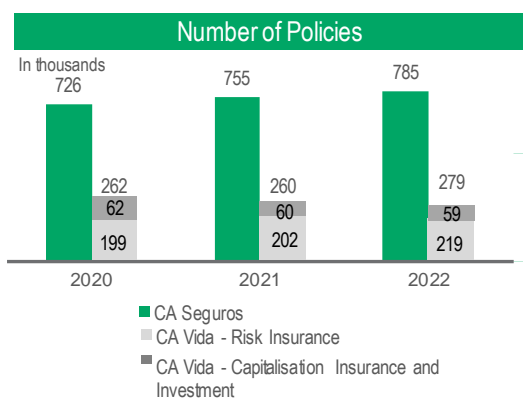
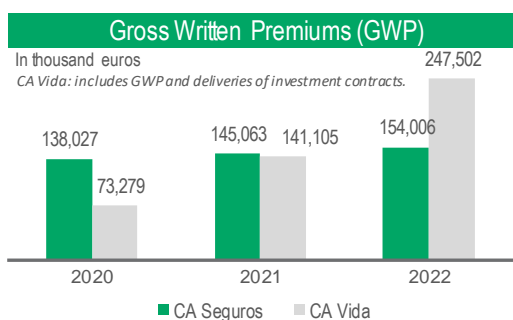
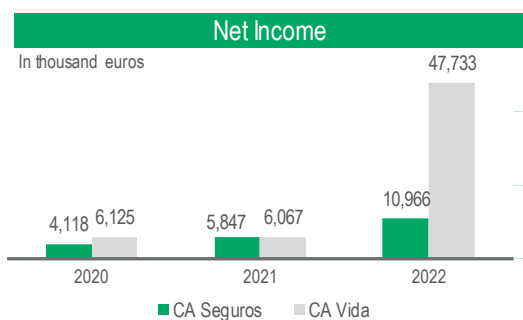
### 3. SUMMARY OF THE PERFORMANCE AND ACTIVITY OF THE CRÉDITO AGRÍCOLA GROUP, 2020-2022

#### 3.1. BANKING ACTIVITY





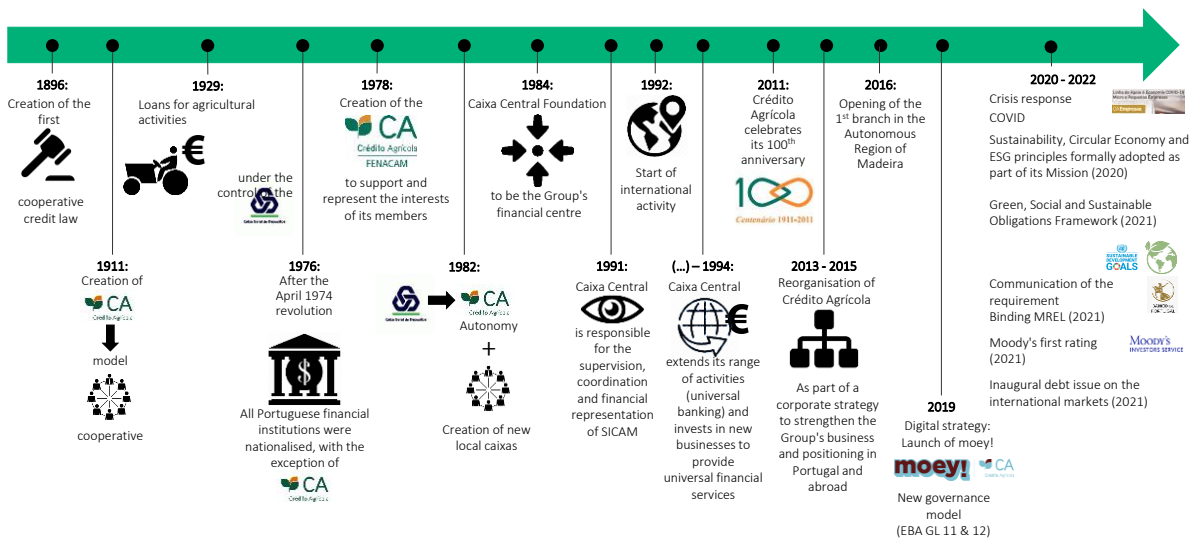
## 3.2. INSURANCE ACTIVITY



## 4. PRESENTATION OF THE CRÉDITO AGRÍCOLA GROUP

### 4.1. VISION, MISSION, VALUES AND STRATEGY OF THE CRÉDITO AGRÍCOLA GROUP

The Crédito Agrícola Group was created in 1911, giving it a history of 112 years, marked by its contribution to the nation's society, economy and territorial cohesion, as a pillar of cooperative banking in Portugal, and it continues to tread a path of evolution, guided by its Vision, Mission and Values.



**GROUP MISSION**

Contribute to the social and economic progress of communities through proximity banking practices with purpose and sustainability

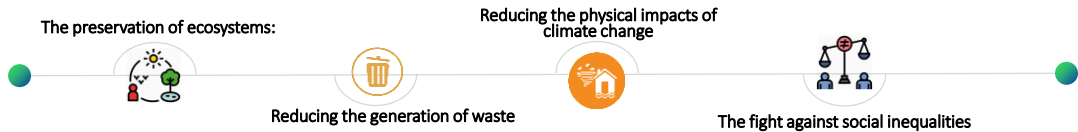
**GROUP VISION**

Become a reference in inclusion, sustainability and innovation, maintaining its recognition as the most trusted financial group in Portugal

**VALUES**

SIMPLICITY PROXIMITY SOLIDITY TRUST

SUSTAINABILITY IS CENTRAL TO THE GROUP'S DNA - CRÉDITO AGRÍCOLA BELIEVES IT IS ITS DUTY TO CONTRIBUTE TO:



**Strategic Pillars 2023-2025 of the Crédito Agrícola Group:**



Due to the cooperative values embedded in the CA Group, it is natural that becoming a benchmark in Sustainability is undeniably important. Crédito Agrícola aspires to continue to differentiate its value proposition through a broad range of increasingly sustainable products and services. Its resilience, in addition to its long history as the only cooperative bank of a national dimension, including a physical presence in many parts of the country also endow it with supremely Portuguese features, assumed as a Strategic Pillar for the next three-year period.

For the period 2023-2025, Crédito Agrícola has also prioritised the reinforcement of the focus on the Customer and their needs, with a view to improving the Customer experience and ensure an even closer relationship with its Customers and Members.

In a context of constant and accelerated technological and, consequently, behavioural, evolution in relation to the way that the Customers and Members access their different financial services, the development of Crédito Agrícola's points of contact, whether physical or digital, will obviously be a strategic priority, in order to be always present for the Customer, in the most convenient and effective manner from the commercial, relational and efficient point of view.

This digital transition should also take place within the CA Group itself, seeking to obtain additional benefits of commercial efficacy and organisational efficiency, leading to a better performance in operational and, consequently, financial terms, through the digitalisation of processes, centralisation of support functions and optimisation of the Group's structure and commercial network.

Endowing the Organisation with human resources, with talent and the necessary skills for the implementation of its strategic priorities is, in itself, a strategic pillar for the next three years. The promotion of a culture of information and ongoing learning, fast-tracking and improving the decision-making processes, is crucial for Crédito Agrícola's evolution and for the pursuit of its goals.

The strengthening, standardisation, simplification and automation of the credit risk analysis, granting, monitoring



and recovery processes, as well as the optimisation of treasury and financial asset management, are fundamental for the Group to be able to present a sustainable funding performance. The Group's financial sustainability and solidity are, therefore, the cornerstones on which the development of its activities is based. Hence, in an economic, political and social context marked by uncertainty, these aspects continue to prove increasingly important.

Based on, and arising from, the strategic pillars listed above, Crédito Agrícola established a series of medium-term goals, embodying the trajectory it proposes to follow in a concrete and measurable manner. A non-exhaustive summary is presented below, containing some of these main objectives and the outcomes recorded up to the end of 2022 for each of them:

	2019	2020	2021	2022	Mid-Long Term Target
<b>Sustainability</b>					
% Green and social loans in total customers loans (gross)	n.a.	n.a.	18.1%	21.4%	> 30%
Women representation in leadership roles (%)	n.a.	25.9%	25.7%	26.7%	> 1/3
<b>Business Growth</b>					
Loans Market Share (%)	5.4%	5.5%	5.6%	5.6%	> 6%
Loyal Customers <sup>1</sup> (%)	50.9%	52.8%	53.3%	52.1%	> 54%
Digital Customers %	37.1%	40.9%	42.7%	45.2%	> 50%
<b>Profitability &amp; Soundness</b>					
ROE	8.2%	4.9%	8.1%	7.1%	> 7.5%
Cost-to-Income	67.0%	64.1%	65.4%	61.5%	< 60%
CET1 <sup>2</sup>	16.1%	18.6%	19.2%	19.9%	> 15%
NPL Ratio	9.2%	8.1%	7.2%	5.1%	< 4.9%
# Local Banks	79	75	75	71	< 60

(1) Loyal customers refer to individuals (customers) with product ownership of, at least, 4 of these 8 product groups families: current accounts; saving accounts, life insurances; non-life insurances; mortgages; mutual funds; consumer loans; other loans to individuals.  
 (2) Incorporates net income for the period.

## 4.2. STRUCTURE OF THE CRÉDITO AGRÍCOLA GROUP

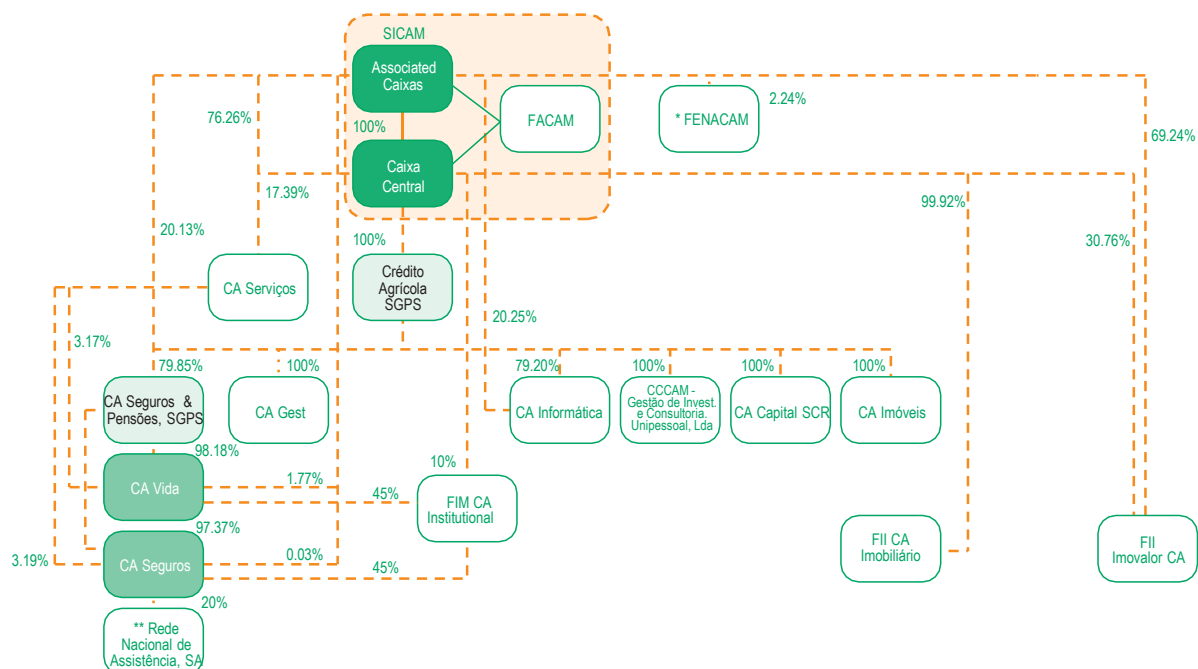
### a) Corporate structure

The Crédito Agrícola Group (CA Group) is a Cooperative Financial Group composed of Caixa Central - Caixa Central de Crédito Agrícola Mútuo, its Associated Caixas de Crédito Agrícola Mútuo, the Life Insurance, Non-Life Insurance, Asset Management and Ancillary Service Companies, also referred to as Invested Companies, as well by an Agrupamento Complementar de Empresas (ACE) (complementary company group), a financial assistance fund for the CCAM (FACAM), and FENACAM - Federação Nacional das Caixas de Crédito Agrícola Mútuo.

Caixa Central and its Associated Caixas de Crédito Agrícola Mútuo, that belong to Crédito Agrícola, are Credit Institutions that, in view of their cooperative legal nature, are governed both by the provisions in the Legal Framework of Credit Institutions and Financial Companies (RGICSF) and by the Legal Framework for Crédito Agrícola Mútuo and Agricultural Credit Cooperatives (RJCAM).

Caixa Central and its 71 Associates are also referred to, under the terms of the RJCAM, as the Sistema Integrado do Crédito Agrícola Mútuo (SICAM or Integrated System of Crédito Agrícola Mútuo), with Caixa Central acting as the central body that, among other aspects, is empowered to guide, monitor, oversee and supervise its Associates.

The organogram below shows the structure of the Crédito Agrícola Group as at 31 December 2022.



(\*) FENACAM holds 97.74% of its share capital.

(\*\*) Consolidation through the equity method.

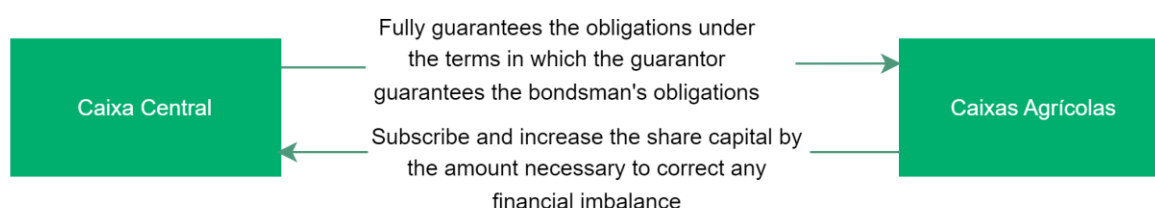
b) Capital Structure of the Crédito Agrícola Group

The Crédito Agrícola Group's Capital Structure has gradually increased, year after year, to a large extent due to the incorporation of the net income for the year which, combined with the reinforcement of the stake held by the current Members, in addition to the entry of new members, contribute to the consistent demonstration of the Group's ability to surpass the required minimum capital levels.

c) Cooperative Model of Crédito Agrícola and SICAM

The cooperative and mutualist nature of SICAM and the CA Group is based on a mechanism of reciprocal solidarity and crossed guarantee, meaning that all the Associated Caixas de Crédito Agrícola Mútuo support and guarantee Caixa Central and that Caixa Central supports and guarantees each of its Associates that may, at any given time, be in an imbalanced situation.

Pursuant to the rules of the RJCAM, this solidarity system is founded on a mechanism of crossed guarantees where:



Notwithstanding the mechanism of crossed guarantees underpinning SICAM's solidarity system, Crédito Agrícola also has separate autonomous assets of an associative nature – Crédito Agrícola Mútuo Assistance Fund (FACAM) – constituted to embody the sphere of financial assistance to the Associated Caixas de Crédito Agrícola, securing SICAM's solidity and sustainability at all times.

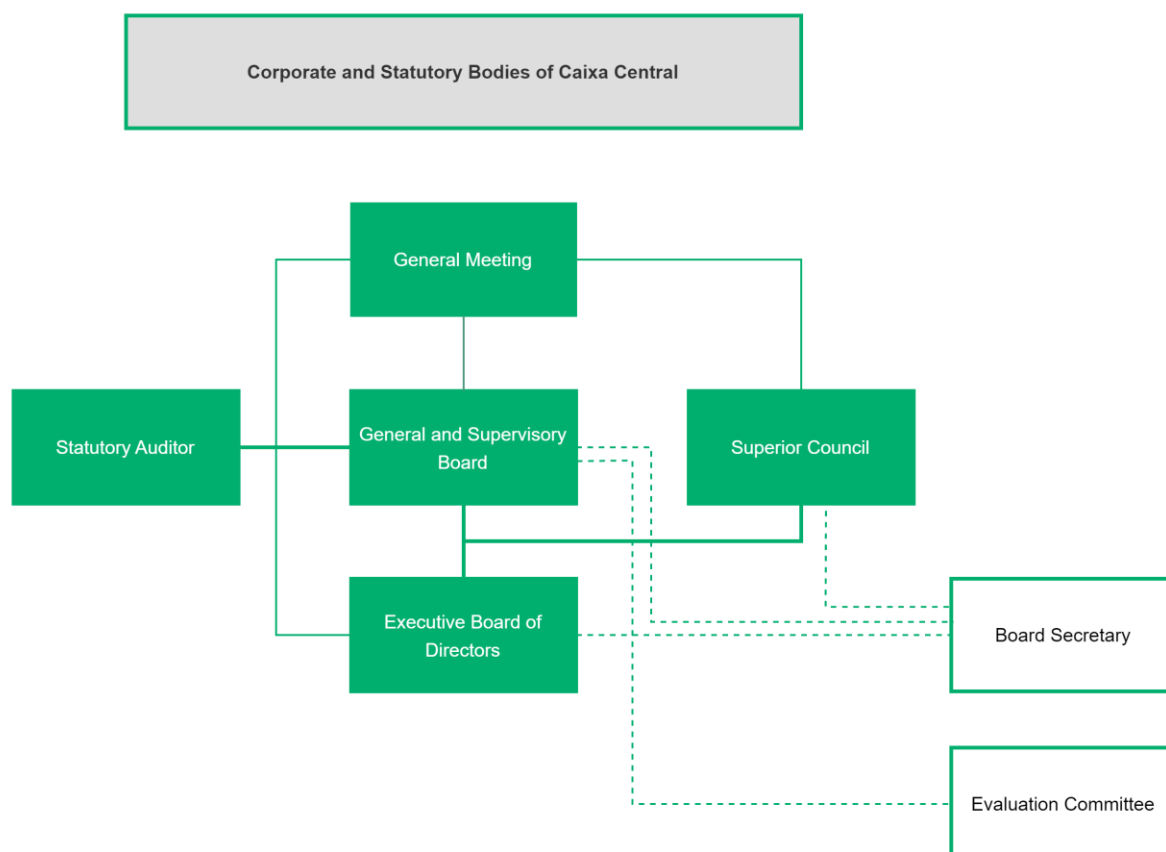
*FACAM is governed by its own Articles of Association and Internal Regulations, which establish, in terms of its governance, the existence of a General Meeting composed of all the Associates – all the Credit Institutions that are part of SICAM – and the corresponding Board of the General Meeting, composed of natural persons appointed by three of the Associates elected for the position, in addition to a Governing Board and a Supervisory Committee, composed of suitable and qualified natural persons, also elected at the General Meeting. Each of these bodies have a majority of independent members, with all of FACAM's governing and statutory bodies being supported by the structures and services of Caixa Central, which is where it operates and its registered office is located.*

### 4.3. CAIXA CENTRAL AND GOVERNANCE OF THE GROUP

#### a) Caixa Central and Governance of the Crédito Agrícola Group

Caixa Central, as the central body, coordinates and represents the CA Group and is responsible for the planning of the CA Group's activities, integrated management of liquidity, global risk monitoring and control, centralised human resources management, reporting to the supervisory authorities and defining and performing CA Group communication plans. It is also responsible for defining and promoting an organisational conduct and culture across the whole Group, and it is responsible for defining, spreading and monitoring the implementation, throughout the CA Group, of the main policies and standards required for the consistent and harmonised implementation of applicable legislation and regulations, and for consolidating and reflecting the values and principles adopted in the CA Group.

In its governance, Caixa Central endorses the model commonly known as the “Germanic Model”, which comprises a General and Supervisory Board, a Statutory Auditor (ROC) and an Executive Board of Directors, in addition to a General Meeting Board and a Superior Council of an advisory nature.



The Associated Caixas de Crédito Agrícola Mútuo of Caixa Central intervene in the governance model of Caixa Central through their representation in its governing and statutory bodies, and participation in the General Meeting.



Thus, the Board of the General Meeting and the Superior Council are exclusively composed of Associates of Caixa Central (the current 71 Caixas de Crédito Agrícola Mútuo which appoint natural persons to perform duties in their own name) elected at the General Meeting. Each Associated Caixa de Crédito Agrícola Mútuo may only have a seat on one governing body to which it will appoint its representatives, and cannot, therefore, accumulate duties in more than one body.

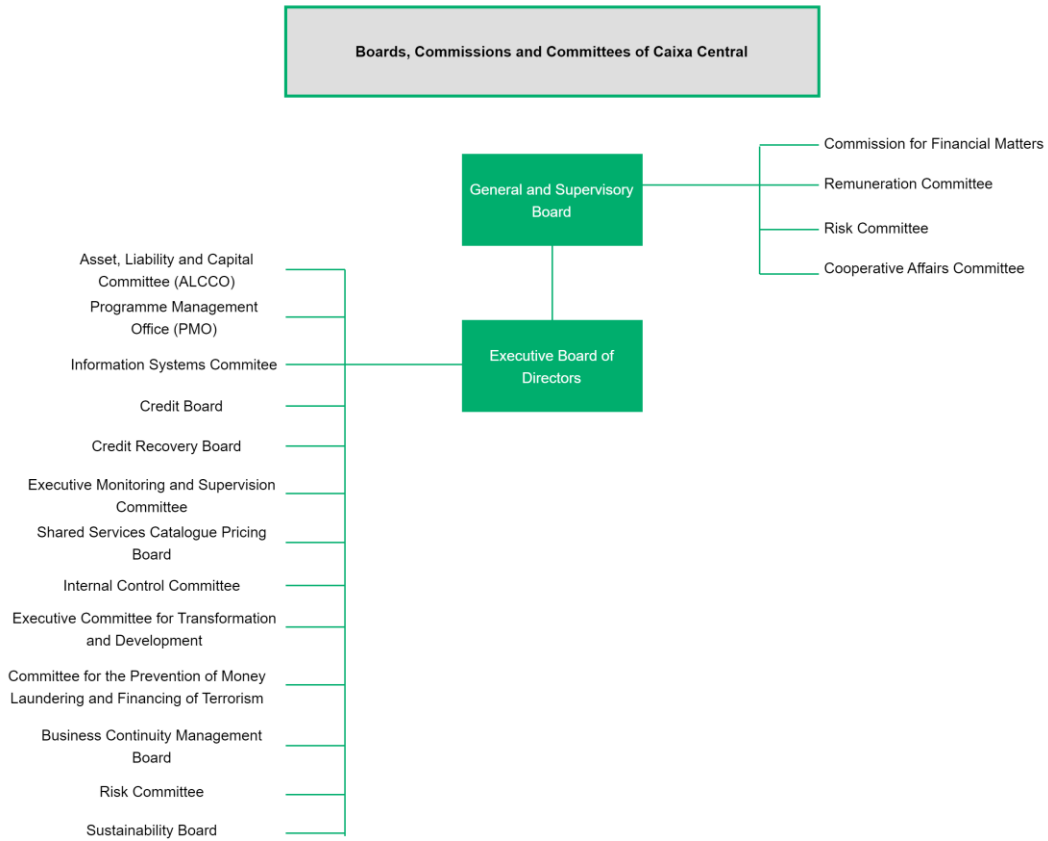
On the other hand, the General and Supervisory Board is composed of members elected at the General Meeting, the majority of whom, including its Chairman and Vice-Chairman, are independent and qualified natural persons, none of whom may be represent and/or be appointed by the Associates. All of the remaining members may be Associates of Caixa Central in the full enjoyment of their rights, which appoint, even before their election at the General Meeting, the natural person who shall hold the position in their representation, but in their own name.

Caixa Central's Assessment Committee, as a statutory body, is composed of 3 of its Associated Caixas de Crédito Agrícola Mútuo, appointed by the General and Supervisory Board from among the Members that do not hold any corporate or statutory position at Caixa Central. Each Member appointed to be a member of the Assessment Committee, having accepted the position, shall appoint the natural person to represent it in holding this position, which shall be performed in their own name.

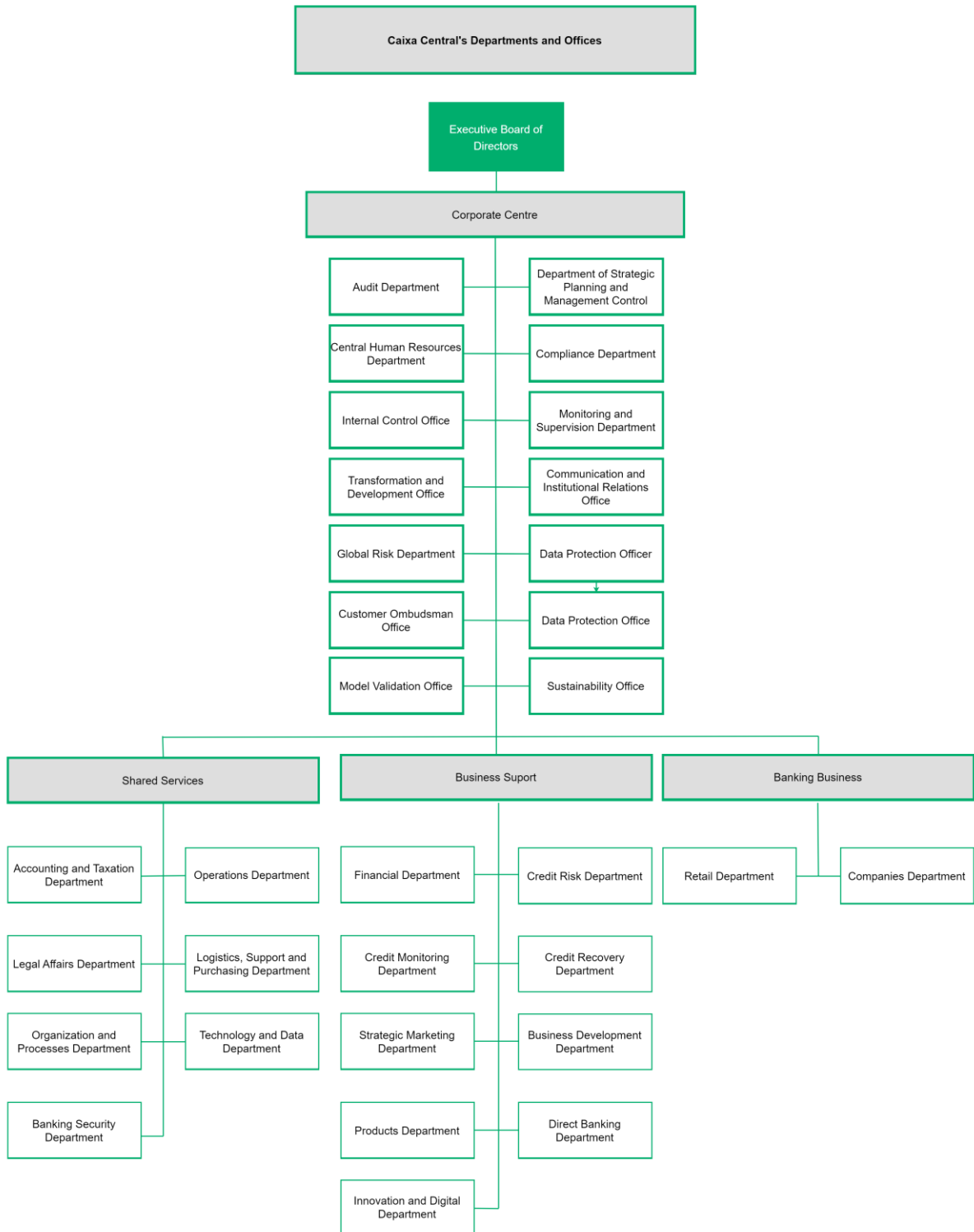
The Executive Board of Directors is elected at the General Meeting, and is composed of natural persons, who may or may not be Members of the Caixas de Crédito Agrícola Mútuo or related to the CA Group.

The Executive Board of Directors, the General and Supervisory Board and their Boards, Committees and Commissions, as well as the Superior Council, are assisted by the Board Secretary who ensures their effective functioning.

In addition to the Governing and Statutory Bodies, identified above Caixa Central's structure also comprises Boards, Commissions and Committees appointed by the General and Supervisory Board and by the Executive Board of Directors, to support the performance of the respective functions.



Finally, the structure of Caixa Central includes the following Departments and Bureaus:



b) Internal Control Functions of the Group

Caixa Central, as SICAM's Central Body, ensures, through its internal control functions, that the activity of each of its Associated Caixas de Crédito Agrícola Mútuo is carried out in a sound and prudent manner, without compromising the responsibilities of the respective management and supervisory bodies.

Using the power provided for in Article 50(3) of Banco de Portugal Notice 3/2020 (Notice 3/2020), pursuant to which institutions belonging to a financial group may establish common services for the development of the responsibilities assigned to the risk management, compliance and/or internal audit functions, on 11 November 2021 Caixa Central defined and approved a Policy on Shared Services of Crédito Agrícola, which aims to regulate, from its entry into force and starting date in 2022, the provision of the common services of the internal audit function and the risk management function by the complementary group of companies (Crédito Agrícola Serviços - Centro de Serviços Partilhados, ACE) to Caixas Agrícolas that are part of SICAM, under the guidance, monitoring and supervision powers of Caixa Central. Under the terms defined in the aforementioned Policy on Common Services of Crédito Agrícola, the common services of the internal audit function and the shared services of the risk management function follow the provisions set out in Notice 3/2020 in matters related to the function in question and are based on the provisions of the respective policies defined by Caixa Central for SICAM.

The compliance function is performed individually by each of the Caixas Agrícolas, through its Compliance Monitor, with guidance, as well as monitoring and supervision by Caixa Central, through the Compliance Department.

In January 2022 Caixa Central started the process for the formalisation of the contract letters for the common services of the Internal Audit Function and the contract letters for the common services of the Risk Management Function, to be signed by each of the adherent Caixas Agrícolas. Without prejudice to the specific powers of each of these functions, with regard to the Associated Caixas Agrícolas of Caixa Central, the Monitoring and Supervision Department and the Transformation and Development Office perform supplementary control functions, contributing to the adequacy and effectiveness of the Internal Control System.

Finally, the mission of the Internal Control Office of Caixa Central is to manage and monitor the adequacy and effectiveness of the Internal Control System, namely the identification, management and promotion of the resolution of deficiencies and opportunities for improvement in the internal control system of the Crédito Agrícola Group.

The other institutions belonging to the CA Group have their respective control functions in accordance with the legislation and regulations governing their respective sectors of activity, namely the insurance sector, asset management and collective investment undertakings and venture capital.



#### 4.4. BUSINESS MODEL OF THE CRÉDITO AGRÍCOLA GROUP

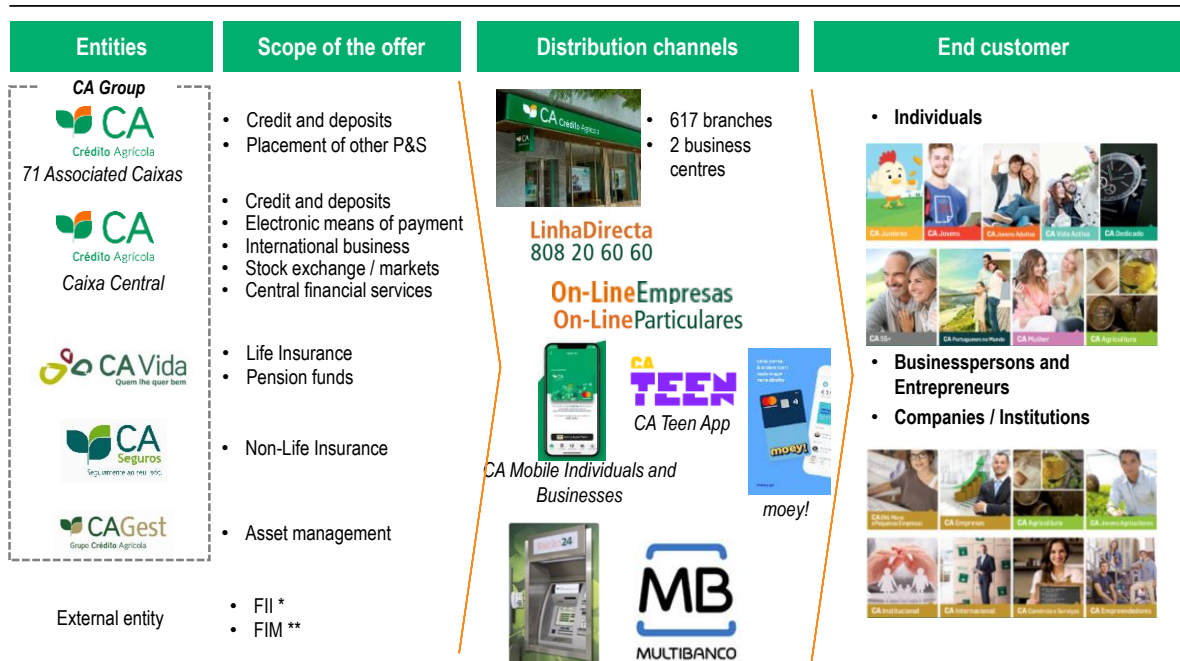
The Crédito Agrícola Group provides its Customers with a universal offer, embodied in a comprehensive range of financial products and services, including solutions for day-to day management, loans for corporate and individual customers, saving and investment products, and capitalisation and protection insurance for Customers and their assets.

In the context of its Business Model, seeking to adjust its offer to the specific profile and needs of each segment, Crédito Agrícola serves its Customers, whether individual or corporate, in a segmented form.

The Group's Business Model is underpinned by the sustainability and solidarity of the 71 Caixas de Crédito Agrícola Mútuo, which differentiates Crédito Agrícola from all other financial institutions at a national level, particularly due to the fact that one of its primary objectives is contributing to the development of local and regional communities, with Crédito Agrícola being the only Portuguese financial institution in which:

- the profit generated by each Associated Caixa is distributed or reinvested in the same region;
- the deposits are applied in financing projects in the same region of the depositors;
- the majority of the employees are recruited locally;
- albeit with a central framework in which, as a rule, decision-making is decentralised or arises from an interactive process between Caixa Central and the Associated Caixas de Crédito Agrícola Mútuo.

### Business model of the Crédito Agrícola Group



(\* ) managed by Square Asset Management (\*\* ) managed by IM Gestão de Ativos, SGFI, SA

One of the intrinsic features of Crédito Agrícola is the close relationship with its Customers, entailing an ongoing effort to simplify the subscription processes of the most relevant products, aimed at providing a superior experience. Crédito Agrícola’s comprehensive range of financial products and services is provided through its presence in the field at a national level, via the most extensive branch network among the banks operating in Portugal, a network of automated teller machines (ATM) at approximately 1,600 sites, the permanent telephone helplines, and the digital banking channels which continued to show notable growth in 2021.

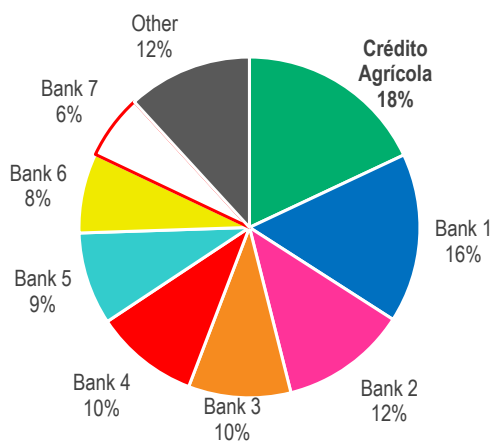
#### a) Crédito Agrícola branch network



Crédito Agrícola’s organisational structure and business model reflect the origins and DNA of Crédito Agrícola as a proximity bank supporting local communities. In practice, this proximity is carried out in the field through the most extensive bank branch network in Portugal. At the end of 2022, Crédito Agrícola had 617 branches, demonstrating its strong capillarity, and being the largest network of branches at a national level. Accordingly, at the end of June 2022, Crédito Agrícola had 18% of the country’s branches, compared to 16% for the next ranked bank and 12% in the case of the third

largest bank network.

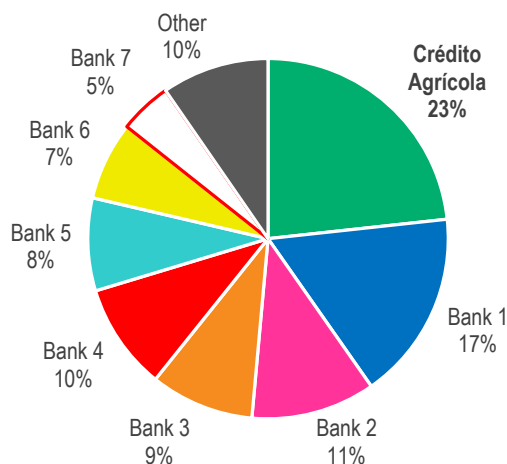
### Distribution of Bank Branches in Portugal



Source: Associação Portuguesa de Bancos. Data for June 2022.

In line with its objective of contributing to the development of local and regional communities, Crédito Agrícola's branch network is not only the most extensive: its geographic distribution is particularly incident outside major urban centres. As such, Crédito Agrícola is the only banking institution with more than 80% of its branches outside the districts of Lisbon and Porto, reflecting a policy of proximity and support to all Portuguese, of all regions of the country; indeed, being the sole point of physical contact with the Portuguese banking system available to certain populations, with more than 260 branches in localities without the presence of any other banking entities. This geographic decentralisation is demonstrated by the share of bank branches at a national level, excluding the districts of Lisbon and Porto, in which Crédito Agrícola's share is 23%, compared to 18% at a national level (for the second most extensive branch network, 17% share excluding Lisbon and Porto, compared to 16%, at a national level).

### Breakdown of the Branch Network, excluding Lisbon and Porto districts

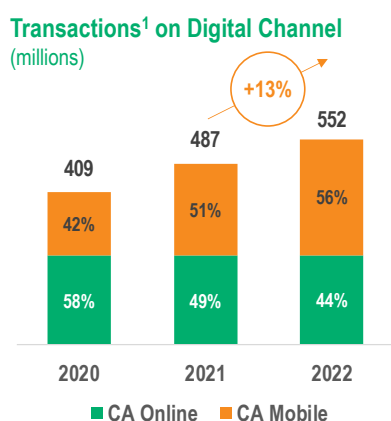
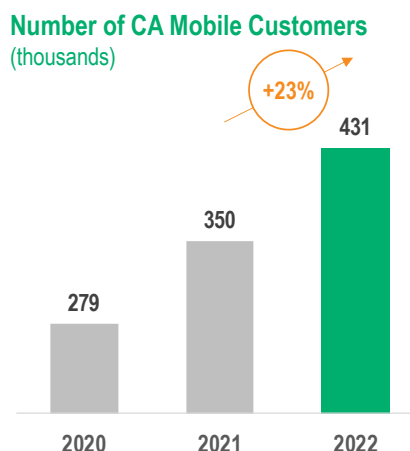
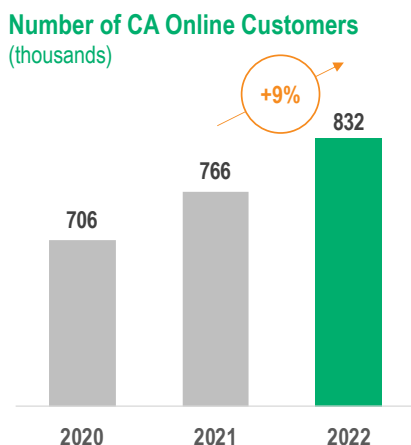


Source: Associação Portuguesa de Bancos. Data for June 2022

#### b) Digital Banking

Despite the clear leadership in terms of physical presence among the Portuguese, the Crédito Agrícola Group's proximity to its Customers, both individual and corporate, is also underpinned by its digital, non-face-to-face, channels, enabling permanent access to Crédito Agrícola's products and services. By providing this digital focus on the transactional needs of the Customers, the commercial network can be released to concentrate on activities with a higher degree of personalisation and value added, such as appropriate financial counselling, establishing a relationship of greater quality and relevance with the Customers.

During 2022, the digital channels maintained a growth trend very similar to that observed in 2021, demonstrating that the Customers' behavioural changes, influenced by the technological evolution and dissemination, concerning how they access their panoply of financial services, are entirely structural, despite having been accelerated by the circumstances of the pandemic period. This continuous growth is observed not only in terms of the number of users of the CA Online and CA Mobile platforms, but also in the intensity of their usage, with a progressively higher number of transactions and a growing predominance of the mobile channel. It should also be highlighted that, via the accelerated and irreversible digital transformation that has covered almost all sectors of the economy, the growth of the use of digital channels online by the corporate segment has outperformed the growth of the individual Customer segment, while the reverse continues to be observed in the mobile channel.



### Evolution in 2022:

**CA Online:**  
Penetration of 45.2% (+2.6 p.p.)

**CA Mobile:**  
Penetration of 23.4% (+3.9 p.p.)

**Individuals:**  
+18.6% Total # of Transactions

**Companies:**  
+2.5% Total # of Transactions

(1) Includes Statement Checks and Transactions

The increasingly more digital way in which the Customers engage with Crédito Agrícola is evident not only in the number of users and transactions, but also in the type of operations that are carried out in these channels, some of which were previously exclusively carried out through face-to-face channels, which is the case, for example, of personal credit. At this point in particular, we highlight the very considerable growth, of around 50% in 2022 in comparison to 2021, of loan operations and amounts granted through “CA Pronto” (CA Ready), a digital solution for personal credit, available through CA Online and CA Mobile. Special reference is also made to the robust growth of the “CA Teen” application in 2022, directed at the Youth sub-segment, launched in 2021, in which the number of active subscriptions increased by approximately 88%.

### Evolution of moey! in 2022

The *app moey!*, a 100% digital banking solution of the Crédito Agrícola Group, was launched in the summer of 2019, with the following strategic objectives: i) rejuvenation of the Crédito Agrícola Group’s Customer base; ii) increasing market share in the main urban centres; and, iii) digital transformation of the Crédito Agrícola Group.

Throughout 2022, the third full year of activity of moey!, the implemented strategy led to the continuation of the increased volume of accounts opened (+16%), the maintenance of the strong alignment with the defined target group, which had already been achieved in 2021, as well as the continuation of a strong evolution in the volume of transactions, with 2022 showing the double of the number of transactions occurred in 2021.

Accounts opened	Target	Total balance	Transactions
+16% vs 2021	> 80%	+86% vs 2021	+100% vs 2021

A new image was given to the moey! brand and application in 2022, making them more attractive and with a less juvenile look & feel. In order to improve the user experience, the app was endowed with a new version, launched in February, enabling access to all the functionalities in a more immediate and intuitive manner, with just 1 or 2 clicks. Sustainable products were also launched, focused on profitability, like moey!, Green (a tool that enables customers to monitor their estimated carbon footprint based on their expenses and costs), Travel Insurance and Consumer Loans.





c) International Presence

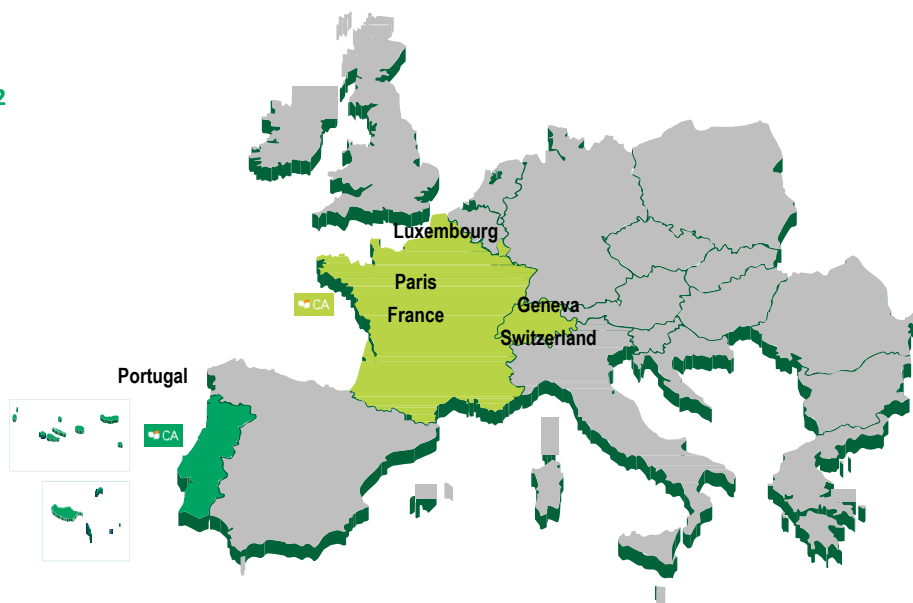
The CA Group's presence outside Portugal, through the Representation Offices which have continued to be crucial in supporting both the Portuguese community and the local community, especially at the corporate segment level, and the business community, and in promoting the business ventures of customers of Crédito Agrícola Group.

Special mention is also made of the institutional representation abroad, performed by our Representation Offices, in Embassies, Consulates, Chambers of Commerce, Business Associations and Associative Movements representing local communities.

International Presence of Crédito Agrícola in 2022

EUROPE	
Paris - France	
Luxembourg	
Portugal	
Geneva - Switzerland	

Domestic network	
Offices (ER/EI)	



#### 4.5. CORPORATE RATING

Caixa Central de Crédito Agrícola Mútuo received its first rating, given by Moody's, in July 2021.

The Baseline Credit Assessment, rated Ba1, reflects its credit opinion in relation to the Crédito Agrícola Group, which incorporates the solidarity mechanism prevailing among its constituent institutions, namely the Caixas de Crédito Agrícola and Caixa Central. The Baseline Credit Assessment rating is complemented with the Baa3/Prime-3 deposit rating and Counterparty Risk Rating (CRR) of Baa2/Prime-2.

The CRR rating of Caixa Central was subsequently upgraded in September, to Baa1/Prime2, reflecting the improvement of the Portuguese sovereign rating from Baa3 to Baa2, by Moody's. Moody's updated its ratings relative to Caixa Central in December 2022, reaffirming the previously assigned ratings.



**Ratings - Moody's, December 2022 - Last Rating Action**

**Caixa Central de Crédito Agrícola Mútuo**

Outlook	Stable
Counterparty Risk Rating (CRR)	Baa2/Prime-2
Bank Deposits	Baa3 / P3
Baseline Credit Assessment (BCA)	ba1
Adjusted Baseline Credit Assessment	ba1
Counterparty Risk Assessment (CR)	Baa1(cr)/Prime-2(cr)
Senior Unsecured Notes	Ba2

The rating obtained by Caixa Central fits into its funding strategy, aimed at meeting the regulatory requirements determined by the Resolution Authority (minimum requirement for own funds and eligible liabilities, also known as “MREL”).

Crédito Agrícola’s inaugural debt issue in the international market took place at the end of October 2021, specifically concerning senior preferred debt securities linked to Social Sustainability. The issue, amounting to 300 million euros, has a maturity of 5 years, with an early repayment option at the end of the fourth year and an issue price of 99.906%, an annual coupon rate of 2.50% in the first 4 years, and bearing interest at the 3M Euribor rate plus a spread of 260 basis points thereafter. The settlement occurred on 5 November 2021. Moody’s Investor Services assigned a rating of “Ba2”, with a stable Outlook, for this issue.

## 5. ACTIVITY OF THE CRÉDITO AGRÍCOLA GROUP IN 2022

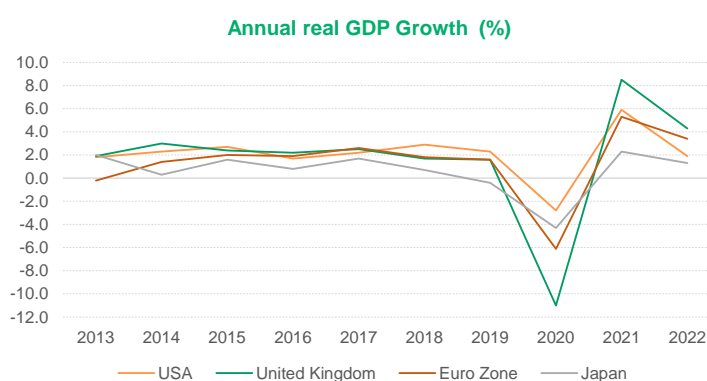
### 5.1. ACTIVITY FRAMEWORK

#### a) International economy

The year of 2022 was marked by a series of disruptive events, namely: 1) the return to war in the European continent; 2) the recurrence of inflation, at levels that had not been observed for various decades; and 3) the accelerated reversal of monetary policy by the main central banks.

The beginning of the year was marked by Russia's invasion of Ukraine, a fact that, in addition to the humanitarian crisis that it generated, came to jeopardise the post-Covid-19 global economic recovery.

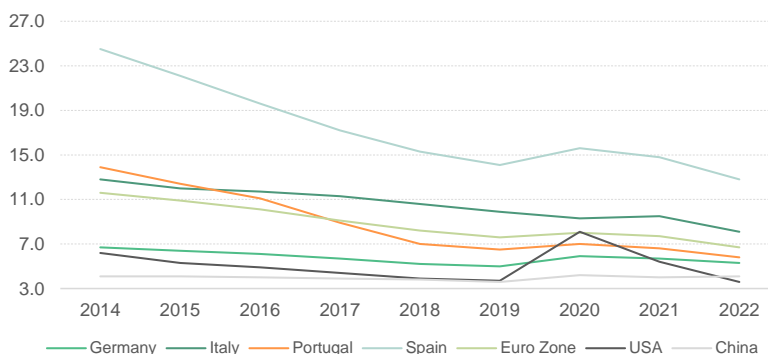
The war on Ukrainian territory triggered an energy crisis in Europe, forcing European countries to search for alternatives to Russian gas. Consequently, the energy prices rocketed and the use of more pollutant fossil fuels, such as coal, reached record figures in 2022. The conflict also affected supply chains, threatened global food markets and further fuelled the upward trend of inflation that had already been observed since the 4th quarter of 2021. According to the World Bank, global growth is estimated to have reached 2.9% in 2022. The World Bank expects that this slowdown of global growth should be long-lasting, forecasting that over the next decade the growth of income per-capita should show lower levels than those observed in the pre-pandemic decade. In the advanced economies, the growth of income per-capita in 2010-2019 was 1.5%, and its average growth between 2020-2024 is expected to be 0.9%.



Source: Bloomberg, January 2023

In the eurozone, the activity in the first half of the year exceeded expectations. However, in the second half of the year, there was a slowdown, to a large extent due to the increased energy prices and interest rates. In this context, Bloomberg forecast growth of 3.4% for 2022, compared to 5.3% in 2021. In view of the growing rise in inflation, European governments have progressively been approving a series of fiscal measures to alleviate the impact of the increased cost of living. Despite the economic slump, the labour market recovered in 2022, with the unemployment rate standing at 6.7% at the end of the year, 1.0 percentage points (p.p.) lower than in 2021.

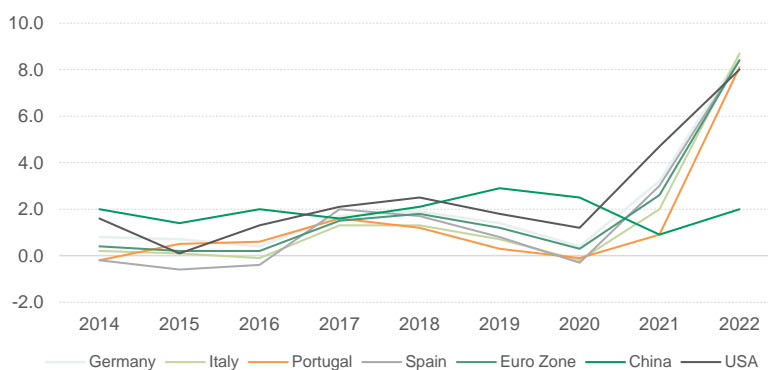
### Unemployment rates (% total population)



Source: Bloomberg, January 2023

In the eurozone, the inflation rate moved towards two-digit figures, reaching a peak of 10.6% in October 2022. However, inflation had retreated to 9.2% by December 2022, representing the second consecutive fall after 17 months of successive increases. Nevertheless, the underlying inflation (excluding more volatile components such as energy and food) has not yet entered into that downward trend, having reached the highest figure in the history of the euro (5.2%) at the end of 2022.

### Consumer Price Index (annual changes)



Source: Bloomberg, January 2023

Confronted with the observed high levels of inflation, central banks have been progressively increasing their interest rates at an unprecedented pace.

In mid-March 2022, the upper threshold of the US benchmark, the federal funds rate, was still maintained at 0.25%. However, following a rapid cycle of increases, by the end of the year it stood at 4.5%. The US Federal Reserve indicated that it would continue to reduce the amount of debt securities on the balance sheet, as established in May 2022. With reference to the end of January, the expectation is that these rates may rise to 5.1% in 2023, according to the median calculated based on the estimates of the various managers of the Federal Reserve.

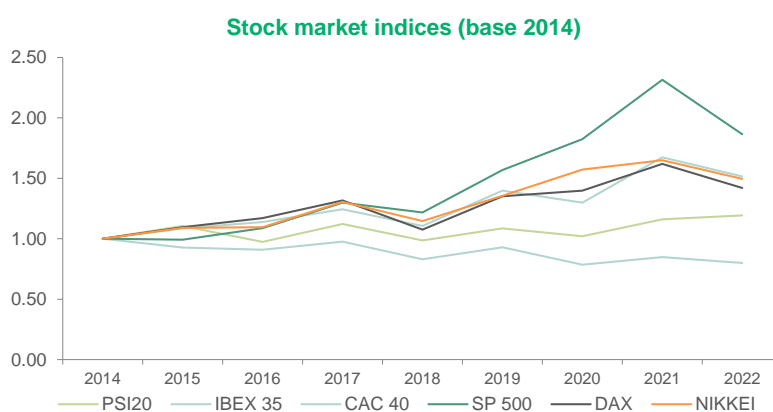
In the eurozone, after a decade of historically low figures, with deposit rates at negative values during a large part of that period, the European Central Bank (ECB) initiated a cycle of increasing interest rates. In total, the ECB

increased its reference rates by 250 basis points (b.p.) in 2022. The interest rate applicable to the main refinancing operations rose to 2.5%, while the interest rate applicable to the permanent liquidity assignment facility advanced to 2.75%, and the rate applicable to the permanent deposit facility grew to 2%. With reference to the beginning of the month of February, the ECB considers that interest rates will still have to increase significantly and at a constant pace, so as to enable reaching levels that are sufficiently restrictive to ensure that inflation will return to the 2% medium-term target. The ECB also indicated that it will move forward with a reduction of the asset purchase programme (APP).

b) Financial Markets

**Stock market Indices**

The majority of the stock market indices showed a negative return in 2022. However, the energy sector recorded a robust performance – the Stoxx 600 energy index appreciated by 24.42% –, driven by the increased prices of gas and oil, caused by the conflict in Ukraine and by profound production cuts by the Organization of the Petroleum Exporting Countries (OPEC). The technological and retail sectors were among those hit the hardest, having been undermined by the rising interest rates, inflation and the vanishing of the boost given by the fiscal stimulus programmes linked to the pandemic. The Stoxx 600 retail and technological indices devalued by 32.59% and 28.43%, respectively. In Europe, the Portuguese Stock Index PSI 20 avoided the trend of declines, having appreciated by 2.81% during 2022. However, the German DAX 30 and the Euro Stoxx 50 recorded devaluations of 13.09% and 11.74%, respectively. The trend was similar in the USA, with the Dow Jones declining by 8.78%, the S&P 500 falling by 19.44% and the Nasdaq 100 losing 32.97%. In Asia, the Nikkei 225, Hang Seng and Shanghai Composite indices dropped by 10.95%, 15.46% and 15.13%, respectively.



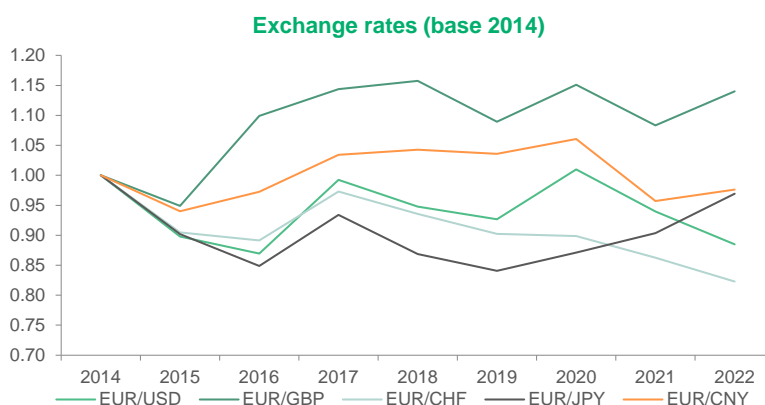
Source: Bloomberg, January 2023

### Monetary markets - Exchange rates and reference interest rates

The US dollar appreciated strongly throughout the year, accompanying the Fed's rising interest rate movement. The dollar index, which measures the strength of this currency against the main currencies worldwide, increased by 8.21% in 2022.

The euro reached parity with the dollar (EUR 1 = USD 1) in July 2022, for the first time in 20 years, and by the end of the year the EUR/USD currency pair closed down 5.86%. The eurozone's current account balance, which has deteriorated significantly, has also weighed heavily in the devaluation of the single currency.

The pound sterling also showed a poor performance throughout 2022, losing ground in relation to the euro and dollar. The EUR/GBP currency pair closed up 5.29% and the USD/GBP appreciated by 11.84%.



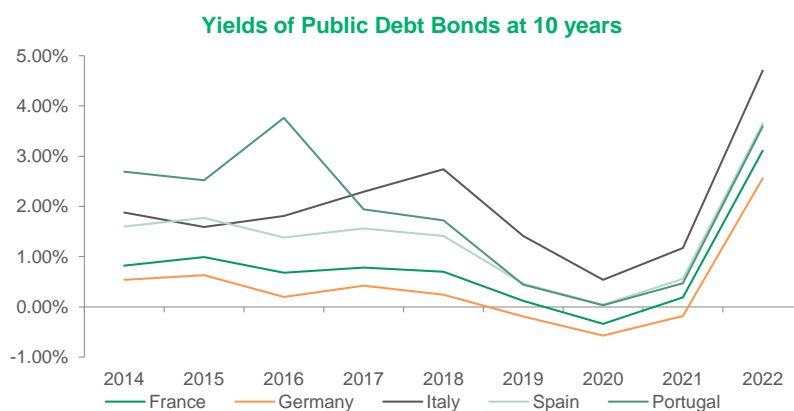
Source: Bloomberg, January 2023

In the monetary market, the Euribor followed the trend of the upward cycle of the ECB. In relation to 2021, the 12-month Euribor advanced by 379.2 b.p. to 3.291%, and the 6-month Euribor increased by 323.9 b.p. to 2.693% at the end of 2022.

### Bond market

The bond market showed high volatility in 2022, as in the previous year, largely influenced by the sharp increase of interest rates by the central banks aimed at containing the high inflation levels and due to the impact of the circumstances of war in Europe. The combination of these two factors led to a historic sell-off of bonds, reflected in the 16.25% drop of the Bloomberg Global-Aggregate Total Return Index in 2022.

In the eurozone, the 10-year bond yield of Germany escalated by 274.1 b.p. to 2.562%, throughout 2022. In the periphery, the yields of Portugal, Spain and Italy, in the same period, closed the year of 2022 at 3.599% (+311.4 b.p.), 3.657% (+306.2 b.p.) and 4.704% (+351.9 b.p.), respectively. The upward movement of interest rates was more intense in the short and intermediate areas of the yield curves, with a reversal of the swap curves of the eurozone and German curve having occurred at the end of 2022.



Source: Bloomberg, January 2023

### c) National economy

After having recorded a gross domestic product (GDP) growth rate of 5.9% in 2021, the Portuguese economy recorded growth of 6.7% in 2022, to a large extent influenced by (i) highly dynamic exports, which grew by 16.7% due to the increased tourism exports of approximately 80%, drawing close to the pre-pandemic levels, explained by the lifting of the restrictions enforced during the previous two years; and (ii) the 5.7% increase of private consumption as a consequence of the postponement of purchases over the previous two years, in particular products and services, also triggered by the lifting of restrictions associated to the pandemic.

The increased consumption was partly supported by the household savings accumulated during the pandemic crisis, leading to a reduction of the saving rate to historically low figures (4.4%) and, alongside this, also driven by the performance of the labour market. The unemployment rate fell from 6.6% in 2021 to 6.0% in 2022, a historically low value, with the labour market being estimated to be close to full employment.

Inflation has been surprisingly high, reflecting the global shocks and the contagion effects of international energy and food prices. The harmonised index of consumer prices reached its highest level of the last few decades, standing at 8.1%.

**Macroeconomic indicators (2020-2022)**

		2020	2021	2022
<b>External Demand</b>	<b>avr</b>	<b>-11.2</b>	<b>10.2</b>	<b>7.8</b>
EUR/USD Exchange Rate (%)	avr	8.94	-6.93	-5.85
Price of Oil (%)	avr	-21.5	50.2	10.5
<b>Gross Domestic Product</b>	<b>avr</b>	<b>-8.3</b>	<b>5.9</b>	<b>6.7</b>
Private Consumption	avr	-6.8	4.7	5.7
Public Consumption	avr	0.4	4.6	2.4
Gross Fixed capital Formation	avr	-2.7	8.7	2.7
Exports	avr	-18.6	13.5	16.7
Imports	avr	-12.1	13.3	11.0
Harmonised Consumer Price Index	avr	-0.1	0.9	8.1
Saving rate (%)	aav	12.8	9.5	4.4
Employment	%	61.0	63.6	63.5
Unemployment rate	%	7.0	6.6	6.0
Remunerations declared to Social Security	avr	2.6	4.6	4.5
Current and Capital Balance (% GDP)	avr	0.0	0.6	-0.4
Balance of Goods and Services (% GDP)	avr	-1.8	-2.7	-2.1
ECB Reference Rate (average)	%	0.00	0.00	0.62
3-Month Euribor (average)	%	-0.43	-0.55	0.35
Yield of German 10 Y TBonds (average)	%	-0.47	-0.31	1.19
Yield of Portuguese 10 Y TBonds (average)	%	0.43	0.29	2.16

Source: Banco de Portugal (Economic Bulletin March 2023) and Bloomberg (January 2023)

avr: annual variation rate; aav: annual average variation

**d) National banking market**

At the end of December 2022, the total assets of the Portuguese banking sector had fallen by 1.6%, in comparison to the end of 2021 (source: Banco de Portugal), where the 2.4% growth of loans and advances to customers was offset by the 9.9% reduction of the heading of other assets.

Profitability, measured both in terms of return on assets or return on equity showed a significant improvement of 0.2 p.p. in 2022 (to 0.70%) and 3.4 p.p. (to 8.8%), respectively, in comparison to the same period of the previous year. The improvement in return on assets (ROA) is related to the lower level of provisions and credit impairment, and the increased net interest income for that period. The sector's non-performing loan (NPL) ratio continued its downward trend, standing at 3.0%, compared to 3.7% at the end of 2021, corresponding to a decrease of 0.7 p.p. during 2022.

At the end of December 2022, the common equity tier 1 (CET1) ratio of the sector as a whole showed a slightly lower value than that of the end of 2021, with a 0.2 p.p. decrease to 15.3%, reflecting a stronger reduction of common equity tier 1 capital than the decrease observed in risk-weighted assets.

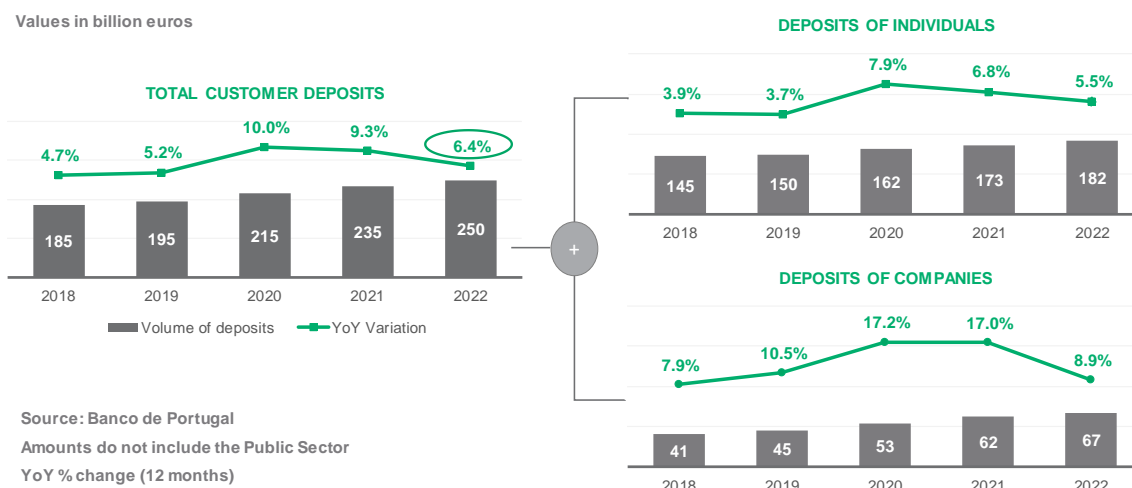


Special reference is also made to the maintenance of the cost of credit risk at 0.3% in relation to the previous year, and the very significant improvement of Net Income by December 2022, which was 1,6 times higher than that recorded in the same period of the previous year.

### Evolution of the national deposit market (Dec. 2018 – Dec. 2022)

According to the most recent information provided by Banco de Portugal through BPStat (relative to 31/12/2022), the volume of deposits continued its growth trend in 2022, albeit at a lower rate than that recorded in previous years (growth of 6.4% in 2022, compared to 10.0% and 9.3% achieved in 2020 and 2021, respectively).

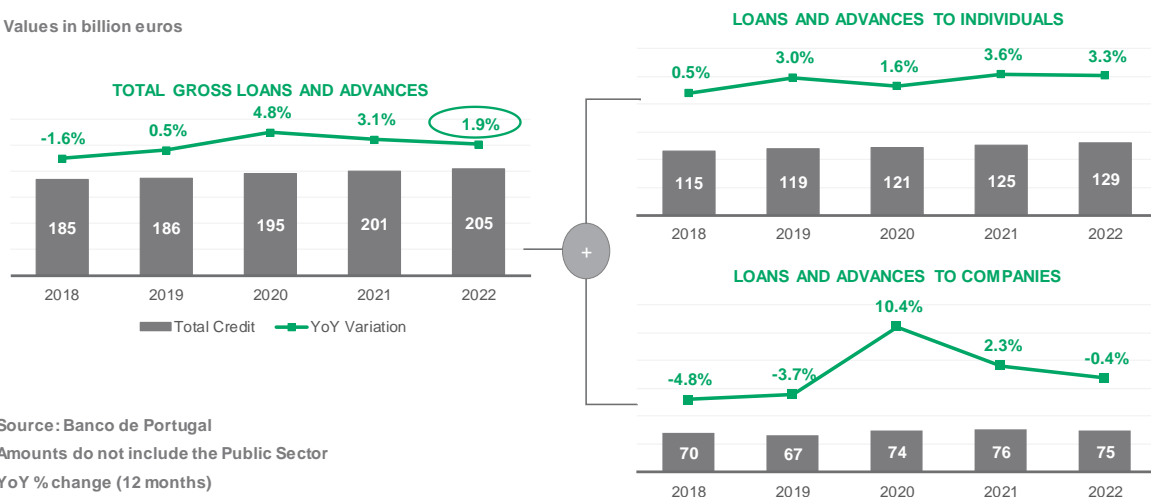
Deposits from corporates showed an increase of 5 billion euros, equivalent to an increase of 8.9% in relation to 2021, while deposits of individuals increased by approximately 10 billion euros, corresponding to a 5.5% increase in relation to 2021.



### Evolution of the national credit market (Dec. 2018 – Dec. 2022)

Loans granted in Portugal showed growth of 1.9% in 2022 which, although being lower than that observed in 2021 (+3.1%), was particularly driven by the increased demand for loans by families, which showed a growth of 3.3%, relatively in line with the variation observed in 2021 (+3.6%). In the opposite direction, the growth of gross loans to corporate customers showed a slight retraction of -0.4% in 2022, equivalent to 338 million euros less, compared to 2.3% growth in 2021.

Values in billion euros



Source: Banco de Portugal

Amounts do not include the Public Sector

YoY % change (12 months)

Concerning the variation of credit granting by region, in 2022 there was more significant growth in the North, Lisbon and Centre regions, primarily explained by the performance of loans to individuals (+2.7%, +2.5% and +1.5%, respectively). These three regions, as a whole, accounted for 84.4% of the loans granted in the country in 2022, equivalent to a total of 173 billion euros.

TOTAL LOANS AND ADVANCES BY REGION - DEC.2022

Million euros

	Credit			Total Weight %	YoY Variation		
	Individuals	Companies	Total		Individuals	Companies	Total
North	38,372	23,193	61,564	30.1%	4.1%	0.5%	2.7%
Centre	23,609	13,825	37,434	18.3%	2.9%	-0.9%	1.5%
Lisboa NUTS II	46,630	26,926	73,556	36.0%	3.8%	0.3%	2.5%
Alentejo	8,579	4,899	13,478	6.6%	1.9%	-0.9%	0.9%
Algarve NUTS II	5,702	2,838	8,540	4.2%	3.1%	-8.3%	-1.0%
Autonomous of Azores NUTS II	3,285	1,650	4,935	2.4%	2.8%	-4.0%	0.4%
Madeira NUTS II	3,073	1,989	5,062	2.5%	-4.4%	-2.6%	-3.7%
<b>Total</b>	<b>129,250</b>	<b>75,319</b>	<b>204,569</b>	<b>100.0%</b>	<b>3.3%</b>	<b>-0.4%</b>	<b>1.9%</b>

Source: Banco de Portugal

Analysing loans to individuals in greater detail reveals that the growth was essentially due to the increase of mortgage loans (with its growth having accelerated to 3.5% in relation to December 2021, compared to +2.0% in the previous years), which now represents 77.6% of total credit to individuals. Overdue loans to individual customers represented 1.0% (compared to 1.4% in the same period of the previous year), demonstrating a trend of continuous improvement.

**LOANS AND ADVANCES TO INDIVIDUALS BY TYPE - DEC.2022**

Million euros

Type	Volume of Credit	Total Weight %	Var. YoY	Overdue Credit	Overdue Credit %
Mortgage	100,283	77.6%	3.5%	296	0.3%
Consumer	20,776	16.1%	8.2%	970	3.3%
Other purpose:	8,191	6.3%	-8.2%		
<b>Total</b>	<b>129,250</b>	<b>100.0%</b>	<b>3.3%</b>	<b>1,266</b>	<b>1.0%</b>

Source: Banco de Portugal

The minor decrease of -0.4% observed in loans granted to companies in 2022 is essentially explained by the reduction of loans granted to the “electricity, gas and water” sectors (-11.3%); “accommodation and restaurants” (-7.2%) and “construction” (-4.0%), which was not entirely offset by the increased loans observed in the sectors of “real estate activities” (+6.6%), “trade” (+4.2%) and “agriculture and fisheries” (+3.1%).

Overdue loans to companies stood at 2.0%, compared to 2.3% recorded in December 2021, with the sectors of “construction” and “mining industries” showing a higher non-performance levels (overdue loans of 5.4% and 3.0%, respectively).

**LOANS AND ADVANCES TO COMPANIES BY ECONOMIC ACTIVITY CLASSIFICATION (CAE) - DEC.2022**

Million euros

Economic Activity	Total Credit 2022	Weight %	Var. YoY	Overdue Credit	% Overdue Credit
Manufacturing Industries	15,334	20.4%	1.0%	352	2.3%
Trade	13,936	18.5%	4.2%	276	2.0%
Real Estate Activities	9,548	12.7%	6.6%	146	1.5%
Consulting and Administrative	7,039	9.3%	-2.8%	100	1.4%
Accommodation and Restaurants	6,938	9.2%	-7.2%	88	1.3%
Construction	6,324	8.4%	-4.0%	345	5.4%
Transport and Storage	5,090	6.8%	-1.3%	85	1.7%
Electricity, gas and water	3,397	4.5%	-11.3%	8	0.2%
Agriculture and Fisheries	3,136	4.2%	3.1%	55	1.7%
Information and Communication	975	1.3%	-1.9%	12	1.2%
Mining Industries	270	0.4%	1.6%	8	3.0%
Other	3,332	4.4%	-6.3%	68	2.1%
<b>Total</b>	<b>75,319</b>	<b>100.0%</b>	<b>-0.4%</b>	<b>1,541</b>	<b>2.0%</b>

Source: Banco de Portugal

Micro-enterprises continue to be the segment that concentrates the highest exposure to the loan books, accounting for 29.8% of the total and showing the highest overdue loan ratio (3.6%), despite having decreased from 4.1% at the end of 2021.

**LOANS AND ADVANCES TO COMPANIES BY SIZE - DEC.2022**

Million euros

Economic Activity	Total Credit 2022	Weight %	Var. YoY	Overdue Credit	%Overdue Credit
Micro-Enterprises	22,420	29.7%	-1.4%	799	3.6%
Small Enterprises	19,402	25.7%	-1.5%	424	2.2%
Medium Enterprises	18,502	24.5%	0.1%	244	1.3%
Large Companies	13,130	17.4%	4.3%	65	0.5%
<b>Total Segmented Companies</b>	<b>73,454</b>	<b>97.5%</b>	<b>-0.1%</b>	<b>1,532</b>	<b>2.1%</b>
Non-segmented companies	1,865	2.5%	-11.3%	9	0.5%
<b>Total</b>	<b>75,319</b>	<b>100.0%</b>	<b>-0.4%</b>	<b>1,541</b>	<b>2.0%</b>

Source: Banco de Portugal

Regarding the evolution of the number of companies, there was an acceleration of the growth of the number of new companies in 2022 (+15.6%, compared to 11.3% in 2021). In turn, the number of companies that closed only grew by 1.3% in relation to 2021 which, combined with a lower number of insolvency proceedings (16.8% reduction year-on-year), gave rise to a business revitalisation that was 3.0 times, higher than the 2.6 times observed in 2021.

**EVOLUTION OF THE NUMBER OF COMPANIES - DEC.2022**

	2020	2021	2022	Variation 22/21
Births	38,042	42,338	48,923	15.6%
Closures	14,926	14,235	14,416	1.3%
Insolvency	2,272	1,957	1,629	-16.8%
<b>Business Revitalisation *</b>	<b>2.2</b>	<b>2.6</b>	<b>3.0</b>	<b>16.6%</b>

Source: Informa DB Barometer

\* Births / (Closures + Insolvency)

e) National insurance market

The year of 2022 was marked by a year-on-year reduction of 9.5% in the production of the insurance market as a whole, to 12.1 billion euros, compared to 13.3 billion in 2021.

It should be noted that this reduction primarily stems from the Life Business products, especially in life insurance linked to investment funds. In contrast, the Non-Life Business continued to show an acceleration of its year-on-year growth, of 7.4% in relation to 2021, with increases in all business areas.

**Premiums and Deliveries**

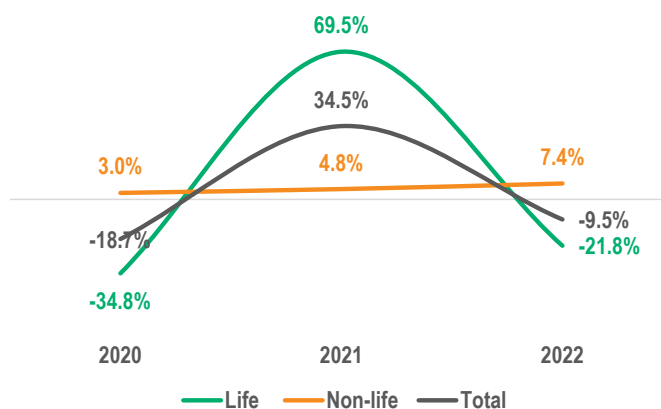
In Million Euros

<b>Businesses</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>% 2022 / 2021</b>
<b>Life Insurance Business</b>	<b>4,559</b>	<b>7,727</b>	<b>6,043</b>	<b>-21.8%</b>
<b>Life Not Linked</b>	<b>2,649</b>	<b>3,063</b>	<b>2,985</b>	<b>-2.5%</b>
Excluding PPR, PPE, PPR/E	1,910	2,312	2,139	-7.5%
PPR, PPE, PPR/E	739	751	846	12.6%
<b>Marriage and Birth Insurance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>n.a.</b>
<b>Life Linked to Investment Funds</b>	<b>1,909</b>	<b>4,664</b>	<b>3,058</b>	<b>-34.4%</b>
Excluding PPR, PPE, PPR/E	1,487	3,507	2,389	-31.9%
PPR, PPE, PPR/E	423	1,157	669	-42.1%
<b>Capital Redemption Operations</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>-100.0%</b>
Linked to Investment Funds	0	0	0	n.a.
Not Linked to Investment Funds	0	1	0	-100.0%
<b>Non-Life Sector</b>	<b>5,364</b>	<b>5,621</b>	<b>6,039</b>	<b>7.4%</b>
<b>Accident &amp; Health</b>	<b>2,026</b>	<b>2,185</b>	<b>2,387</b>	<b>9.3%</b>
<b>Fire and Other Damage</b>	<b>945</b>	<b>1,000</b>	<b>1,074</b>	<b>7.4%</b>
<b>Motor</b>	<b>1,877</b>	<b>1,898</b>	<b>1,966</b>	<b>3.6%</b>
<b>Marine &amp; Transportation</b>	<b>19</b>	<b>28</b>	<b>31</b>	<b>8.9%</b>
<b>Air Travel</b>	<b>10</b>	<b>10</b>	<b>11</b>	<b>8.4%</b>
<b>Cargo &amp; Goods in Transit</b>	<b>25</b>	<b>20</b>	<b>22</b>	<b>11.4%</b>
<b>Civil Liability</b>	<b>148</b>	<b>163</b>	<b>181</b>	<b>11.0%</b>
<b>Various</b>	<b>313</b>	<b>317</b>	<b>366</b>	<b>15.4%</b>
<b>Total</b>	<b>9,923</b>	<b>13,348</b>	<b>12,082</b>	<b>-9.5%</b>

Source: Associação Portuguesa de Seguradores (APS or Portuguese Association of Insurers)

The decrease of the insurance activity's production in 2022, combined with the maintenance of a positive GDP variation, led the penetration ratio of the Insurance sector in economic activity to reverse the growth trend of the previous year, having shifted from 6.3% in 2021 to 4.9% in 2022. The premium per capita indicator regressed once again, having shifted from 1,297 euros in 2021, to 1,177 euros in 2022.

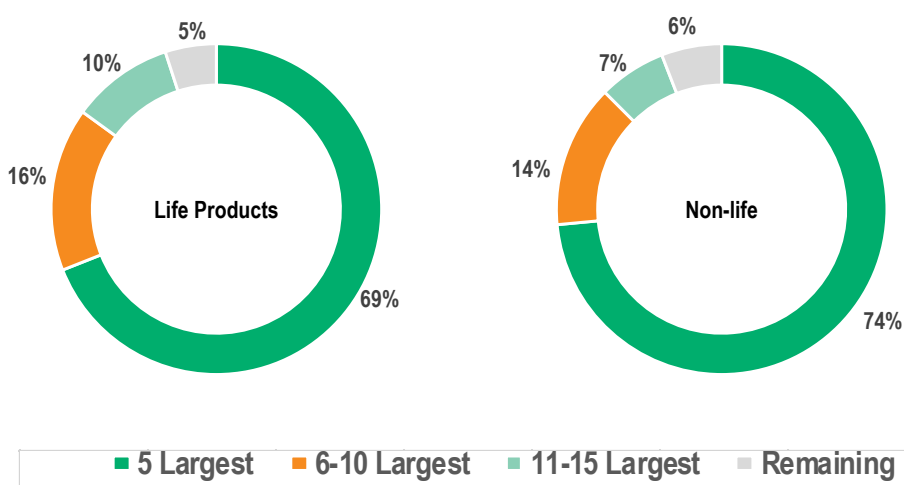
Nominal Growth Rate of the Premiums and Deliveries



Source: Associação Portuguesa de Seguradores.

The Insurance Market in Portugal continued to be characterised by strong concentration regarding the volume of production of its main players. In the Life Insurance Business, the concentration of the five largest insurers fell slightly by approximately 6 p.p., where they now account for 69% of this Business, compared to 75% in the previous year. In the Non-Life Business, there was an increase of the level of market concentration, with the 5 largest market operators gaining approximately 6 p.p., and the set of the sixth to the tenth largest insurers losing approximately 5 p.p., during 2022.

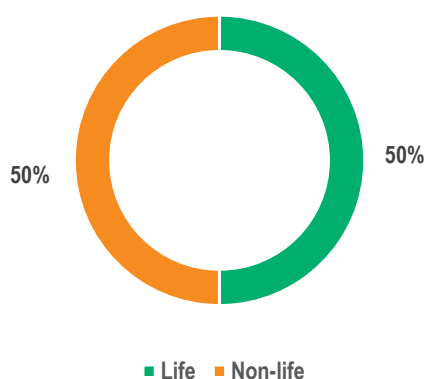
Concentration of Market Operators



Source: Associação Portuguesa de Seguradores.

As a consequence of the downward performance of the Life Business and the solid growth of the Non-life Business, an almost perfect division of the market was observed in terms of production during 2022, with 50% of the market being carried out by each business line.

Distribution of the Insurance Market by Business Line



Source: Associação Portuguesa de Seguradores.

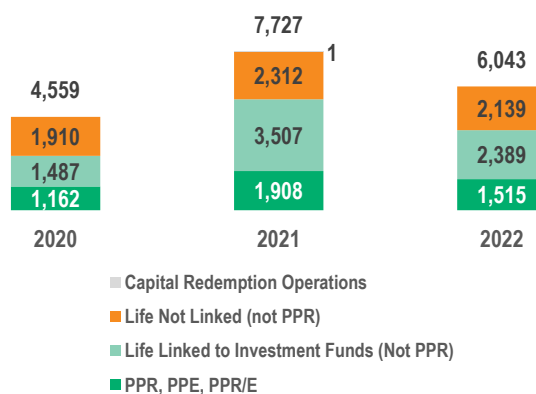
### Life Insurance Business

The production of Life Business insurance amounted to 6.043 billion euros in 2022, compared to 7,727 billion euros in 2021. This significant year-on-year reduction of 21.8%, which marked the performance of the Life Business in 2022 is primarily due to the Life insurance linked to investment funds, which showed a decline of more than 34%, especially in the “PPR (retirement saving plan), PPE (education saving plan) and PPR/E (retirement/education saving plan)” products, that fell by 42%, with all other products having fallen by 31.9% year-on-year.

Life insurance not linked to investment funds decreased by 2.5% in relation to 2021, with contrasting performance shown by the “PPR, PPE and PPR/E” products, which grew by 12.6%, albeit insufficient to offset the 7.5% reduction in all the remaining products.



Life Insurance Business Production (million euros)



Source: Associação Portuguesa de Seguradores.

### Non-life insurance business

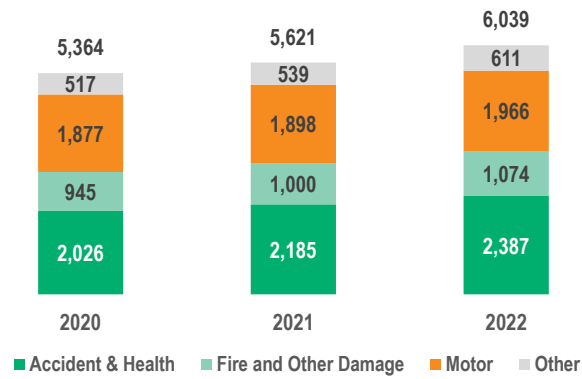
The non-life insurance market showed a nominal growth in terms of gross written premiums, following the trend observed in previous years, and even gaining an acceleration of the growth rate to 7.4%, compared to the 4.8% increase in 2021. The amount of non-life insurance production thus amounted to 6.039 billion euros in 2022, compared to a value of 5.621 billion euros in the previous year.

All the non-life insurance business areas showed growth, with the personal accidents and health business having been primarily responsible for this growth in 2022 in relation to 2021, having increased by 9.3% (+203 million euros in relation to 2021). Specifically in the Work Accidents insurance business there was 6.4% growth of the gross written premiums, while the Health insurance business continues with a very favourable evolutionary profile (+12%). This growth is explained by the increased total number of insured persons and the respective average premium, reflecting the strong demand for health protection solutions.

The Motor business grew by 3.6% (+68 million euros year-on-year), which was essentially underpinned by the growth of the average premium. The growth of the revenue of the Motor insurance business continued to be strongly influenced by the evolution recorded in the coverage of own damage. Insurance against fire and other damage grew by 7.4% in relation to 2021 (+74 million euros).

Consequently, the structure of the non-life portfolio recorded an increase of the weight of the Health, Fire and Other Damage, and Work Accident insurance businesses and a reduction of the Personal insurance business. The Work Accident and Motor insurance businesses, as a whole, represented 54.1% of total premiums, compared to 51.0% in 2021.

Non-Life Insurance Business Production (million euros)



Source: Associação Portuguesa de Seguradores.

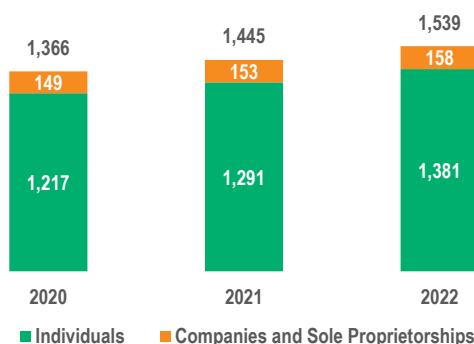
According to information disclosed by the Autoridade de Supervisão de Seguros e Fundos de Pensões (ASF or (Portuguese Insurance and Pension Funds Supervision Authority), costs related to claims fell by 3.9% and the overall claims rate fell from 58% to 56%, in the non-life market.

## 5.2. BANKING ACTIVITY OF THE CA GROUP IN 2022

### a) Evolution of the Customer and Associate base

In 2022, Crédito Agrícola's Customer base continued to show the trend of growth that has characterised it over recent years, having reached 1.539 million Customers, corresponding to a net growth of 95 thousand Customers over the year. As a whole, there are 1.381 million Individual Customers, while the Customers of the Corporate macro-segment numbered 158 thousand at the end of 2022. In view of the periodic updating of the lists of Members per Associated Caixa, the number of Members decreased slightly by 1.5% in relation to the end of 2021, to stand at 418 thousand members, of whom 375 thousand are primary account holders.

Evolution of the customer base (thousand customers)



Note: The customers refer to the primary holders of any product, including moey! customers.

Various initiatives of promotional and marketing nature were carried out in numerous areas for the different segments of Individual, Company and Sole Proprietorship Customers in 2022, as defined in the approved marketing plan. This contributed to the capture and increased loyalty of Customers, where particular reference is made to the campaigns that promoted the offer of mortgage loans, personal credit, life and non-life insurance and investment funds/structured notes with differentiated conditions:



b) Evolution of the loan portfolio<sup>1</sup>

LOANS AND ADVANCES TO CUSTOMERS	In million euros, except %				
	2020	2021	2022	Abs. Δ	Δ %
Individuals	4,242	4,396	4,457	61	1.4%
Mortgage	3,167	3,368	3,510	142	4.2%
Consumer	480	506	509	4	0.7%
Other	595	523	438	-84	-16.1%
Companies	7,018	7,416	7,619	203	2.7%
Investment	2,974	3,341	3,596	254	7.6%
Liquidity	979	1,026	1,100	74	7.2%
Other	3,065	3,049	2,923	-125	-4.1%
<b>Gross Credit to Customers</b>	<b>11,260</b>	<b>11,813</b>	<b>12,077</b>	<b>264</b>	<b>2.2%</b>
of which: Loans to CA Group companies	71	86	95	8	9.6%
<b>Gross Credit to Customers excluding loans to CA Group companies</b>	<b>11,189</b>	<b>11,726</b>	<b>11,982</b>	<b>256</b>	<b>2.2%</b>
Market share	5.5%	5.6%	5.6%	0.03 pp	

Note: Loans and advances to companies include loans granted to the public sector.

The total loan portfolio once again showed growth in 2022 total, of 2.2% (or 264 million euros) to stand at 12,077 million euros, compared to 11,813 million euros recorded in 2021. The loans granted to Individuals increased by 1.4% to 4,457 million euros, while loans granted to Customers of the Corporate segment grew by 2.7% to 7,619 million euros.

Crédito Agrícola's loan portfolio thus showed stronger year-on-year growth (+2.2%) than the market as a whole, which, in turn, recorded an increase of 1.8%<sup>2</sup>, with the natural consequence being an expansion of Crédito Agrícola's market share by 0.03 p.p., from 5.66% to 5.69%.

In the segment of Individuals, Crédito Agrícola's annual growth of 1.4% was lower than the 3.3% of the entire market, with its market share declining to 3.45%. The main contribution to the increased loans granted to Individuals came from mortgage loans (+4.2% or 142 million euros), also with considerable growth, albeit less expressive, in consumer credit (+0.7% or 4 million euros), having been partially penalised by a 16.1% decrease (or 84 million euros) in credit for other purposes.

In the Corporate segment, Crédito Agrícola showed an increase of 2.7%, compared to the market reduction for this segment of -0.6%<sup>3</sup>. As a result, the market share increased by 0.30 p.p., from 8.88% to 9.17%.

The largest contribution to the growth of the loans granted to Companies was driven by investment credit (+7.6% or 254 million euros), followed by treasury credit (+7.2%), while credit for other purposes showed a year-on-year decrease of 4.1%.

<sup>1</sup> Values relative to the banking business (SICAM) including loans to CA Group companies. Includes Customer debt instruments (commercial paper operations)

<sup>2</sup> Including the Public Sector.

<sup>3</sup> Including the Public Sector.

**LOANS AND ADVANCES TO COMPANIES BY  
ECONOMIC ACTIVITY CLASSIFICATION (CAE)**

In million euros, except %

Economic activity	Total Loans and Advances CA	Var. YoY	Weight % CA	Total Loans and Advances Market	Weight % Market
Trade	1,028	5.5%	13.5%	13,936	16.8%
Real Estate Activities	1,009	4.6%	13.2%	9,548	11.5%
Agriculture and Fisheries	1,003	0.6%	13.2%	3,136	3.8%
Manufacturing Industries	875	8.6%	11.5%	15,334	18.5%
of which: Agroindustry	351	-1.9%	4.6%	n.a.	n.a.
Accommodation and Restaurants	650	0.3%	8.5%	6,938	8.4%
Construction	463	-5.1%	6.1%	6,324	7.6%
Health and Social Support	369	4.0%	4.8%	n.a.	n.a.
Transport and Storage	153	22.2%	2.0%	5,090	6.1%
Water and Sanitation	135	13.5%	1.8%	n.a.	n.a.
Energy	87	57.4%	1.1%	3,397	4.1%
Mining Industries	22	-1.3%	0.3%	270	0.3%
Public Administration	722	23.9%	9.5%	7,688	9.3%
Other	1,103	-13.7%	14.5%	19,034	22.9%
<b>Total</b>	<b>7,619</b>	<b>2.7%</b>	<b>100.0%</b>	<b>83,007</b>	<b>100.0%</b>
<b>Total Excluding Public Administration</b>	<b>6,898</b>	<b>0.9%</b>	<b>-</b>	<b>75,319</b>	<b>-</b>

Note: The information of this table refers to the volume of gross loans granted by SICAM to companies, sole proprietorships and public administration. Gross loans include Customer debt instruments (commercial paper operations).

The breakdown of the loans granted by Crédito Agrícola, by economic activity, shows the most significant weight of the Trade sector with 13.5% of total loans, Real Estate Activities (13.2%), Agriculture and Fisheries with 13.2% and Manufacturing Industries with 11.5%, where it is highlighted that the agribusiness sector accounted for approximately 40% of the value related to this activity.

The activities that show most significant growth in relation to 2021, in terms of loans granted, were Energy (+57.4%), Public Administration (+23.9%), Transport and Storage (+22.2%), Water and Sanitation (+13.5%) and Manufacturing Industries (+8.6%). Conversely, the Construction (-5.1%) and Mining Industries (-1.3%) sectors stood out in the opposite direction. The 13.7% decline observed in "Other" is, to a large extent, due to the reduction of loans granted to activities of associative organisations.

### c) Quality of the loan portfolio

By reference to the end of 2022, Crédito Agrícola had a total value of non-performing loans (NPL) of 586 million euros (819 million euros at the end of 2021), representing an NPL ratio of 5.1% (7.2% in December 2021) and an NPL impairment coverage of 41.2%.

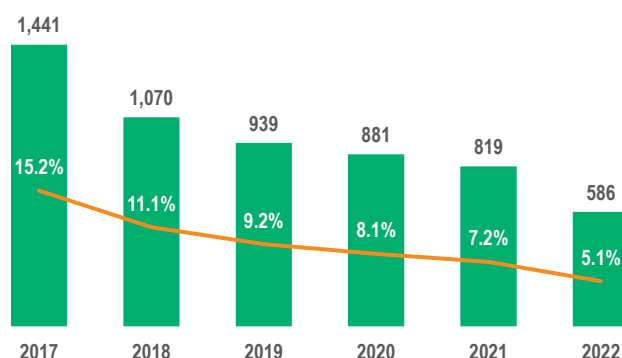
	In million euros, except %				
	Maximum	NPL	NPL (%)	NPL impairment	NPL coverage
Public administration	655	0	0.0%	0	0.0%
Financial institutions	29	0	0.0%	0	0.0%
Other financial companies	152	0	0.0%	0	0.0%
Non-financial companies	6,536	455	7.0%	179	39.3%
of which: SME	6,308	450	7.1%	178	39.7%
Individuals	4,229	131	3.1%	57	43.8%
of which: Mortgage Loans	3,433	72	2.1%	30	41.7%
of which: Consumer loans and advances	547	24	4.5%	11	46.1%
<b>Total</b>	<b>11,601</b>	<b>586</b>	<b>5.1%</b>	<b>236</b>	<b>40.3%</b>
<b>Total including overlay provision*</b>	<b>11,601</b>	<b>586</b>	<b>5.1%</b>	<b>241</b>	<b>41.2%</b>

Note: Only includes "Loans and advances", excludes Customer debt instruments (commercial paper operations), and excluding cash balances at central banks and other demand deposits, pursuant to Banco de Portugal Instruction 20/2019.

\* In 2022, provisions were increased by 9.4 million euros (overlay) to accommodate the expected effects of (i) DL 80-A/2022 and (ii) the deterioration of credit risk in business sectors more exposed to the rising cost of production factors. The coverage ratios in 2022 include 4.9 million euros of a total of 9.4 million euros of the said overlay provision.

The 28.5% reduction of NPL, amounting to 233 million euros, observed in 2022, demonstrates the improved quality of the loan portfolio, reflecting the efforts made in that direction, to a large extent explained by credit recovery and by the occurrence of a higher level of outflows of loans at stage 3 than that of the inflows.

Evolution of NPL and the NPL Ratio (million euros, %)



The segment of non-financial companies, with 455 million euros, represents approximately 78% of the total NPL, showing an NPL ratio of 7.0% (compared to 9.9% at the end of 2021), and an NPL impairment coverage of 39.3%, and an NPL and collateral impairment coverage of 155.5% (with a 91.0% limit of the exposure value).

In the case of the segment of Individuals, mortgage loans stand out as having the highest proportion of NPL, amounting to 72 million euros, compared to 99 million euros at the end of 2021, representing an NPL ratio of 2.1% (compared to 3.0% in 2021), with an NPL impairment coverage of 41.7% and an NPL and collateral impairment coverage of 140.1% (with a 95.4% limit of the exposure value).

**NPL RATIOS AND FORBORNE LOANS**

In million euros, except %

	2020	2021	2022	Variation 22/21	
				Abs.	%
Non-Performing Loans (NPL)	881	819	586	-233.2	-28.5%
Ratio of Non-Performing Loans (NPL)*	8.1%	7.2%	5.1%	-2.2	p.p.
Ratio of NPL coverage by credit impairments	43.7%	40.6%	61.3%	20.6	p.p.
NPL coverage by NPL impairments**	35.3%	32.6%	41.2%	8.5	p.p.
NPL coverage by NPL impairments and collateral**	128.1%	133.5%	151.3%	17.7	p.p.
NPL coverage by NPL impairments and collateral (FINREP)** , ***	86.8%	87.6%	91.9%	4.3	p.p.
Texas Ratio****	40.8%	38.8%	27.3%	-11.5	p.p.
Forborne Loans Ratio	7.4%	6.1%	5.0%	-1.2	p.p.

(\*) Determined in accordance with Banco de Portugal Instruction 20/2019.

(\*\*) Applying haircuts and recovery costs. (\*\*\*) Coverage limited to the contract exposure.

(\*\*\*\*) Determined by: NPL / (Tangible common equity + Stock of impairments)

As mentioned above, the NPL ratio continued on its downward trend, by close to 2.2 p.p. in 2022, to reach 5.1%. The Texas ratio, determined by the weight of NPL in the total sum of the tangible common equity and stock of impairment (loan loss reserves), once again showed a favourable evolution, having fallen from 38.8% at the end of 2021 to 27.3% in 2022. The ratio of forborne loans (restructured credit) ratio once again evolved favourably in 2022, having fallen by 2 p.p. to 5.0%, a value even lower than that recorded in 2019.

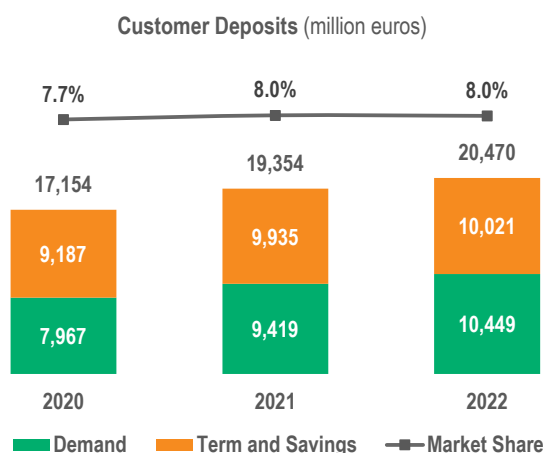
d) Evolution of deposits and other funds<sup>4</sup>

In 2022, Crédito Agrícola showed year-on-year growth of customer deposits of 5.8%, having reached a total value of 20,470 million euros. However, this evolution proved to be lower than the total market growth (6.5% at the end of 2022), but, even so, enabled a market share of around 8% to be maintained.

Breaking down the total figures, demand deposits increased by 1,030 million euros (+10.9%) to 10,449 million euros, while term deposits grew by 86 million euros (+0.9%) to 10,021 million euros.

<sup>4</sup> Values relative to the banking business (SICAM).



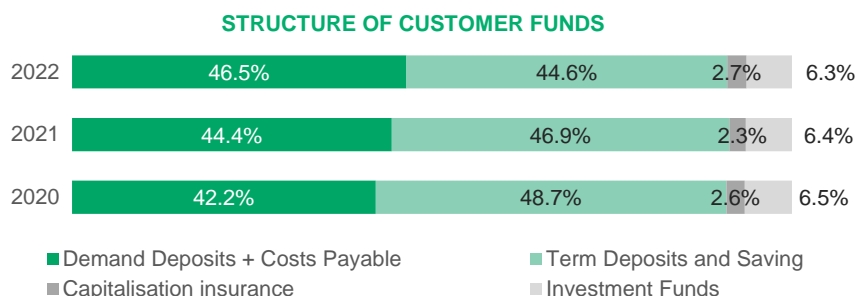


In 2022, a positive evolution was once again recorded in Crédito Agrícola's off-balance sheet funds, which showed growth of 9.4% (+174 million euros) to stand at 2,018 million euros. This growth is explained by the increased real estate investment funds, which showed a rise of 139 million euros (+14.6%) in relation to the end of 2021, and by the increase of capitalisation insurance of 118 million euros (+24.3%), which more than offset the reduction of 83 million euros (-20.6%) in securities investment.

	<b>OFF-BALANCE SHEET FUNDS OF CRÉDITO AGRÍCOLA</b>			Million euros	
	2020	2021	2022	Abs. Δ	Δ %
Investment Funds	1,234	1,361	1,417	56	4.1%
Securities (FIM and FEI)	399	403	320	-83	-20.6%
of which: CIUS	20	20	18	-2	-8.6%
Real estate	835	958	1,097	139	14.6%
of which: retail	816	934	1,067	133	14.2%
of which: institutional	19	24	31	7	27.6%
Capitalisation insurance <sup>1</sup>	487	483	601	118	24.3%
<b>TOTAL</b>	<b>1,720</b>	<b>1,844</b>	<b>2,018</b>	<b>174</b>	<b>9.4%</b>

<sup>1</sup> Includes value of mathematical provisions and financial liabilities of insurance contracts considered for accounting purposes as investment contracts, relative to the CCAM of SICAM.

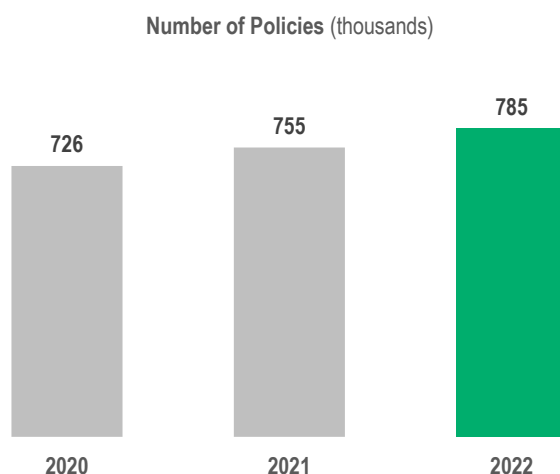
Consequently, the total value of customer funds managed by Crédito Agrícola reached 22,488 million euros, corresponding to year-on-year growth of 6.1%. In 2022, demand deposits accounted for the largest component of Customer funds at Crédito Agrícola, surpassing the weight of term deposits and savings (49.3% and 47.3% of the total, respectively). The weight of capitalisation insurance and investment funds showed a minor growth in relation to December 2021.



### 5.3. INSURANCE ACTIVITY OF THE CA GROUP IN 2022

#### a) Non-Life Insurance

The portfolio of policies in force grew by about 30 thousand policies (+4%), from 755 thousand to 785 thousand. At the end of the year, gross written premiums stood at 154 million euros, corresponding to year-on-year growth of 6.2%. The number of Customers of CA Seguros with policies in force increased from 419 thousand to 440 thousand, proactively pursuing its Vision of “Being the Non-Life Insurer trusted by all Crédito Agrícola Members and Customers”.



The ratio of costs related to claims / written premiums showed a 5.2 p.p. reduction in 2022, to 48.4%, despite an increase in the level of claims over the last four months of the year due to the occurrence of intense rainfall and adverse climatic events. Concerning claims management; we highlight the fact that CA Seguros recorded yet another year with zero non-compliance in terms of time limits and deadlines imposed by the law, in the management of Motor insurance claims.

KEY INDICATORS	Thousand euros, except %			
	2020	2021	2022	Δ %
Gross Written Premiums	138,027	145,063	154,006	6.2%
Financial Investments	200,048	220,177	209,523	-4.8%
Assets	247,986	265,418	266,411	0.4%
Equity	53,932	56,360	43,805	-22.3%
Net Income	4,118	5,847	10,966	87.5%
Market share of gross written premiums (new production) <sup>(1)</sup>	2.6%	2.6%	2.6%	0.0pp

(1) Source for total market amount, APS

The net income of CA Seguros stood at 11.0 million euros, reflecting the increased technical margin, which more than offset the rise in operating costs.

Financial Investments decreased by 10.7 million euros (-4.8% in relation to the end of 2021). Consequently, the weight of this heading in total Assets fell from 83%, to 79% in 2022.

The Company maintained a prudent policy in terms of the provisioning level, just as in previous years. Overall, the technical provisions amounted to 178 million euros as of 31 December 2022, having increased by 3.6% in relation to the previous year, which had recorded a more significant increase of 9.7%.

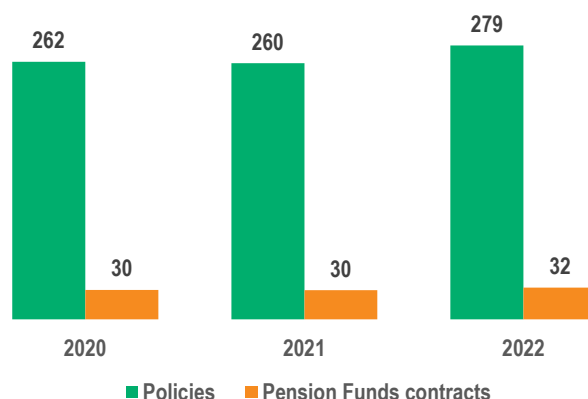
The climb of interest rates implied a reduction of 10.7 million euros in the market value of the financial assets, namely of fixed rate bonds. This impact gave rise to a reduction of 22.8 million euros of the revaluation reserve (net of taxes) and is the main driver for the reduction of the Company's equity, from 56 million euros to 44 million euros.

#### b) Life Insurance

Growth was recorded in the production of new life insurance of approximately 61.4% during 2022. The product category driving this growth was capitalisation, with a variation of 121.7% in relation to 2021. Although less expressive, risk products also recorded a positive variation, of 0.5%. The exception to this growth were the pension funds, which showed a decline of approximately 24.2% in relation to the previous year. Despite the worldwide circumstances experienced during 2022, the figures shown above point to the recovery and consolidation of the levels of growth of market share that CA Vida had been recording in the past, having closed the year with a 4.2% share in the Life business.

At the end of 2022, CA Vida held 279 thousand life insurance policies in force, corresponding to year-on-year growth of 6.9% and 32 thousand pension fund contracts, representing an increase of 8.9% in relation to the end of 2021. The gross premiums issued of life insurance and deliveries in investment contracts reached a value of around 248 million euros, representing a year-on-year growth of 75.4%.

Number of Policies and Pension Funds Contracts (thousands)



CA Vida achieved a net income of 47.7 million euros in 2022, corresponding to growth of 41.6 million euros in comparison to 2021, where the main driver for this strong variation was the non-recurring effect of the reversal of the provision for interest rate commitments in the Life insurance portfolio, amounting to 65.8 million euros. Even so, particular reference should be made to the 7.1% growth of risk production and the reduction of the claims rate to 40% (86% in 2021).

#### KEY INDICATORS

	Thousand euros, except %			
	2020	2021	2022	Δ %
Gross written premiums and amounts paid in Investment contracts	73,279	141,105	247,502	75.4%
Pension funds contributions	32,402	41,053	30,322	-26.1%
Assets	800,423	771,483	788,262	2.2%
Financial assets	791,427	762,436	766,438	0.5%
Equity	119,383	117,503	83,165	-29.2%
Net income	6,125	6,067	47,733	686.8%
<b>Market share of gross written premiums (new production)<sup>(1)</sup></b>	<b>1.6%</b>	<b>1.3%</b>	<b>4.2%</b>	<b>2.8pp</b>

(1) Source for total market amount, APS

Concerning capital requirements, the Company upheld its goal to maintain its policy of robust solvency ratios, with indicators of a stable financial situation, notwithstanding the 29% decline of equity, which was largely due to the devaluation of the public debt securities recorded at fair value, triggered by the increased market interest rates, and with this effect having been partially offset by the increased net income for the year. The Company manages its capital requirements taking into account any changes in economic constraints, as well as its risk profile.

## 6. FINANCIAL INFORMATION AND RISK MANAGEMENT

### 6.1. FINANCIAL ANALYSIS

#### 6.1.1. Crédito Agrícola Group

##### EVOLUTION OF CRÉDITO AGRÍCOLA GROUP

	In million euros, except %		
	2020 Dec.	2021 Dec.	2022 Dec.
<b>BALANCE SHEET</b>			
Total net assets	23,451	26,002	24,895
Total loans and advances to customers (gross) <sup>1</sup>	11,189	11,726	11,982
Total loans and advances to customers (net)	10,804	11,393	11,632
Total customer funds	18,767	21,060	22,416
Customer funds on the balance sheet	17,046	19,236	20,398
Off-balance sheet funds	1,720	1,824	2,018
Accumulated impairments and provisions	579	502	501
of which: Accumulated impairment of credit	386	333	350
Insurance contract technical provisions	726	713	782
Equity	1,889	2,019	2,042
<b>RESULTS</b>			
Net interest income	319	313	368
Technical margin of insurance activity	37	66	145
Net fees and commissions	126	123	146
Core net operating income	482	503	659
Net trading income	95	63	-3
Other net operating income	-7	4	-4
Operating income	569	570	652
Operating costs	-365	-373	-401
Impairment and provisions for the year	-74	2	-57
Consolidated net income	87	159	144
<b>EFFICIENCY AND PROFITABILITY RATIOS</b>			
Cost-to-income	64.1%	65.4%	61.5%
Core cost-to-income	75.7%	74.2%	60.8%
Return on assets (ROA)	0.4%	0.6%	0.6%
Return on equity (ROE)	4.9%	8.1%	7.1%
<b>CAPITAL AND LIQUIDITY RATIOS</b>			
Common equity/tier 1 ratio <sup>2</sup>	18.6%	19.2%	19.9%
Total own funds <sup>2</sup>	18.6%	19.2%	19.9%
Leverage ratio	7.4%	8.0%	7.6%
Loan to deposit ratio <sup>3</sup>	63.4%	59.2%	57.0%
Liquidity coverage ratio (LCR)	433.5%	477.2%	500.0%
Net stable funding ratio (NSFR)	150.0%	150.2%	167.7%
<b>ASSET QUALITY RATIOS</b>			
NPL Ratio <sup>4</sup>	8.1%	7.2%	5.1%
NPL coverage by NPL impairments <sup>5</sup>	35.3%	32.6%	41.2%
NPL coverage by NPL impairments and collateral <sup>5</sup>	128.1%	133.5%	151.3%
NPL coverage by NPL impairments and collateral (FINREP) <sup>5,6</sup>	86.8%	87.6%	91.9%
Texas ratio <sup>7</sup>	40.8%	38.8%	27.3%
Cost of risk	0.48%	0.04%	0.45%
<b>OTHER INDICATORS</b>			
# of employees	4,098	4,092	4,110
# Associated Caixas Agrícolas	75	75	71
# of bank branches	637	624	617
<b>MOODY'S RATING (last rating action, December 2022)</b>			
Outlook			
Counterparty Risk Rating (CRR)			
Bank Deposits			
Baseline Credit Assessment (BCA)			
Adjusted Baseline Credit Assessment			
Counterparty Risk Assessment (CR)			
Senior Unsecured Notes			

(1) Includes Customer debt instruments (commercial paper operations)

(2) The ratio does not incorporate net income for the period.

(3) Ratio calculated in accordance with BdP Instruction 23/2012, determined by the ratio between net loans and advances to customers and customer deposits.

(4) Ratio calculated according to BdP Instruction 20/2019.

(5) Applying haircuts and recovery costs. (6) Coverage limited to the contract exposure.

(7) Determined by: NPL / (Tangible common equity + Stock of impairments)

## a) Income Statement and Balance Sheet

## i. Income Statement

				In thousand euros	
	2020	2021	2022	Var. 22/21 Abs.	%
Interest income	429,230	441,029	562,459	121,430	27.5%
Interest expenses	-110,703	-128,075	-194,035	65,960	51.5%
<b>Net Interest Income</b>	<b>318,527</b>	<b>312,954</b>	<b>368,424</b>	<b>55,470</b>	<b>17.7%</b>
Net fees and commissions	125,925	123,388	146,224	22,836	18.5%
Technical margin of insurance activity	37,253	66,252	144,534	78,282	118.2%
<b>Core Net Operating Income</b>	<b>481,705</b>	<b>502,593</b>	<b>659,182</b>	<b>156,589</b>	<b>31.2%</b>
Net trading income	94,812	62,974	-3,262	-66,235	n.a.
Other net operating income	-7,278	4,295	-3,896	-8,190	n.a.
<b>Operating Income</b>	<b>569,239</b>	<b>569,862</b>	<b>652,025</b>	<b>82,163</b>	<b>14.4%</b>
Operating Costs	-364,836	-372,717	-400,912	28,196	7.6%
Staff expenses	-218,286	-223,271	-236,440	13,169	5.9%
General administrative expenses	-113,390	-115,732	-129,651	13,919	12.0%
Depreciation	-33,160	-33,713	-34,821	1,108	3.3%
Modification gains/losses	-11,141	-1,147	5,855	7,002	n.a.
Provisions and impairments	-73,649	2,152	-57,376	-59,528	n.a.
Gain and losses in other assets	1,165	1,275	3,765	2,490	195.4%
<b>Earnings before taxes</b>	<b>120,778</b>	<b>199,425</b>	<b>203,357</b>	<b>3,932</b>	<b>2.0%</b>
Taxes	-33,865	-40,489	-58,757	18,267	45.1%
Non-controlling interests	-116	-159	-304	145	91.6%
<b>Net Income</b>	<b>86,797</b>	<b>158,776</b>	<b>144,296</b>	<b>-14,481</b>	<b>-9.1%</b>

In 2022, the net income of the Crédito Agrícola Group stood at 144.3 million euros, corresponding to a reduction of 14.5 million euros (-9.1%) in relation to 2021, and +66.2% in relation to 2020 (in an economic context affected by the constraints imposed by the Covid-19 pandemic crisis).

This year-on-year variation observed in Net Income of -9.1% was influenced by the 17.7% increase of net interest income to 368.4 million euros (+55.5 million euros in relation to 2021), in view of the evolution of the Euribor rates and positive impact on the income from the Group's securities and loan portfolios; by the 18.5% increase of net fees and commissions to 146.2 million euros (+22.8 million euros in relation to 2021), benefiting from the increased transactionality of customers and the growth observed in the loan portfolio; by the 118.2% increase of the insurance technical margin to 144.5 million euros (+78.3 million euros in relation to 2021), partly derived from the non-recurring effect of the reversal of the provision for interest rate commitments in the life insurance portfolio (+65.8 million euros); and in the opposite direction, by impairments and provisions which rose to 57.4 million euros in 2022 (+59.5 million euros in relation to 2021), reflected in a cost of credit risk of 0.45%; and by the 7.6% growth of operating costs to 400.9 million euros (+28.2 million euros in relation to 2021).

The variation of Net Income in relation to 2021 is also influenced by the non-recurring gains obtained during 2021, related to net trading income, in the amount of 63.0 million euros (51.3 million euros in the first quarter of 2021), and related to retroactive interest relative to 2020, in the amount of 8.0 million euros received in 2021 under the European Central Bank targeted longer-term refinancing operation programme (ECB-TLTRO).

## Net Interest Income

NET INTEREST INCOME							BREAKDOWN OF THE EFFECTS		
<i>In thousand euros</i>									
Variables	Dec-21			Dec-22			Volume effect	Price effect	12-Month variation
	Average equity	Average rate (%)	Income / Costs	Average equity	Average rate (%)	Income / Costs			
Loans and advances to customers	11,170,406	2.35%	262,709	11,854,257	2.39%	283,453	16,083	4,660	20,743
Securities and other investments <sup>1</sup>	10,047,385	0.35%	35,514	11,761,520	0.96%	112,364	6,059	70,792	76,850
<b>Financial assets</b>	<b>21,217,791</b>	<b>1.41%</b>	<b>298,223</b>	<b>23,615,777</b>	<b>1.68%</b>	<b>395,817</b>	<b>22,142</b>	<b>75,452</b>	<b>97,594</b>
Customer deposits	17,260,138	0.04%	7,218	19,816,845	0.03%	5,952	1,069	-2,334	-1,265
Funds of Central Banks and other liabilities <sup>2</sup>	2,341,794	-0.94%	-21,948	1,965,682	1.09%	21,441	3,525	39,864	43,389
<b>Financial liabilities</b>	<b>19,601,931</b>	<b>-0.08%</b>	<b>-14,731</b>	<b>21,782,527</b>	<b>0.13%</b>	<b>27,393</b>	<b>4,594</b>	<b>37,529</b>	<b>42,124</b>
<b>Net interest income</b>		<b>1.48%</b>	<b>312,954</b>		<b>1.55%</b>	<b>368,424</b>	<b>17,548</b>	<b>37,922</b>	<b>55,470</b>
Intermediation margin <sup>3</sup>		2.31%			2.36%				
Average Euribor rate (6 months)		-0.523%			0.671%				
Average Euribor rate (12 months)		-0.491%			1.085%				

1. Includes Cash balances, Investments in credit institutions and Investment in equity securities (share)

2. Funds of central banks, funds of other credit institutions and other subordinated liabilities

3. Average rate of loans and advances to customers - average rate of customer deposits

Net interest income amounted to 368.4 million euros in 2022, corresponding to an increase of 55.5 million euros year-on-year (+17.7%), having benefited from the evolution of the reference rates and their positive impact on interest earning assets, namely the Group's securities and loan portfolios.

The interest of the portfolio of securities and other investments represented a positive impact of 70.8 million euros in net interest income, year-on-year, substantially due to the price effect, reflected in an increase of the average interest rates from 0.35% in 2021 to 0.96% in 2022. The evolution recorded in the interest received from loans and advances to customers primarily benefited from the volume effect explained by the 6.1% increase of the Group's average loan portfolio.

On the other hand, in the case of customer deposits, the price effect prevailed over the volume effect, leading to a reduction of 1.3 thousand euros in interest paid. In the case of funds of central banks and other liabilities, the increased interest paid, amounting to 43.4 million euros in 2022, is essentially explained by the following combination of factors: (i) -19.3 million euros of interest received from the targeted longer-term refinancing operation (TLTRO) funding in relation to 2021 due to the full repayment of this funding over 2022 and due to the influence in 2021 of the recording of retroactive interest relative to 2020 (8.0 thousand euros); and (ii) +6.0 million euros in 2022 of interest expenses related to the social bond, eligible for the minimum requirement for own funds and eligible liabilities (MREL), amounting to 300 million euros, issued in November 2021.

## Net Fees and Commissions

NET FEES AND COMMISSIONS	In thousand euros				
	2020	2021	2022	Variation	
				Abs.	%
Account Maintenance	17,315	19,019	19,967	948	5.0%
Credit and Guarantees	44,520	45,999	52,356	6,356	13.8%
Transfer and Cards	42,575	38,913	49,344	10,431	26.8%
Placement	7,031	7,383	8,294	911	12.3%
Other Commissions	14,484	12,073	16,263	4,190	34.7%
<b>Total of net fees and commissions</b>	<b>125,925</b>	<b>123,388</b>	<b>146,224</b>	<b>22,836</b>	<b>18.5%</b>

Net fees and commissions showed growth of 18.5% in 2022 year-on-year, driven by the continuously increasing transactions from customers and by the growth in loans granted.

The fees and commissions related to transfers and cards increased by 26.8%, or 10.4 million euros to 49.3 million euros, driven by the aforesaid increasing transactions, the growth of the customer base and the exceptional (negative) effect in 2021, amounting to 3.8 million euros, related to the adjustment of the period for card annuity fees and commissions charged to customers.

Fees and commissions related to loans and guarantees recorded growth of 6.4 million euros, primarily (+13.8% compared to 2021) to 52.4 million euros, as a consequence of the increased level of loans granted.

## Technical margin of insurance activity

TECHNICAL MARGIN OF INSURANCE ACTIVITY	In thousand euros				
	2020	2021	2022	Variation	
				Abs.	%
<b>CA Vida (Life insurance)</b>	<b>-4,827</b>	<b>16,783</b>	<b>86,699</b>	<b>69,916</b>	<b>416.6%</b>
Premiums earned, net of reinsurance	63,443	130,586	235,445	104,859	80.3%
Costs related to claims	-225,493	-117,841	-71,913	-45,928	-39.0%
Change in technical provisions	157,223	4,038	-76,833	-80,871	n.a.
<b>CA Seguros (Non-Life insurance)</b>	<b>42,080</b>	<b>49,468</b>	<b>57,835</b>	<b>8,367</b>	<b>16.9%</b>
Premiums earned, net of reinsurance	103,817	108,785	114,748	5,963	5.5%
Costs related to claims	-50,993	-48,971	-54,974	6,003	12.3%
Change in technical provisions	-10,744	-10,346	-1,939	-8,407	-81.3%
<b>Total technical margin of insurance activity</b>	<b>37,253</b>	<b>66,251</b>	<b>144,534</b>	<b>78,283</b>	<b>118.2%</b>

In 2022, the 118.2% increase of the technical margin of insurance activity to 144.5 million euros (+78.3 million euros in relation to 2021), is primarily explained by the contribution of CA Vida, namely due to the growth of income from earned premiums and the reduction of levels of claims in relation to 2021, being partially penalised by the reinforcement of technical provisions (80.9 million euros year-on-year) as a result of the increased production, but



partially offset by the non-recurring effect of the reversal of the provision for interest rate commitments in the Life insurance portfolio (+65.8 million euros).

## Net Trading Income

NET TRADING INCOME	In thousand euros				
	2020	2021	2022	Variation	
				Abs.	%
Gains or losses on financial assets at amortised cost and FVTOCI	79,786	58,695	-3,904	-62,600	n.a.
of which non-insurance activity	54,523	50,937	346	-50,591	-99.3%
of which insurance activity	25,263	7,759	-4,250	-12,009	n.a.
Dividend income	678	421	726	305	72.6%
Exchange rate differences	1,395	1,989	2,297	307	15.5%
Other profit or loss *	12,953	1,868	-2,380	-4,248	n.a.
<b>Total net trading income</b>	<b>94,812</b>	<b>62,974</b>	<b>-3,262</b>	<b>-66,235</b>	<b>n.a.</b>
of which non-insurance activity	70,870	54,967	713	-54,255	-98.7%
of which insurance activity	23,942	8,006	-3,975	-11,981	n.a.

(\*) Includes gains or losses on financial assets and liabilities held for trading, gains or losses on non-trading financial assets mandatorily at fair value through profit or loss, gains or losses on hedge accounting and gains or losses on derecognition of non-financial assets.

Net trading income stood at -3.3 million euros in 2022, representing a reduction of 66.2 million euros in comparison with the 63.0 million euros recorded in 2021, mainly explained by the non-recurring earnings obtained from financial assets at amortised cost: (namely gains in the securities portfolios of Caixa Central, Associated Caixas and CA Vida).

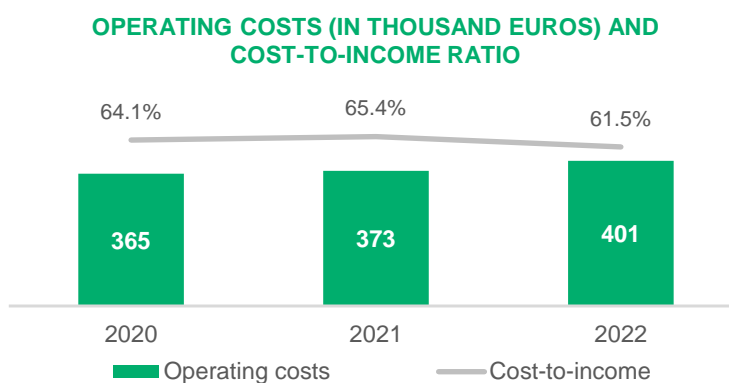
## Operating Costs

OPERATING COSTS	In thousand euros				
	2020	2021	2022	Variation	
				Abs.	%
Operating expenses	-331,676	-339,003	-366,091	27,088	8.0%
Staff expenses	-218,286	-223,271	-236,440	13,169	5.9%
General administrative expenses	-113,390	-115,732	-129,651	13,919	12.0%
Depreciation	-33,160	-33,713	-34,821	1,108	3.3%
<b>Operating costs</b>	<b>-364,836</b>	<b>-372,717</b>	<b>-400,912</b>	<b>28,196</b>	<b>7.6%</b>
<b>Cost-to-income</b>	<b>64.1%</b>	<b>65.4%</b>	<b>61.5%</b>	<b>-3.92 p.p.</b>	

(\*) Costs related to early retirement recorded in the year, indemnities and non-recurring consulting services.

Operating costs increased by 7.6%, or 28.2 million euros, in 2022 in relation to the end of 2021, standing at 400.9 million euros. This exacerbation was driven by the growth of operating expenses, namely due to the increases recorded in:

- general administrative expenses, where the 12.0% growth in 2022 (+13.9 million euros in relation to 2021) is primarily explained by the increased activity, continuous effort of digitalisation of processes and necessary compliance with legal and regulatory requirements; and
- Staff expenses, with the rise of 5.9%, or 13.2 million euros, in relation to 2021, being to a large extent due to the impact of the wage table updating in relation to 2021 and 2022, recognised retroactively from the second quarter of 2022, as well as the exceptional support, between 250 euros and 750 euros, allocated to all CA Group employees during the fourth quarter of 2022 by the CA Group's constituent entities, aimed at attenuating the effects of the rise of inflation and loss of purchasing power.



Consequently, the improvement of operating income during 2022 explains the favourable evolution of cost-to-income by 3.9 p.p., standing at 61.5%, compared to 65.4% in 2021 and to 64.1% in 2020.

### Evolution of CA Group employees

OPERATING COSTS				In thousand euros	
	2020	2021	2022	Abs.	%
Operating expenses	-331,676	-339,003	-366,091	27,088	8.0%
Staff expenses	-218,286	-223,271	-236,440	13,169	5.9%
General administrative expenses	-113,390	-115,732	-129,651	13,919	12.0%
Depreciation	-33,160	-33,713	-34,821	1,108	3.3%
<b>Operating costs</b>	<b>-364,836</b>	<b>-372,717</b>	<b>-400,912</b>	<b>28,196</b>	<b>7.6%</b>
<b>Cost-to-income</b>	<b>64.1%</b>	<b>65.4%</b>	<b>61.5%</b>	<b>-3.92 p.p.</b>	

(\*) Costs related to early retirement recorded in the year, indemnities and non-recurring consulting services.

The number of CA Group employees increased in 2022, with a net growth of 18 employees to 4,110, arising from the increase of 28 employees at Caixa Central, 13 employees at the CA Group's insurance companies and 6 employees at CA Serviços / CA Informática. In the opposite direction, there was a reduction of 29 employees at the Associated Caixas Agrícolas.

The evolution of the employees at Caixa Centra was driven by the increase of 15 employees assigned to control or similar functions, 5 employees to strengthen the digital / IT areas, and 8 employees for the remaining areas.

The net reduction of employees at the Associated Caixas Agrícolas was above all related to the reduction of the number of Associated Caixas Agrícolas due to merger procedure (4 mergers in 2022) and the reduction of the Group's number of branches, which decreased from 624 branches at the end of 2021 to 617 branches at the end of 2022.

### Provision/Impairment levels

PROVISIONS / IMPAIRMENTS	In thousand euros				
	2020	2021	2022	Variation	
				Abs.	%
Provisions	-16,570	5,092	-10,095	-15,187	n.a.
Credit impairment	-54,194	-4,594	-43,972	39,378	857.2%
Impairment of investments in credit institutions	16	-40	-17	-23	-57.2%
Impairment of other financial asset	-2,586	3,123	-3,333	-6,456	n.a.
Impairment of non-financial assets	-314	-1,430	40	1,470	n.a.
<b>Total</b>	<b>-73,649</b>	<b>2,152</b>	<b>-57,376</b>	<b>-59,528</b>	<b>n.a.</b>
<b>Cost of Risk</b>	<b>0.48%</b>	<b>0.04%</b>	<b>0.45%</b>	<b>0.41 p.p.</b>	

As indicated above, provisions and impairments were reinforced by 57.4 million euros in 2022, compared to a net reversal of provisions and impairments which was recorded in 2021 in the amount of 2.2 million euros, explained by:

- I. The strengthening of provisions for the year by 10.1 million euros is mostly related to commitments and guarantees given and the reinforcement of general provisions for risk credit coverage, namely 9.4 million euros (overlay) to accommodate expected effects of Decree-Law 80-A/2022 of 25 November, which establishes measures aimed at mitigating the impact of the increase in reference rates of mortgage loan contracts for acquisition or construction of permanent own residence and, additionally, the effects arising from the deterioration of exposures related to contracts particularly exposed to sectors affected by the energy crisis, or to logistic problems derived from the Russian invasion of Ukraine;
- II. the constitution of 3.3 million euros in the impairments of the securities portfolio resulting from the increased exposure and slight aggravation of risk parameters in relation to 2021; and,
- III. the constitution of specific loan impairments of 44.0 million euros related to the annual updating of the risk parameters and updating of the forward-looking macroeconomic scenarios which took place in the fourth quarter of 2022.

Thus, at the end of 2022, the cost of credit risk stood at 0.45%, which is reflected in a year-on-year increase of 41 basis points in this indicator as a result of the effects referred to above, namely the specific loan impairments constituted during this period and overlay effect.

ii. Balance Sheet

BALANCE SHEET	In thousand euros					
	2020	2021	2022	Variation		
				Abs.	%	
Cash, cash balances at central banks and other demand deposits	3,798,213	3,971,092	1,356,383	-2,614,710	-65.8%	
Financial assets held for trading	19,278	18,965	179,445	160,479	846.2%	
Non-trading financial assets mandatorily at fair value through profit or loss	44,913	49,714	49,231	-482	-1.0%	
Financial assets designated at fair value through profit or loss	31,194	10,111	3,755	-6,356	-62.9%	
Financial assets stated at fair value through other comprehensive income	1,294,477	1,805,121	781,720	-1,023,401	-56.7%	
Financial assets at amortised cost	16,724,720	18,946,839	20,631,058	1,684,218	8.9%	
Of which: Securities	6,259,269	7,934,499	9,389,753	1,455,254	18.3%	
Of which: Sovereign debt securities	5,660,397	6,656,477	7,993,501	1,337,024	20.1%	
Of which: Loans and advances to customers (net)	10,803,635	11,393,399	11,632,342	238,943	2.1%	
Loans and advances to customers (gross)	11,189,150	11,726,331	11,982,183	255,852	2.2%	
Of which: Customer securitised debt (commercial paper)	338,562	403,886	420,128	16,241	4.0%	
Accumulated Provisions / Impairments	-385,515	-332,931	-349,841	16,909	5.1%	
Derivatives - Hedge accounting	211,768	73,486	885,429	811,943	1104.9%	
Investments in subsidiaries, joint ventures and associates	1,830	2,494	2,830	336	13.5%	
Tangible assets	302,893	271,493	247,439	-24,053	-8.9%	
Intangible assets	92,978	105,460	109,229	3,769	3.6%	
Tax assets	84,663	67,179	83,848	16,669	24.8%	
Non-current assets and disposal groups classified as held for sale	360,394	310,830	260,079	-50,751	-16.3%	
Other assets	484,039	368,736	304,309	-64,427	-17.5%	
<b>Total Assets</b>	<b>23,451,362</b>	<b>26,001,520</b>	<b>24,894,754</b>	<b>-1,106,766</b>	<b>-4.3%</b>	
Financial liabilities held for trading	416	387	5,216	4,829	1247.0%	
Financial liabilities measured at amortised cost	20,287,941	22,760,335	20,804,720	-1,955,615	-8.6%	
Of which: Funds from Central Banks	3,022,750	3,006,053	28,204	-2,977,850	-99.1%	
Of which: Customer Funds	17,046,494	19,235,721	20,397,970	1,162,250	6.0%	
Of which: Debt securities issued	9,055	301,171	301,171	0	0.0%	
Derivatives - Hedge accounting	214,991	126,448	27,415	-99,033	-78.3%	
Provisions	765,972	745,721	823,463	77,742	10.4%	
Tax liabilities	19,726	16,722	14,812	-1,910	-11.4%	
Share capital repayable on demand	796	486	430	-56	-11.5%	
Other liabilities	272,195	332,868	1,177,034	844,165	253.6%	
<b>Total Liabilities</b>	<b>21,562,038</b>	<b>23,982,968</b>	<b>22,853,090</b>	<b>-1,129,878</b>	<b>-4.7%</b>	
Equity	1,889,324	2,018,552	2,041,664	23,112	1.1%	
<b>Total Equity + Liabilities</b>	<b>23,451,362</b>	<b>26,001,520</b>	<b>24,894,754</b>	<b>-1,106,766</b>	<b>-4.3%</b>	

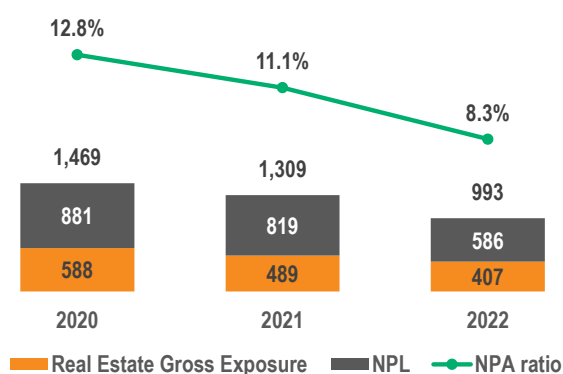
At the end of December 2022, net assets amounted to 24,895 million euros, corresponding to a reduction of 4.3%, or 1,107 million euros, in comparison to the end of 2021. This evolution primarily stems from the following effects:

- reduction of 2,615 million euros in Cash, cash balances at central banks and other demand deposits, primarily explained by the full repayment of the loans obtained from the ECB under the TLTRO funding operations, partially offset by the increase of 880 million euros of derivative counterparty deposits (Margin Call) arising from the increased Euribor rates; and
- growth of 1,684 million euros in financial assets at amortised cost, particularly sovereign debt securities, which increased by 1,337 million euros, and net loans and advances to customers (increase of 239 million euros). The increase recorded in financial assets at amortised cost is mainly explained by the following effects: (i) capture of Customer funds of 1,162 million euros more than in 2021; and, (ii) investment of funds derived from the settlement of 786 million euros of sovereign debt securities (recorded at fair value through other comprehensive income) in May 2022; and,

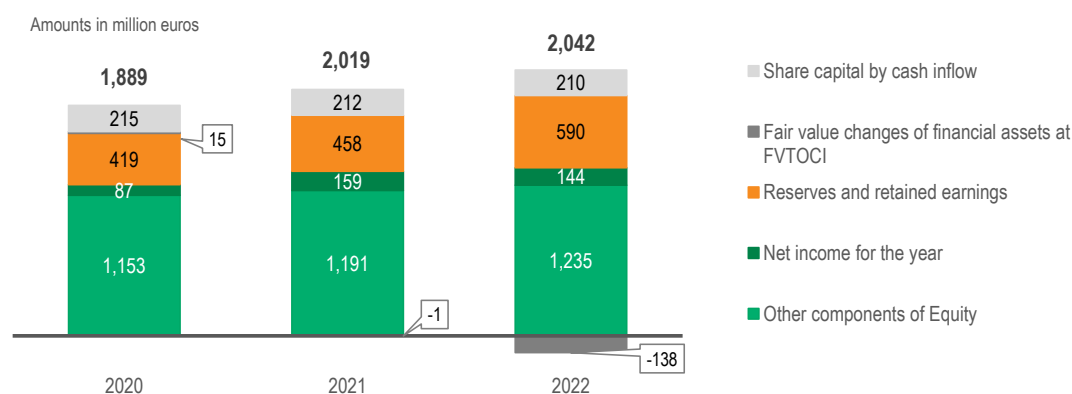
- decrease of -1,023 million euros of financial assets at fair value through other comprehensive income, mostly debt securities. This reduction is partly related to the aforesaid settlement of 786 million euros of sovereign debt securities in May 2022.

The Crédito Agrícola Group's exposure to Non-Performing Assets (NPA) has fallen significantly over the last few years, both in terms of NPL, addressed above in the section on the Quality of the Loan Portfolio, and in terms of the real estate held for sale by the Group. Effectively, at the end of 2022, the exposure to these assets amounted to 407 million euros, which, combined with the 586 million euros of NPL, amounted to a total NPA of 993 million euros, equivalent to a ratio of 8.3%, compared to 11.1% at the end of 2021 and to 12.8% at the end of 2020.

Evolution of Non-Performing Assets (NPA<sup>5</sup>) (million euros, %)



Total liabilities fell by 4.7% in relation to the end of 2021, to 22,853 million euros, corresponding to a reduction of 1,130 million euros, of which 2,977 million euros refer to Funds of Central Banks (full repayment of the TLTRO funding operations), partially offset by the increased capture of Customer Funds (+1,162 million euros in relation to 2021) and the increase of 844 million euros recorded under Other Liabilities, of which 880 million euros refer to derivative counterparty deposits (Margin Call) arising from the increased Euribor rates.



<sup>5</sup> NPA Ratio = (Direct and Indirect Net Real Estate Exposure + Gross NPL) / (Loan Exposure + Direct and Indirect Net Real Estate Exposure)

The consolidated equity of the Crédito Agrícola Group reached the value of 2,042 million euros at the end of 2022, representing growth of 1.1%, or 23 million euros. This variation is primarily explained by the net income for the year, with the aforesaid favourable evolution of 144 million euros, and by the other reserves and retained earnings which increased by 132 million euros in relation to the value recorded in December 2021. In the opposite direction, there was the negative effect of 118 million euros related to the devaluation of public debt securities recorded at fair value, in particular of the Life insurance portfolio, as a result of the increased market interest rates.

## b) Capital

### SOLVENCY - CRÉDITO AGRÍCOLA GROUP

In million euros, except %

	Dec-20	Dec-21	Dec-22	Δ 22/21
<b>Total Own Funds <sup>(a)</sup></b>	<b>1,821</b>	<b>1,937</b>	<b>1,950</b>	<b>0.7%</b>
Common Equity Tier 1	1,820	1,937	1,950	0.7%
Tier 1	1,820	1,937	1,950	0.7%
Tier 2	1	0	0	0.0%
<b>Exposure value <sup>(b)</sup></b>	<b>23,329</b>	<b>26,131</b>	<b>24,464</b>	<b>-6.4%</b>
<b>Risk weighted exposure amounts</b>	<b>9,809</b>	<b>10,095</b>	<b>9,798</b>	<b>-2.9%</b>
Credit	8,864	9,148	8,787	-3.9%
Market	4	0	4	0.0%
Operational	921	928	979	5.6%
Credit valuation adjustment (CVA)	21	19	28	43.7%
<b>Solvency ratios <sup>(c)</sup></b>				
Common Equity Tier 1	18.6%	19.2%	19.9%	0.71 p.p.
Tier 1	18.6%	19.2%	19.9%	0.71 p.p.
<b>Total</b>	<b>18.6%</b>	<b>19.2%</b>	<b>19.9%</b>	<b>0.71 p.p.</b>
<b>Leverage ratio</b>	<b>7.8%</b>	<b>8.0%</b>	<b>7.61%</b>	<b>-0.4 p.p.</b>

(a) Incorporates the net income for the period.

(b) Includes on-balance-sheet and off-balance-sheet positions and derivatives, net of impairment.

(c) The ratios are calculated pursuant to the rules of Directive 2013/36/EU (CRD IV - Capital Requirements Directive) and Regulation (EU) 575/2013 (CRR - Capital Requirements Regulation).

As at 31 December 2022, the equity of the Crédito Agrícola Group, calculated in conformity with the prudential requirements under Regulation (EU) 575/2013 of 26 June 2013, including net income for the period, stood at 1,950 million euros, the same value as common equity tier 1 (CET1), representing an increase of 0.7%, or 13 million euros, in relation to the end of 2021.

In 2022, total own funds decreased by 2.9%, or 297 million euros, in total capital requirements to stand at 9,798 million euros, compared to 10,095 million euros at the end of 2021. The year-on-year reduction is almost entirely

explained by the capital requirements for credit risk, which fell by 361 million euros (-3.9%) in relation to the previous year. Capital requirements for operational risk increased in relation to 2021, having grown by 5.6%, or 52 million euros, to 979 million euros, requirements for market risk reached 4 million euros and requirements for credit valuation adjustment (CVA) stood at 28 million euros at the end of 2022.

At the end of 2022, the total capital ratio of the Crédito Agrícola Group stood at 19.9% and likewise the common equity tier 1 ratio, very comfortably complying with the prudential requirements on the level of own funds, permanently observing them, in conformity with Article 92(1) of Regulation (EU) 575/ 2013.

The Group's leverage ratio, including net income for the period, reached 7.6% at the end of 2022, representing a decrease in relation to the 8.7% observed in 2021.

#### c) MREL

In order to ensure compliance with the intermediate requirement of the Minimum Requirement for Own Funds and Eligible Liabilities (MREL) under the European Bank Recovery and Resolution Directive II (BRRD II) from 1 January 2022, the CA Group issued non-preferred debt in November 2021, amounting to 300 million euros, and incorporated the net income generated in the last few years in its equity.

In the third quarter of 2022, the CA Group was informed by the Resolution Authority (Banco de Portugal) of the review of its Minimum Requirement for Own Funds and Eligible Liabilities (MREL) under the European Bank Recovery and Resolution Directive II (BRRD II). From 1 January 2024, the CA Group shall be required to hold a value of own funds and eligible liabilities equivalent to 24.68% of the amount of risk-weighted assets (Total Risk Exposure Amount or TREA) (including the Combined Buffer Requirement (CBR) of own funds reserve of 2.50%) and 5.91% of the total exposure measurement (Large Exposures Return or LRE). At the end of the third quarter of 2022, the Resolution Authority also informed that the CA Group would have to incorporate the other systemically important institution (O-SII) combined buffer requirement (CBR) of 0.25%, from 1 June 2023.

The binding regulatory requirements, in force since 1 January 2022, were complied with in 2022, with a financial slack of 3.88 p.p. with respect to the MREL TREA + CBR and 2.87 p.p. with respect to MREL LRE. With reference to the indicative requirement of 1 January 2023 of 21.76%, as at 31 December 2022, the CA Group complied with the minimum requirement level with a financial slack of 1.35% (considering the Net Income generated).

MREL* requirements	1.Jan.2022	1.Jan.2023	1.Jan.2024
MREL TREA + CBR (% TREA) requirement	19.09%	21.76%	24.93%
MREL LRE (%)	5.91%	5.91%	5.91%

(\*) MREL TREA + CBR requirement disclosed by the Resolution Authority in communication CEX/2022/1000082694 of 5 August 2022, added, as from 1 June 2023, to the O-SII (CBR) requirement of 0.25% disclosed by Banco de Portugal in communication CEX/2022/1000103374

The decision on the MREL requirement is based on the current legislation and is subject to review by the Supervisor over time. Accordingly, in March 2023, under the 2022 cycle of the Resolution Planning, the Resolution Authority disclosed the new Minimum Requirement for Own Funds and Eligible Liabilities (MREL) of the CA Group to be enforced from 1 January 2024. The CA Group shall be required to hold a value of own funds and eligible liabilities equivalent to 25.28% of the amount of risk-weighted assets (TREA) (including a combined buffer requirement (CBR) of own funds reserve of 0.25%) and 5.92% of the total exposure measurement (LRE).

## 6.1.2. Banking Business –SICAM

### KEY INDICATORS - SICAM

	In million euros, except %		
	2020 Dec.	2021 Dec.	2022 Dec.
<b>BALANCE SHEET</b>			
Total net assets	22,714	25,278	24,119
Total loans and advances to customers (gross) <sup>1</sup>	11,260	11,813	12,077
of which: Loans and advances to companies and public administration (gross) <sup>1</sup>	7,018	7,416	7,619
Total loans and advances to customers (net)	10,875	11,480	11,727
Total liabilities	20,857	23,296	22,056
Total customer funds	18,874	21,178	22,488
of which deposits	17,154	19,354	20,470
of which capitalisation funds and insurance <sup>2</sup>	1,720	1,824	2,018
Funds of other credit institutions and ECB	3,232	3,223	106
Accumulated impairments and provisions	477	411	417
of which: Accumulated impairment of credit	386	333	350
Equity	1,857	1,982	2,063
<b>RESULTS</b>			
Net interest income	301	305	360
Net fees and commissions	164	163	186
Core net operating Income	465	468	546
Net trading income	60	49	-6
Other net operating income	0	11	5
Operating income	526	528	546
Operating costs	-342	-349	-379
Impairment and provisions for the year	-74	3	-44
Net income	69	143	98
<b>EFFICIENCY AND PROFITABILITY RATIOS</b>			
Cost-to-income	65.1%	66.2%	69.5%
Core cost-to-income	73.5%	74.6%	69.4%
Return on assets (ROA)	0.3%	0.6%	0.4%
Return on equity (ROE)	3.9%	7.5%	4.9%
<b>OTHER INDICATORS</b>			
Loan to deposit ratio <sup>3</sup>	63.4%	59.3%	57.3%
# of employees	3,665	3,670	3,669
# of bank branches	637	624	617
# of associated caixas	75	75	71

(1) Includes Customer debt instruments (commercial paper operations).

(2) The values refer exclusively to the Associated Caixas of SICAM.

(3) Ratio calculated in accordance with BdP Instruction 23/2012, determined by the ratio between net loans and advances to customers and customer deposits.



Crédito Agrícola's banking business (SICAM) posted net income of 98.2 million euros in 2022, corresponding to a reduction of 31.5% in relation to the 143.3 million euros recorded in 2021. In 2022, the increase of 18.0 million euros in operating income, year-on-year, was insufficient to offset the rise of 29.9 million euros in operating costs (+8.6%) and the reinforcement of provisions and impairment amounting to 44.3 million euros, mainly related to the reinforcement of 44.0 million euros in loan impairment, related to the annual updating of the risk parameters and updating of the forward-looking macroeconomic scenarios which took place in the fourth quarter of 2022.

The total assets of SICAM reached 24,119 million euros at the end of 2022, representing a reduction of 4.6%, or 1,160 million euros, compared to the end of 2021. This evolution was primarily driven by the following effects:

- reduction of 2,615 million euros in Cash, cash balances at central banks and other demand deposits, primarily explained by the full repayment of the funding obtained from the ECB under the TLTRO funding operations, partially offset by the increase of 880 million euros of derivative counterparty deposits (Margin Call) arising from the increased Euribor rates; and
- increase of 503 million euros of financial investments (net) and of 247 million euros of net loans to customers, essentially financed by the capture of 1,116 million euros of customer funds.

At the end of 2022, total liabilities had fallen by 1,240 million euros to 22,056 million euros, especially driven by the reduction of 3,118 million euros of Funds from Central Banks (full repayment of the TLTRO funding operations), being partially offset by the increased capture of Customer Funds (+1,116 million euros in relation to 2021) and the increase of 861 million euros recorded under Other Liabilities, of which 880 million euros refer to derivative counterparty deposits (Margin Call) arising from the increased Euribor rates.

### 6.1.3. Banking Business excluding Caixa Central

#### KEY INDICATORS - CCAM

	In million euros, except %		
	2020 Dec.	2021 Dec.	2022 Dec.
<b>BALANCE SHEET</b>			
Total net assets	19,196	20,190	21,902
Total loans and advances to customers (gross) <sup>1</sup>	9,573	10,047	10,332
Total loans and advances to customers (net)	9,252	9,762	10,032
Total liabilities	17,534	18,457	20,087
Customer deposits	16,329	18,184	19,615
Funds of other credit institutions and ECB	986	52	263
Accumulated impairments and provisions	402	358	358
of which: Accumulated impairment of credit	321	286	299
Equity	1,662	1,733	1,815
<b>RESULTS</b>			
Net interest income	249	261	282
Net fees and commissions	152	155	174
Core net operating Income	401	416	455
Net trading income	2	9	-1
Other net operating income	11	12	15
Operating income	413	437	469
Operating costs	-295	-305	-327
Impairment and provisions for the year	-51	-9	-38
Net income	51	97	87
<b>EFFICIENCY AND PROFITABILITY RATIOS</b>			
Cost-to-income	71.3%	69.9%	69.7%
Core cost-to-income	73.5%	73.3%	71.8%
Return on assets (ROA)	3.1%	5.7%	4.9%
Return on equity (ROE)	0.3%	0.5%	0.4%
<b>OTHER INDICATORS</b>			
Loan to deposit ratio <sup>3</sup>	56.7%	53.7%	51.1%
# of employees	3,107	3,069	3,040
# of bank branches	625	613	606

(1) Includes Customer debt instruments (commercial paper operations).

(2) The values refer exclusively to the Associated Caixas of SICAM.

(3) Ratio calculated in accordance with BdP Instruction 23/2012, determined by the ratio between net loans and advances to customers and customer deposits.

The net income of the 71 Associated Caixas de Crédito Agrícola Mútuo, in 2022, recorded a negative evolution of 10.7% to stand at 86.5 million euros, compared to 96.9 million euros for the same period of the previous year. The decline in net income is mainly explained by the increased provisions and impairment amounting to 29.2 million euros in relation to 2021 and by the 7.1% increase of operating costs to 327.1 million euros (+21.2 million euros year-on-year), partly attenuated by the 9.4% growth of operating Income amounting to +39.1 million euros in relation to 2021.

In 2022, the total assets of the Associated Caixas amounted to 21,902 million euros, an increase of 8.5% (+1,711 million euros) compared to 2021. This evolution was due to the following factors: (i) the increased loans and advances to customers (gross) of 284 million euros year-on-year; (ii) the increase of 1,589 million euros of the investment of surplus liquidity of the Associated Caixas at Caixa Central, namely related to the increase of 1,431 million euros in customer funds captured and not transformed into loans to customers.

Total liabilities recorded growth of 8.8%, from 18,457 million euros in 2021 to 20,086 million euros in 2022, essentially influenced by the 7.9% increase (+1,431 million euros) in customer funds to 19,615 million euros. The equity of the Associated Caixas showed growth of 4.7%, or 82 million euros, having reached 1,815 million euros in 2022, compared to 1,733 in 2021.

## 6.1.4. Caixa Central business

### KEY INDICATORS - CAIXA CENTRAL

	In million euros, except %		
	2020 Dec.	2021 Dec.	2022 Dec.
<b>BALANCE SHEET</b>			
Total net assets	13,464	13,870	12,707
Total loans and advances to customers (gross) <sup>1</sup>	1,698	1,766	1,745
of which: Loans and advances to companies and public administration (gross) <sup>1</sup>	1,333	1,387	1,367
Total loans and advances to customers (net)	1,633	1,718	1,695
Total customer funds	865	1,226	853
Off-balance sheet funds	80	94	104
Funds of Caixas Agrícolas	8,682	8,455	11,143
Equity	380	416	524
<b>RESULTS</b>			
Net interest income	49	36	85
Net fees and commissions	10	8	10
Core net operating Income	59	44	95
Net trading income	58	44	-5
Other net operating income	-7	0	-8
Operating income	110	88	82
Operating costs	-43	-44	-49
Impairment and provisions for the year	-23	11	-5
Net income	28	43	22
<b>EFFICIENCY AND PROFITABILITY RATIOS</b>			
Cost-to-income	39.1%	49.9%	59.0%
Core cost-to-income	72.6%	100.7%	51.2%
Return on assets (ROA)	0.2%	0.3%	0.2%
Return on equity (ROE)	7.6%	10.7%	4.8%
<b>CAPITAL AND LIQUIDITY RATIOS</b>			
Common equity tier 1 ratio <sup>2</sup>	16.7%	18.2%	18.8%
Total own funds <sup>2</sup>	16.7%	18.2%	23.3%
Leverage ratio	2.6%	3.9%	3.9%
Loan to deposit ratio <sup>3</sup>	188.7%	20.3%	15.2%
Liquidity coverage ratio (LCR)	348.7%	505.7%	616.8%
Net stable funding ratio (NSFR)	n.a.	148.3%	156.5%
<b>ASSET QUALITY RATIOS</b>			
NPL Ratio <sup>4</sup>	4.4%	4.7%	4.1%
NPL coverage by NPL impairments <sup>5</sup>	48.7%	41.9%	44.5%
NPL coverage by NPL impairments and collateral <sup>5</sup>	157.8%	151.5%	198.7%
NPL coverage by NPL impairments and collateral (FINREP) <sup>5,6</sup>	92.5%	91.5%	98.5%
Texas ratio <sup>7</sup>	34.3%	16.0%	13.1%
Cost of risk	0.59%	-0.14%	0.28%
<b>OTHER INDICATORS</b>			
# of employees	551	601	629
# of bank branches	12	11	11

(1) Includes Customer debt instruments (commercial paper operations)

(2) The ratio does not incorporate net income for the period.

(3) Ratio calculated in accordance with BdP Instruction 23/2012, determined by the ratio between net loans and advances to customers and customer deposits.

(4) Ratio calculated according to BdP Instruction 20/2019.

(5) Applying haircuts and recovery costs. (6) Coverage limited to the contract exposure.

(7) Determined by: NPL / (Tangible common equity + Stock of impairments)

### 6.1.4.1. Income Statement

	In thousand euros				
	2020	2021	2022	Variation	
				Abs.	%
Interest and similar income	165,954	185,557	230,762	45,204	24.4%
Interest and similar costs	-117,315	-149,790	-145,684	4,106	2.7%
<b>Net Interest Income</b>	<b>48,639</b>	<b>35,767</b>	<b>85,078</b>	<b>49,311</b>	<b>137.9%</b>
Net fees and commissions	10,415	8,022	9,851	1,829	22.8%
Net trading income	57,627	44,433	-4,853	-49,286	n.a.
Other net operating income	-7,137	185	-7,716	-7,901	n.a.
<b>Net Operating Income</b>	<b>109,543</b>	<b>88,407</b>	<b>82,360</b>	<b>-6,047</b>	<b>-6.8%</b>
Operating costs	-42,854	-44,098	-48,597	-4,499	-10.2%
Staff expenses	-16,780	-17,098	-18,473	-1,374	-8.0%
General administrative expenses	-22,804	-23,705	-26,944	-3,239	-13.7%
Depreciation	-3,270	-3,295	-3,181	114	3.5%
Gains / Losses in modifications	-802	-8	811	819	n.a.
Provisions and impairments	-22,542	10,803	-5,364	-16,168	n.a.
Gain and losses in other assets	-371	-149	69	218	n.a.
<b>Earnings before taxes</b>	<b>42,974</b>	<b>54,955</b>	<b>29,278</b>	<b>-25,677</b>	<b>-46.7%</b>
Taxes, after correction and deferred	-15,212	-12,186	-6,935	5,251	43.1%
<b>Net Income</b>	<b>27,762</b>	<b>42,769</b>	<b>22,343</b>	<b>-20,427</b>	<b>-47.8%</b>

Caixa Central's net income stood at 22.3 million euros in 2022, representing a year-on-year reduction of 20 million euros or 47.8%. This evolution reflects a combination of effects, such as (i) the negative variation of 49.3 million euros in Net Trading Income (non-recurring capital gains were obtained in 2021); (ii) the increase of 4.5 million euros in operating costs; and (iii) the constitution of a reinforcement of provisions and impairment amounting to 5.4 million euros (compared to 10.8 million euros of net reversals of impairments in 2021). In the opposite direction, Caixa Central showed an improvement in its net interest income and fees and commissions, amounting to 49.3 million euros and 1.8 million euros in relation to 2021, respectively.

#### a) Net Interest Income

The Net Interest Income of Caixa Central increased by 137.9% (49.3 million euros) in relation to 2021, to stand at 85.1 million euros in 2022. This variation was due to the following factors:

- increased interest from securities and other investments of 53.5 million euros in relation to 2021, due to the improvement of the average yield rate of the asset portfolio by 0.52 p.p., leading to a favourable price effect of +54.8 million euros, only partially offset by the adverse volume effect of 1.3 million euros, related to the full repayment of the TLTRO III funding operations;

- increase of the interest on loans granted to customers of 2.7 million euros primarily derived from the price effect, of 2.3 million euros, reflecting the impact of the 0.13 p.p. increase in the average interest rate of the portfolio of loans to customers;
- reduction of the interest on deposits paid to the Associated Caixas de Crédito Agrícola Mútuo by Caixa Central, of the value of 5.2 million euros in relation to 2021, primarily explained by the price effect (-7.7 million euros), despite the increased volume of the Deposits of Associated Caixas throughout 2022; and
- increase of the costs associated with funds from central banks and other liabilities of 12.1 million euros, primarily explained by the following combination of factors: (i) -19.3 million euros of interest received from the TLTRO funding in relation to 2021, while in 2021 the amount received included retroactive interest relative to 2020 (8.0 thousand euros) and the loans obtained from the ECB under the TLTRO funding operations were fully repaid over 2022; and (ii) +6.0 million euros in 2022 of interest expenses related to the debt issued in November 2021.

NET INTEREST INCOME							BREAKDOWN OF THE EFFECTS		
<i>in thousand euros</i>									
Variables	2021			2022			Volume effect	Price effect	12-Month variation
	Average equity	Average rate (%)	Income / Costs	Average equity	Average rate (%)	Income / Costs			
Loans and advances to customers	1,731,599	1.86%	32,231	1,755,468	1.99%	34,925	444	2,250	2,694
Securities and other investments <sup>1</sup>	11,145,966	0.21%	23,462	10,522,741	0.73%	76,964	-1,312	54,813	53,502
<b>Financial assets</b>	<b>12,877,565</b>	<b>0.43%</b>	<b>55,693</b>	<b>12,278,209</b>	<b>0.91%</b>	<b>111,889</b>	<b>-868</b>	<b>57,063</b>	<b>56,196</b>
Customer deposits	1,045,834	0.05%	510	1,039,840	0.04%	461	-3	-46	-49
Deposits of Associated Caixas	8,568,729	0.42%	35,561	9,185,179	0.33%	30,399	2,558	-7,720	-5,162
Funds of Central Banks and other liabilities <sup>2</sup>	3,342,626	-0.48%	-16,145	1,931,564	-0.21%	-4,050	6,816	5,280	12,096
<b>Financial liabilities</b>	<b>12,957,189</b>	<b>0.15%</b>	<b>19,926</b>	<b>12,156,582</b>	<b>0.22%</b>	<b>26,811</b>	<b>9,371</b>	<b>-2,486</b>	<b>6,885</b>
<b>Net interest income</b>		<b>0.28%</b>	<b>35,767</b>		<b>0.69%</b>	<b>85,078</b>	<b>-10,239</b>	<b>59,550</b>	<b>49,311</b>
Intermediation margin <sup>3</sup>		1.81%			1.95%				
Average Euribor rate (6 months)		-0.523%			0.671%				
Average Euribor rate (12 months)		-0.491%			1.085%				

1. Includes Cash balances, Investments in credit institutions and Investment in equity securities (share)  
 2. Funds of central banks, funds of other credit institutions and other subordinated liabilities  
 3. Average rate of loans and advances to customers - average rate of customer deposits

## b) Net Fees and Commissions

Net Fees and Commissions increased by 12.2% in 2022, corresponding to an increase of 1.5 million euros in relation to 2021, as a result of the increased fees and commissions received in the amount of 5.1 million euros, which was higher than the increase observed in the fees and commissions paid, of 3.2 million euros.

The main types of fees and commissions that contributed favourably to the performance described above were loan operations and guarantees (+2.3 million euros) and fees and commissions related to the placement and marketing of investment funds and insurance (+0.6 million euros). In the opposite direction, there was an exacerbation of the costs related to transfer and card fees (-0.7 million euros), namely -1.1 million euros in net interbank fees.

COMMISSIONS	In thousand euros				
	2020	2021	2022	Variation	
				Abs.	%
Credit and guarantees	5,470	7,905	10,169	2,264	28.6%
Placement	3,110	2,819	3,494	675	24.0%
Account maintenance	270	282	350	69	24.3%
Transfer and cards	686	-924	-1,582	-657	-71.1%
Other commissions	5,570	-1,832	-933	898	49.0%
<b>Total of net fees and commissions</b>	<b>3,966</b>	<b>11,913</b>	<b>13,366</b>	<b>1,452</b>	<b>12.2%</b>

#### c) Net Trading Income

Net Trading Income stood at 4.9 million euros in 2022, corresponding to 49.3 million euros lower than the 44.4 million euros recorded in 2021.

The two main causes for this variation in Net Trading Income were the 47.3 million euros drop in net income from financial assets at amortised cost and fair value through other comprehensive income (FVTOCI), and the 2.3 million euros increase of losses recorded in other net income, in particular the losses in participation units of real estate investment funds.

NET TRADING INCOME	In thousand euros				
	2020	2021	2022	Variation	
				Abs.	%
Gains or losses on financial assets at amortised cost and FVTOCI	54,059	47,618	338	-47,280	-99.3%
Dividend income	108	250	258	9	3.5%
Currency conversion	1,228	1,673	1,947	274	16.4%
Other profit or loss *	2,232	-5,108	-7,397	-2,289	-44.8%
<b>Total net trading income</b>	<b>57,627</b>	<b>44,433</b>	<b>-4,853</b>	<b>-49,286</b>	<b>n.a.</b>

(\*) Includes gains or losses on financial assets and liabilities held for trading, gains or losses on non-trading financial assets mandatorily at fair value through profit or loss, gains or losses on hedge accounting and gains or losses on derecognition of non-financial assets.

#### d) Operating Costs

Operating Costs increased 10.2% (4.5 million euros) in 2022 to 48.6 million euros.

Staff expenses increased by 8.0% (1.4 million euros,) to a large extent related to the impact of the wage table update in relation to 2021 and 2022, recognised retroactively from the second quarter of 2022, as well as the exceptional support of 500 euros allocated to all Caixa Central employees during the fourth quarter of 2022, aimed at attenuating the effects of the rise of inflation and loss of purchasing power.

The main contribution to the increase of 4.6 million euros in Operating costs occurred in General administrative expenses, which increased by 3.2 million euros (+13.7%) in relation to 2021. This was due to the increased costs related to shared services supporting the business and technology services provided by CA Serviços to Caixa Central (+2.4 million euros), advertising and publishing (+0.4 million euros), and consultants and external auditors (+0.3 million euros).

Accordingly, the cost-to-income ratio deteriorated by 9.1 pp to 59.0% in 2022, compared to 49.9% in 2021, due to the 10.2% increase in Operating Costs and the reduction, mentioned above, of 6.8% in Operating Income.

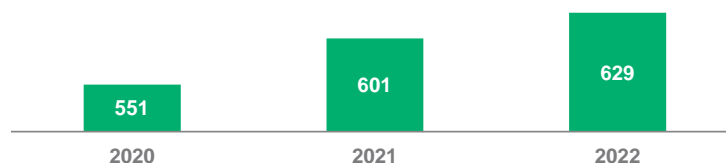
OPERATING COSTS	In thousand euros				
	2020	2021	2022	Variation	
				Abs.	%
Operating expenses	39,584	40,803	45,416	4,613	11.3%
Staff expenses	16,780	17,098	18,473	1,374	8.0%
General administrative expenses	22,804	23,705	26,944	3,239	13.7%
Depreciation	3,270	3,295	3,181	-114	-3.5%
<b>Operating costs</b>	<b>42,854</b>	<b>44,098</b>	<b>48,597</b>	<b>4,499</b>	<b>10.2%</b>
<b>Cost-to-income</b>	<b>39.1%</b>	<b>49.9%</b>	<b>59.0%</b>	<b>9.13 pp</b>	

(\*) Costs related to early retirement and indemnities

(\*\*) Non-recurring consulting services.

#### e) Evolution of Staff at Caixa Central<sup>6</sup>

##### EVOLUTION OF THE NUMBER OF EMPLOYEES AT CAIXA CENTRAL



The evolution of the employees at Caixa Centra was driven by the increase of 15 employees assigned to control or similar functions, and 5 employees to strengthen the digital and IT areas.

#### f) Impairment and Provisions

Net provisions and Impairments of 5.4 million euros were recognised in 2022, compared to the net reversals recorded in 2021, of the value of 10.8 million euros, primarily due to:

- A reinforcement of loan impairments, amounting to 4.9 million euros, reflecting the (annual) review of the risk parameters and updating of the forward-looking macroeconomic scenarios concerning collective analysis, which contrasts with the reversal of the value of 2.6 million euros that occurred in 2021;
- A constitution of impairment of other financial assets, above all sovereign debt securities, amounting to 2.9 million euros, arising from the increased exposure and slight aggravation of the risk parameters in relation to 2021, in view of the updated macroeconomic context;
- A reversal of the impairment of non-financial assets amounting to 3.3 million euros (constituted during 2021), related to the financial stake held in CA SGPS.

<sup>6</sup> Employees with open-ended/indeterminate employment contracts and with fixed/non-fixed term contracts.



	PROVISIONS AND IMPAIRMENTS					In thousand euros	
	2020	2021	2022	Variation			
				Abs.	%		
Provisions	10,349	-8,447	903	9,350	n.a.		
Credit impairment	10,071	-2,551	4,861	7,413	n.a.		
Impairment of investments in credit institutions	-16	40	17	-23	-57.2%		
Impairment of other financial asset	2,559	-3,101	2,898	5,999	n.a.		
Impairment of non-financial assets	-420	3,257	-3,315	-6,572	n.a.		
<b>Total</b>	<b>22,542</b>	<b>-10,803</b>	<b>5,364</b>	<b>16,168</b>	<b>n.a.</b>		
<b>Cost of risk (*)</b>	<b>0.59%</b>	<b>-0.14%</b>	<b>0.28%</b>	<b>0.42 pp</b>			

(\*) Cost of risk = Credit impairment / Gross loans to Customers (end of period)

In 2022, the cost of risk stood at 0.28%, representing an increase of 42 p.p. in relation to that recorded in 2021, mainly related to the deterioration of the macroeconomic scenarios and consequent impact on the aggravation of the risk parameters.

#### 6.1.4.2. Balance Sheet Structure

At the end of 2022, the total assets of Caixa Central stood at 12,707 million euros, corresponding to an 8.4% reduction in relation to the end of 2021, primarily due to the following effects:

- Reduction of the heading of cash, cash balances at central banks and other demand deposits of 2,615 million euros, primarily explained by the full repayment of the loans obtained from the ECB under the TLTRO funding operations, partially offset by the increase of 880 million euros of derivative counterparty deposits (Margin Call) arising from the increased Euribor rates;
- Increase of financial assets at amortised cost, by 710 million euros, mainly in securities, whose increase amounted to 522 million euros; primarily related to the increased cash funds of the Associated Caixas; and
- Increase of derivatives – hedge accounting, by 812 million euros, in order to hedge the interest rate risk of the investment portfolio of Caixa Central.

Total liabilities accompanied the decrease of net total assets, to stand at 12,183 million euros at the end of 2022, which represents a reduction of 9.4%, or 1,271 million euros, in relation to the end of 2021. This evolution is mainly explained by the reduction of financial liabilities measured at amortised cost (-2,021 million euros in relation to 2021) due to the full repayment of the funding obtained from the ECB under the TLTRO funding operations and the reduction of 373 million euros of customer funds, offset by the increased funds of Associated Caixas of 1,487 million euros. In the opposite direction, the increase of 851 million euros is mainly due to the increase of 880 million euros of derivative counterparty deposits (Margin Call) arising from the increased Euribor rates.

Equity recorded growth of 26.0% in 2022 (+108 million euros), having reached 524 million euros, compared to 416 million euros at the end of 2021, primarily via the issue of 100 million euros of additional tier 1 capital and the increase of reserves.

	In thousand euros				
	2020	2021	2022	Variation	
				Abs.	%
Cash, cash balances at central banks and other demand deposits	3,655,274	3,853,841	1,228,990	-2,624,851	-68.1%
Financial assets held for trading	2,592	713	55,749	55,036	7715.3%
Non-trading financial assets mandatorily at fair value through profit or loss	211,732	178,699	145,240	-33,458	-18.7%
Financial assets stated at fair value through other comprehensive income	381,410	98,008	84,103	-13,905	-14.2%
Financial assets at amortised cost	8,429,524	9,215,718	9,925,985	710,267	7.7%
of which: Securities	6,020,098	7,688,682	8,210,996	522,314	6.8%
of which: Sovereign debt securities	5,577,101	6,588,527	6,996,290	407,763	6.2%
of which: Loans and advances to costumers (net)	1,632,681	1,718,158	1,694,751	-23,407	-1.4%
Loans and advances to costumers (gross)	1,697,645	1,765,553	1,745,383	-20,170	-1.1%
Of which: Customer securitised debt (commercial paper)	184,054	227,077	243,514	16,437	7.2%
Accumulated Provisions / Impairments	64,964	47,396	50,632	3,236	6.8%
Derivatives - Hedge accounting	211,768	73,486	885,429	811,943	1104.9%
Investments in subsidiaries, joint ventures and associates	62,500	59,162	62,500	3,338	5.6%
Tangible assets	22,023	19,516	17,847	-1,670	-8.6%
Intangible assets	0	0	0	0	0.0%
Tax assets	16,309	11,086	18,768	7,682	69.3%
Non-current assets and disposal groups classified as held for sale	7,086	9,688	6,882	-2,805	-29.0%
Other assets	463,635	349,867	275,577	-74,291	-21.2%
<b>Total Assets</b>	<b>13,463,852</b>	<b>13,869,784</b>	<b>12,707,070</b>	<b>-1,162,714</b>	<b>-8.4%</b>
Financial liabilities held for trading	7,382	4,728	5,216	488	10.3%
Financial liabilities measured at amortised cost	12,750,293	13,164,086	11,142,750	-2,021,335	-15.4%
of which: Customer Funds	865,338	1,226,330	853,349	-372,982	-30.4%
Funds of Associated Caixas	18,416,241	8,418,295	9,905,502	1,487,207	17.7%
Funds of Central Banks (TLTRO)	3,022,750	3,006,053	28,204	-2,977,850	-99.1%
Debt securities issued	0	301,171	301,171	0	0.0%
Derivatives - Hedge accounting	214,991	126,448	27,415	-99,033	-78.3%
Provisions	16,235	7,788	8,547	760	9.8%
Tax liabilities	11,486	2,881	648	-2,233	-77.5%
Other liabilities	83,135	148,057	998,758	850,701	574.6%
<b>Total Liabilities</b>	<b>13,083,521</b>	<b>13,453,987</b>	<b>12,183,335</b>	<b>-1,270,652</b>	<b>-9.4%</b>
Equity	380,332	415,797	523,735	107,938	26.0%
<b>Total Equity + Liabilities</b>	<b>13,463,852</b>	<b>13,869,784</b>	<b>12,707,070</b>	<b>-1,162,714</b>	<b>-8.4%</b>

## a) Portfolios of Credit and Funds

Customer funds on the balance sheet of Caixa Central fell in 2022 (from 1,226 million euros in 2021 to 853 million euros), with this reduction having been recorded essentially in term deposits and savings (-54.4%) and in the corporate segment (-39.6%).

Off-balance sheet funds showed an increase of 10.6%, due to the 23% growth in the marketing of real estate investment funds, offsetting the reduction in securities investment funds (-13.3%). In turn, capitalisation insurance increased by 40.2% in relation to 2021.

EVOLUTION OF FUNDS	Amounts in thousands of euros, except %				
	2020	2021	2022	Variation	
				Abs.	%
<b>Balance Sheet Funds (1)</b>	865,338	1,226,330	853,349	-372,982	-30.4%
of which:					
Demand Deposits	545,287	675,879	602,333	-73,546	-10.9%
Term Deposits and Saving	320,051	550,452	251,016	-299,436	-54.4%
<b>Off-Balance Sheet Funds (2)</b>	79,646	94,187	104,215	10,027	10.6%
Investment Funds:	72,900	87,654	95,054	7,400	8.4%
FII	41,890	52,157	64,292	12,136	23.3%
FIM	31,009	35,497	30,762	-4,736	-13.3%
Capitalisation insurance	6,746	6,534	9,161	2,627	40.2%
<b>Total (1+2)</b>	944,984	1,320,518	957,563	-362,954	-27.5%

Gross loans to customers fell by 20.2 million euros, mainly due to the reduction of intermediated credit (-25.5 million euros). This reduction is essentially recorded in loans to companies (-20.2 million euros), of which -12.6 million euros refer to intermediated credit.

LOANS AND ADVANCES TO CUSTOMERS	Amounts in thousands of euros, except %				
	2020	2021	2022	Variation	
				Abs.	%
<b>Total Loans and Advances</b>	1,697,645	1,765,553	1,745,383	-20,170	-1.1%
of which intermediated credit	200,454	198,092	172,562	-25,529	-12.9%
Companies and Public Administration	1,332,731	1,386,934	1,366,696	-20,238	-1.5%
of which intermediated credit	81,304	78,941	66,330	-12,611	-16.0%
Individuals	364,914	378,619	378,687	68	0.0%
of which intermediated credit	119,150	119,150	106,232	-12,918	-10.8%
of which overdue loans	9,502	3,231	3,779	548	17.0%
of which for over 90 days	9,313	2,942	3,371	429	14.6%
<b>Guarantees and Commitments</b>	242,960	179,210	154,312	-24,898	-13.9%
Guarantees Provided	39,361	35,560	32,683	-2,877	-8.1%
Irrevocable credit lines	203,599	143,650	121,629	-22,021	-15.3%
<b>Total</b>	1,940,605	1,944,763	1,899,694	-45,069	-2.3%

Includes guarantees and sureties provided and import documentary credit.

The decrease of loans observed in the corporate segment was primarily driven by the financing operations and pledged current accounts (-27.3 million euros), partially offset by the increase of 7.0 million euros recorded under finance leasing.

COMPANIES	Amounts in thousands of euros, except %				
	2020	2021	2022	Variation	
				Abs.	%
<b>Loans and Advances to Companies</b>	<b>1,332,731</b>	<b>1,386,934</b>	<b>1,366,696</b>	<b>-20,238</b>	<b>-1.5%</b>
Financing and Pledged Current Accounts	1,155,480	1,200,693	1,173,430	-27,263	-2.3%
of which Commercial Paper	184,054	227,077	243,514	16,437	7.2%
Financial Leasing	177,251	186,241	193,266	7,025	3.8%
<i>of which Credit granted to Group Companies</i>	<i>70,788</i>	<i>85,986</i>	<i>94,791</i>	<i>8,805</i>	<i>10.2%</i>
<i>of which Overdue Loans</i>	<i>7,495</i>	<i>1,750</i>	<i>2,484</i>	<i>734</i>	<i>41.9%</i>
<b>Guarantees and Commitments</b>	<b>238,118</b>	<b>172,652</b>	<b>145,453</b>	<b>-27,199</b>	<b>-15.8%</b>
Guarantees Provided	39,123	35,298	32,459	-2,839	-8.0%
Irrevocable credit lines	198,995	137,354	112,994	-24,360	-17.7%
<b>Total</b>	<b>1,570,849</b>	<b>1,559,585</b>	<b>1,512,148</b>	<b>-47,437</b>	<b>-3.0%</b>

Includes guarantees and sureties provided and import documentary credit.

Considering the segmentation of corporate customers by economic activity, there was growth of gross loans in eight of the fourteen sectors mentioned. The sectors that recorded highest growth in relation to 2021 include financial and insurance activities (+19.1 million euros), real estate activities (+17.8 million euros) and manufacturing industries (+11.1 million euros). The strongest reductions, in relation to the gross loans reported in 2021, occurred in the sectors of consulting, scientific, technical and similar activities (-33.9 million euros), accommodation and restaurants (-29.0 million euros) and agriculture and fisheries (-11.9 million euros).

**LOANS AND ADVANCES TO COMPANIES BY  
ECONOMIC ACTIVITY CLASSIFICATION (CAE)**

Amounts in thousands of euros

	2020	2021	2022	Variation	
				Abs.	%
Real Estate Activities	292,386	248,683	266,461	17,779	7.1%
Financial and insurance activities	79,882	112,509	131,618	19,109	17.0%
Manufacturing Industries	112,546	117,105	128,197	11,092	9.5%
Public Administration	119,054	121,539	126,996	5,457	4.5%
Professional, scientific and technical activities	134,454	144,954	111,048	-33,906	-23.4%
Accommodation and Restaurants	143,229	137,968	108,972	-28,996	-21.0%
Trade	89,983	86,011	92,831	6,819	7.9%
Agriculture and Fisheries	81,496	88,649	76,788	-11,862	-13.4%
Transport and Storage	34,781	43,121	50,170	7,049	16.3%
Water and Sanitation	46,768	55,572	49,117	-6,455	-11.6%
Construction	38,892	29,054	29,936	882	3.0%
Energy	29,563	31,839	25,264	-6,575	-20.6%
Health and Social Support	13,567	14,155	14,248	93	0.7%
Mining Industries	2,098	2,057	1,748	-308	-15.0%
Other	114,033	153,717	153,301	-416	-0.3%
<b>Total</b>	<b>1,332,731</b>	<b>1,386,934</b>	<b>1,366,696</b>	<b>-20,238</b>	<b>-1.5%</b>

Note: The information of this table refers to the volume of gross loans granted by Caixa Central to companies, sole proprietorships and public administration. Gross loans include Customer debt instruments (commercial paper operations).

In the segment of individual Customers, despite the maintenance of the level of gross loans in relation to 2021 (+68 thousand euros), special reference is made to the 1.1% growth in mortgage loans (+3.3 million euros in relation to 2021), offset by the decline in leasing (of -4.2 million euros or -18.1% in relation to 2021).

**INDIVIDUALS**

Amounts in thousands of euros, except %

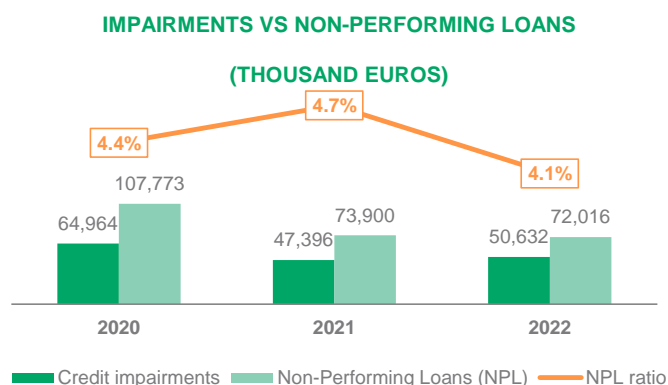
	2020	2021	2022	Variation	
				Abs.	%
<b>Loans and Advances to Individuals</b>	<b>364,914</b>	<b>378,619</b>	<b>378,687</b>	<b>68</b>	<b>0.0%</b>
Mortgage Loans (includes Multipurpose)	291,946	305,881	309,185	3,304	1.1%
Consumer Loans and Advances (1)	36,713	37,696	36,506	-1,190	-3.2%
of which Credit Cards	6,815	6,448	6,330	-118	-1.8%
Financial Leasing	24,645	23,473	19,234	-4,239	-18.1%
Other Loans for Disbursement of Funds (2)	11,610	11,570	13,762	2,192	18.9%
of which Overdue Loans	2,006	1,481	1,295	-185	-12.5%
<b>Guarantees and Commitments</b>	<b>4,841</b>	<b>6,558</b>	<b>8,859</b>	<b>2,301</b>	<b>35.1%</b>
Guarantees Provided (3)	237	262	224	-38	-14.6%
Irrevocable credit lines	4,604	6,296	8,635	2,339	37.2%
<b>Total</b>	<b>369,755</b>	<b>385,178</b>	<b>387,546</b>	<b>2,368</b>	<b>0.6%</b>

(1) Amounts calculated according to line, sub-line and purpose of credit (including overdrafts).

(2) Includes effects of discounts, current accounts and loans of various maturities.

(3) Includes guarantees and sureties provided and import documentary credit.

b) Quality of the Credit Portfolio



As at 31 December 2022, non-performing loans (NPL) amounted to a total of 72.0 million euros, representing a reduction of 1.9 million euros or -2.5% in relation to 2021. The ratio of coverage of NPL by loan impairments reached 70.1% in 2022, 6.1 pp higher than the coverage of 64.0% in 2021.

The coverage of NPL by impairment and collateral stood at 198.7% in 2022 (98.5% considering the loan contract limits), being lower than the 151.5% recorded in 2021 (91.5% considering the loan contract limits). The Texas ratio, which represents the weight of NPL in the total sum of the tangible common equity and stock of impairment (loan loss reserves), stood at 13.1% in 2022, compared to 16.0% in 2021.

In December 2022, the NPL ratio reached 4.1% of total exposure, compared to 4.7% recorded as at 31 December 2020.

**NPL - CCCAM - Dec.2022**

Amounts in thousands of euros, except %

	Maximum	NPL	NPL (%)	NPL impairments	NPL coverage by NPL impairments (%)
<b>Public administration</b>	136,567	0	0.0%	0	0.0%
<b>Non-financial companies</b>	953,965	66,933	7.0%	29,029	43.4%
of which: SME	806,665	63,211	7.8%	28,973	45.8%
<b>Individuals</b>	347,299	5,083	1.5%	3,045	59.9%
of which: Mortgage Loans	299,817	3,271	1.1%	1,740	53.2%
of which: Consumer loans and advances	33,124	618	1.9%	252	40.8%
<b>Total</b>	<b>1,765,467</b>	<b>72,016</b>	<b>4.1%</b>	<b>32,074</b>	<b>44.5%</b>

Note: Note: Only includes "Loans and advances", excluding cash balances at central banks and other demand deposits, pursuant to Banco de Portugal Instruction 20/2019.

6.1.4.3. Capital

Caixa Central's own funds, calculated in conformity with the prudential requirements under Regulation (EU) 575/2013 of 26 June 2013, stood at 522 million euros as at 31 December 2022, including profit or loss for the year. Considering the deductions established in the regulations in force, common equity tier 1 stood at 422 million euros,

having grown by 7 million euros compared to December 2021. In March 2021, Caixa Central issued 100 million euros of additional tier 1 capital, fully underwritten by the Associated Caixas, in order to guarantee regulatory compliance with a leverage ratio of Caixa Central of more than 3%. At the end of 2022, the total common equity tier 1 ratio of Caixa Central stood at 18.8%, (total own funds ratio, including profit or loss for the year, of 23.3%), very comfortably complying with the prudential requirements on the level of capital, permanently observing them, in conformity with Article 92 (1) of Regulation (EU) 575/ 2013.

In December 2022, the total capital requirements recorded a slight decrease to 2,246 million euros (-1.4%), compared to the 2,277 million total requirements recorded in 2021. In relation to the previous year, capital requirements for credit risk decreased by of 68 million euros (-3.2%) having reached 2,075 million euros. At the end of 2022, the capital requirements for operational risk stood at 142 million euros, requirements for market risk amounted to 1 million euros, and requirements for credit valuation adjustment (CVA) stood at 28 million euros.

<b>SOLVENCY - CAIXA CENTRAL DE CRÉDITO AGRÍCOLA MÚTUO</b>				
	In million euros, except %			
	2020	2021	2022	Δ 22/21
<b>Total Own Funds <sup>(a)</sup></b>	<b>380</b>	<b>415</b>	<b>522</b>	<b>25.9%</b>
Common Equity Tier 1	380	415	422	1.8%
Tier 1	380	415	522	25.9%
Tier 2	0	0	0	0.0%
<b>Exposure value <sup>(b)</sup></b>	<b>13,576</b>	<b>14,131</b>	<b>12,750</b>	<b>-9.8%</b>
<b>Risk weighted exposure amounts</b>	<b>2,265</b>	<b>2,277</b>	<b>2,246</b>	<b>-1.4%</b>
Credit	2,069	2,142	2,075	-3.2%
Market	49	0	1.3	100.0%
Operational	126	115	142	23.3%
Credit valuation adjustment (CVA)	21	19	28	43.7%
<b>Solvency ratios <sup>(c)</sup></b>				
Common Equity Tier 1	16.8%	18.2%	18.8%	0.58 pp
Tier 1	16.8%	18.2%	23.3%	5.03 p.p.
<b>Total</b>	<b>16.8%</b>	<b>18.2%</b>	<b>23.3%</b>	<b>5.03 pp</b>
<b>Leverage ratio</b>	<b>2.8%</b>	<b>3.9%</b>	<b>4.1%</b>	<b>0.21 p.p.</b>
<b>Texas Ratio <sup>(d)</sup></b>	<b>n.a.</b>	<b>16.0%</b>	<b>12.6%</b>	<b>-3.41 p.p.</b>
<b>Liquidity coverage ratio (LCR)</b>	<b>348.7%</b>	<b>505.7%</b>	<b>616.8%</b>	<b>111.14 p.p.</b>

(a) Incorporates the net income for the period.

(b) Includes on-balance-sheet and off-balance-sheet positions and derivatives, net of impairment.

(c) The ratios are calculated pursuant to the rules of Directive 2013/36/EU (CRD IV - Capital Requirements Directive) and Regulation (EU) 575/2013 (CRR - Capital Requirements Regulation).

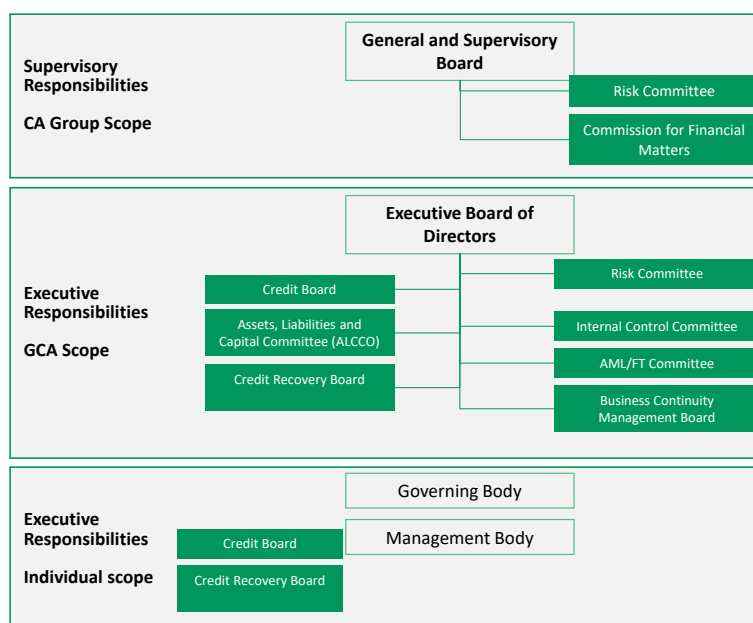
(d) Determined by: NPL / (Tangible common equity + Stock of impairments)

## 6.2. RISK MANAGEMENT

### 6.2.1. Governance of Risk Management

Pursuant to the established provisions in terms of internal risk policies, the appropriate management of risks derived from the activity is a priority for the CA Group, which recognises its decisive impact on the creation of value and its fundamental role in the construction of a cohesive and solid internal control system.

The risk management system is underpinned by a governance model, an organisational structure and processes of support and control of risk that assure, at all times, the complete separation between the risk origination, management and control functions. In this context, the risk management function provides support to the management body and plays an important role in the defence of the Group's financial solidity, ensuring the consistency, integration and consolidation of the risks in a portfolio vision and ensuring that the organisation as a whole manages the risks within the established limits and rules.



Caixa Central has a series of collegiate bodies, instituted by the Executive Board of Directors, that intervene in matters of risk management, in particular the following:

- i. Risk Commission: responsible for the ongoing monitoring and control of the definition and implementation of the risk management strategy and the global risk management policy (and all the specific policies on management of material risks), including the respective methodologies and relevant processes, as well as the Crédito Agrícola Group's risk appetite, checking that they are compatible with a sustainable strategy in the medium and long-term.



- ii. Asset, Liability and Capital Committee (ALCCO): responsible for the integrated support to the management of the set of risks that affect the consolidated balance sheet of the Crédito Agrícola Group and the individual balance sheet of Caixa Central, being generally entrusted with proposing and guaranteeing, within the established limits, the implementation of the Asset, Liability and Capital Management policy so as to maximise the value of the equity pursuant to the guidelines issued by the Executive Board of Directors.

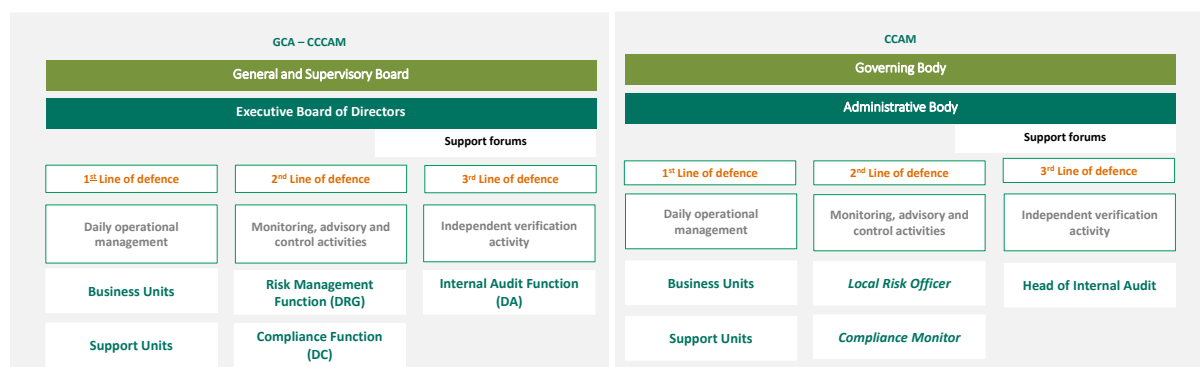
In 2022, particular reference is made to the start-up of the Risk Committee, a body directly under the Executive Board of Directors, which has held monthly meetings since July.

### 6.2.2 Organisational Model

The organisation of the CA Group’s risk management system follows the principle of separation of functions, ensuring functional separation between the powers and duties of risk origination (or risk-taking) and responsibilities dedicated to its strategic management and control.

The principle referred above is operationalised through the endorsement of the model of 3 lines of defence at the consolidated level and at each Associated Caixa Agrícola.

The following figure portrays this model:



The first line of defence is constituted by the business units, with risk-taking being inherent to their activity, in which they are particularly responsible for the management of these risks and where this risk-taking is constrained by the established limits in force, applicable to each type of risk. It should be stressed that these structures (which include the commercial departments of Caixa Central, the Retail Department (DR) and the Companies Department (DE), also constitute a line of defence of the risk management system, in this case, the first line of defence.

The second line of defence consists of the risk management function and the compliance function (Compliance Department or DC). The risk management function is carried out, at the level of Caixa Central, by the Global Risk Department (DRG), with its activity supplemented by the duties assigned to the Credit Monitoring Department

(DAC), in particular with respect to the management of single name credit risk.

The Global Risk Department has a comprehensive scope of action, including all the risks to which the CA Group may be exposed to, currently or in the future. The main responsibilities and roles of the Global Risk Department as the second line of defence involve:

- Identification, assessment, follow-up/monitoring and control of all the risks to which the Institution is currently exposed or may be exposed to in the future, in order to ensure that they remain at the level defined previously by the management body;
- Provision of advice to the management bodies (in their management (Executive Board of Directors or BOD) and supervisory (General Supervisory Board or GSB) functions) on the management of these risks, providing complete and accurate information on each of them.

The Global Risk Department performs its activity in an independent manner, and with full organisational and functional separation in relation to the structural units (departments and bureaus), the activity of which it monitors and controls.

In January 2022, the Crédito Agrícola Group implemented the shared service model for the risk management function of the Associated Caixas Agrícolas, under a specific provision of Banco de Portugal Notice 3/2020. Thus, the risk management function of the Associated Caixas Agrícolas shifted to being carried out by the Shared Services Unit integrated in the Global Risk Department of Caixa Central.

The third line of defence is provided by the Internal Audit Function (FAI), assigned with the assessment of the efficacy and effectiveness of the internal control system of the CA Group and, in particular, of the risk management system. The Internal Audit Function's activity is carried out through risk-oriented internal audit work, which naturally prioritises the risk management system. The Internal Audit Function represents the last internal line of defence, where its scope of action includes assessment of the way that the first and second lines of defence (in particular the Global Risk Department) perform their duties as defence lines. Due to the nature of its duties, the Internal Audit Function provides crucially important support to the management and supervisory bodies (Executive Board of Directors and General Supervisory Board), informing them of the risks covered in their work, and in particular, the detected flaws and opportunities for improvement.

The Internal Audit Function is carried out by the Audit Department where, as is the case of the Risk Management Function (FGR), the shared service model has also been adopted, meaning that the Audit Department is the internal audit function of each one of the Associated Caixas Agrícolas.

In 2022, the independence of the Internal Audit Function – the cornerstone of this department and its work – was strengthened through its hierarchical reporting line (the Audit Department began to report to the collective of Executive Directors who are members of the Executive Board of Directors), having maintained its functional reporting to the collegiate bodies, the Executive Board of Directors and the General and Supervisory Board.

### 6.2.3 Risk Appetite Framework (RAF<sup>7</sup>)

The risk appetite framework (RAF) and its components – the risk appetite statement (RAS<sup>8</sup>) and the risk limit management system – constitute the bedrock of the CA Group's risk management system.

Caixa Central's risk appetite framework was structurally reviewed in 2022, and is now more comprehensive as a result of the inclusion of new risks and additional indicators for their measurement. Alongside this, the limit management system has become more dynamic.

Indeed, the risk appetite framework (RAF) constitutes a core component of the risk management system, and may be described as follows.

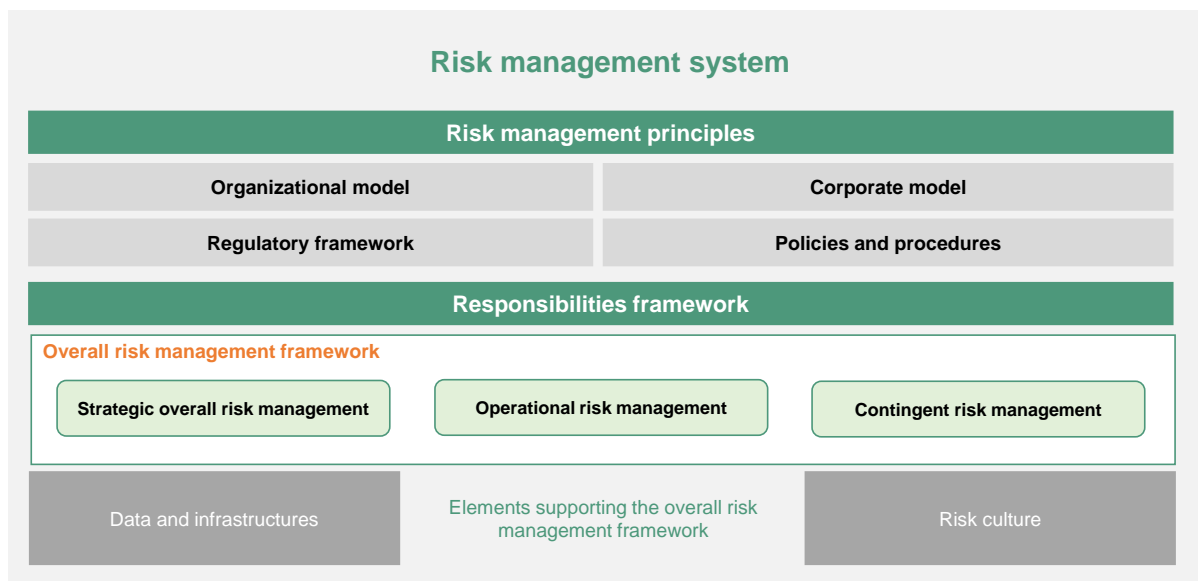
- Risk appetite statement (RAS): consists of the definition of the risk levels which the CA Group is willing to tolerate in order to achieve its strategic goals. In practice, it represents the operationalisation of the institution's risk profile for the entire set of identified material risks. The risk appetite statement is subject to ongoing monitoring by the Global Risk Department, being submitted on a monthly basis to the Risk Committee;
- The risk appetite statement includes the goals, indicators and tolerance levels for each type of risk, and is used to establish limits to risk-taking in the development of the CA Group's activity. The Global Risk Department is responsible for monitoring the real values observed in relation to the established goals and tolerance levels (limits), reporting the results to the management bodies;
- The risk limit system ensures the consistency between the business management (risk-taking by the first line of defence) and the risk management of the CA Group. This system of limits also ensures the involvement of the business units in the risk management processes, informing them of the goals and limits that constrain the development of their business activities;
- The ongoing monitoring of the risk appetite framework is aimed at maintaining the risk levels undertaken in the development of the activity in line with the limits in force (risk appetite statement);
- In the event that the limits in force are surpassed (referred to as limit breaches), the Global Risk Department is responsible for reporting this occurrence, and for urging the first lines of defence involved to define measures to be placed in practice, in order to promote realignment with the limits in question (risk appetite statement);
- Limit breaches are reported by the Global Risk Department to the management bodies (management and supervisory functions) as well as to the supervision entity.

The diagram below aims to illustrate, in a summarised form, the different components of the risk management system of the Crédito Agrícola Group:

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<sup>7</sup> Risk Appetite Framework

<sup>8</sup> Risk Appetite Statement

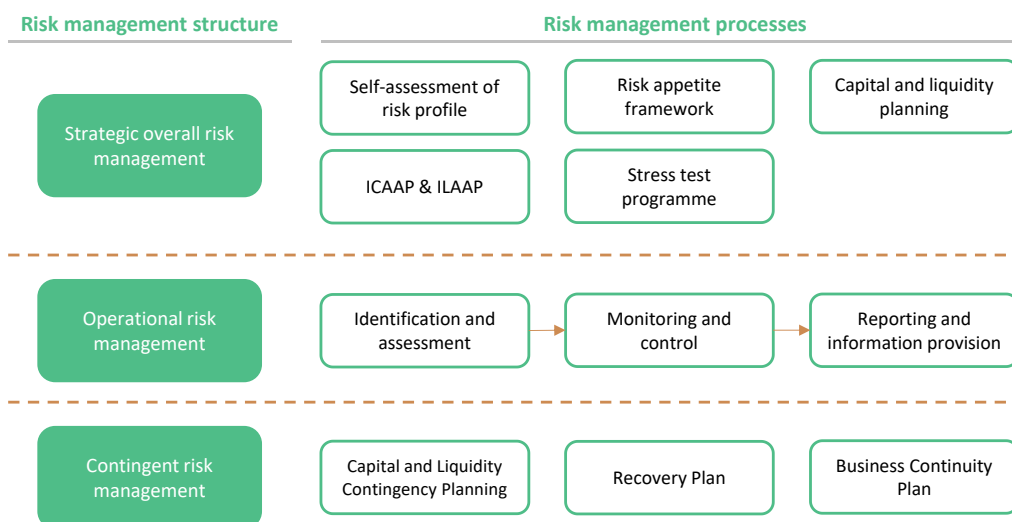


In view of the particularities of the cooperative system, namely the corporate and commercial autonomy of the Caixas Agrícolas and their involvement on the local economy and in the communities in which they operate, the risk profile of the SICAM entities is based on a reference profile with its limits and on the identification of any adjustment measures when limits are exceeded.

The CA Group has established the following general principles for risk management:

- i. Integration of the business and risk strategies;
- ii. The Risk Management Function (FGR) is an essential element of the organisational structure, being endowed with independence, autonomy and adequate resources;
- iii. The scope of action of the Risk Management Function is complete;
- iv. The risk appetite framework (RAF) is a central element of the Group's risk management;
- v. The Group's solvency, liquidity and profitability adjusted to the Group's risk, in a framework of viability and sustainability of the business model, are fundamental aspects in risk management;
- vi. The risk culture is an important cornerstone of the Group's activities.

Caixa Central's management and supervisory bodies are ultimately and extensively responsible for the CA Group and define, supervise and are responsible for the application of governance systems in a manner ensuring the effective and prudent management of the institution, including the risk management system.



The CA Group's total own funds not incorporating the net income for the year, calculated in conformity with the prudential requirements under Regulation (EU) 575/ 2013 of 26 June 2013, amounted to 1,804 million euros as at 31 December 2022. At the end of 2022, the CA Group's total capital ratio, excluding the net income for the year, stood at 18.4%, comfortably complying with the prudential requirements on the level of own funds, permanently observing them, in conformity with Article 92(1) of Regulation (EU) 575/ 2013. The common equity tier 1 ratio also stood at 18.4%.

#### 6.2.4 Risk identification

The Crédito Agrícola Group has a risk taxonomy (risk matrix) approved by the Executive Board of Directors which is subject to review at least on an annual basis. The following risks to which the CA Group is exposed are identified below, even if, in some cases, they do not represent material risks:

Financial Risks		Non-financial Risk	
Credit	Credit Spread	Reputation	Operational
Concentration	Real Estate	Money Laundering and Financing of Terrorism	Information and Communication Technologies
Interest rate	Pension Fund	Strategy and Business Model	Conduct
Liquidity and Funding	Foreign Exchange	ESG Risk / Climate Changes	Model
Market	Excessive Leverage	Compliance	Internal Governance
Stake	Insurance Risk		

### 6.2.5 Financial Risks (Credit, Interest Rate, Liquidity and Market)

#### a) Credit risk

##### Strategy and Guiding Principles

Credit risk is the most important risk of the CA Group's activity, which largely arises directly from the CA Group's business model. As at 31 December 2021, credit represented 78% of the total economic capital requirements (Internal Capital Adequacy Assessment Process or ICAAP).

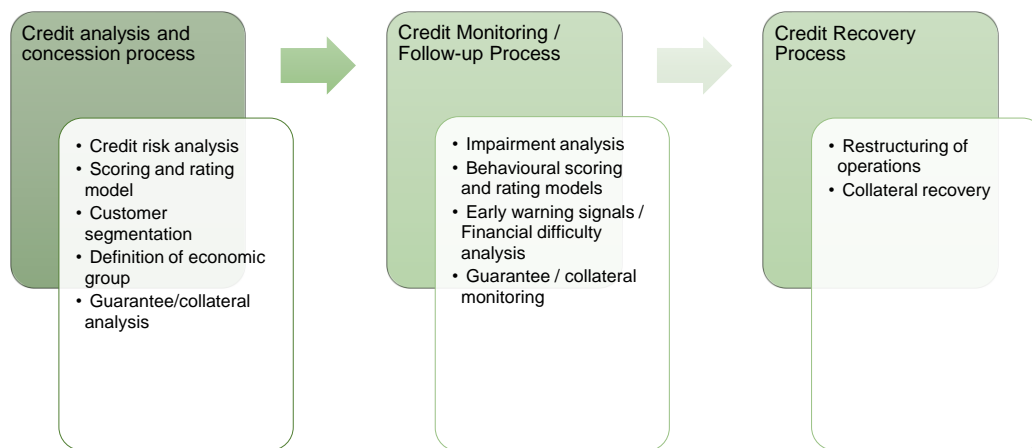
The credit risk management objective is to maximise the income per unit of risk taken, maintaining the exposure to this risk at acceptable levels in line with the (i) regulatory limits; and (ii) internal risk appetite limits in force, as established in the risk appetite framework.

The credit risk strategy and policies should be defined, reviewed and submitted for approval at least once a year, ensuring that they cover all the activities in which there is significant exposure to this type of risk.

The CA Group aims to maintain comfortable credit risk levels, pursuing a conservative policy reflected in an objective of keeping the NPL ratio of each segment below or in line with its market peers, and embodied in the establishment of risk exposure limits. In this perspective, the CA Group's strategic plan for the management of non-performing loans (NPL) is particularly relevant in the current context. An objective of convergence towards a maximum NPL ratio of 5% in 2024 has been established, which was practically achieved by the end of 2022, when this ratio stood at 5.1%.

With a view to limiting losses associated with credit risk, the CA Group applies a series of measures which seek to enhance the control over customers and operations, strengthen analytical capacity, improve decision-making on granting credit and reinforce the monitoring of customers to assure preventive action:

### Credit risk cycle



- Credit risk analysis process

The procedures associated to credit risk analysis enable controlling its conformity, efficacy and efficiency, following a series of fundamental principles, such as, the appraisal of the borrower's repayment capacity through an informed vision of the borrower's activity and consolidated banking relationship; the gaining of thorough knowledge about the customer, derived from experience of relations and collection of information about the customer, the application of homogeneous methods, criteria and practices in risk assessment, the appropriate separation of duties in the assessment of credit risk at origination, carried out in an independent manner, and pursuant to the defined policies and procedures, respecting the prudential regulations.

- Decision-making process

In order to reconcile the commercial interest with the adequate management of the credit risk, the variables are identified which, as a whole, determine the degree of risk of the customer and operation, which are based on analytical models supporting the decision-making process. In this regard, we have the scoring models intended for the segment of individual customers (including sole proprietorships) and rating models that seek to assess the internal credit risk of corporate customers.

In the credit decision-making process, particular reference should be made to the role of the Credit Risk Department (DRC), responsible for the analysis of risk at origination and which performs its role in a manner entirely independently from the retail and corporate commercial departments (Retail Department and Companies Department). All the loan operations framed in the last three decision-making brackets (in which the operations of higher credit risk are decided) are subject to risk analysis by the Credit Risk Department, which issues a technical and independent opinion.

- Monitoring process

The process of monitoring the loan portfolio entails a series of monitoring procedures, such as coverage by guarantees and loan impairment and the individual monitoring of customers linked between one another, aimed at monitoring the economic and financial situation of the customers. In this regard, the process of calculating credit impairments plays an important role in the monitoring activities.

- Recovery process

In the case of situations of default, the customer's liabilities are managed by a specific and autonomous area which appraises the potential recovery of these liabilities through renegotiation, the calling of the existing guarantees or other means involving litigation. To support this process, the Group has a specialised computer tool which enables expediting the associated tasks, such as organising the information into extrajudicial and judicial case files, distributing the case files to the personnel of the recovery area, creating draft documents and providing information in due time on the status of these cases.

The Crédito Agrícola Group applies the standard approach in determining capital requirements for credit risk, as established by prudential requirements, recording the value of 703 million euros as at 31 December 2022.

### **Analytical Models of Credit Risk Assessment**

The models for assigning ratings to corporate customers, the scoring models (granting and monitoring) directed at the segment of individual customers, including sole proprietorships, the system of management and control of economic groups and risk, the credit workflow, the tools supporting the credit monitoring and recovery processes, and the management tool for guarantees and collateral received, aim to achieve a significant improvement in the field of credit risk management at the CA Group, not only through the enhanced quality of the supporting information, but also due to the dynamism and robustness they foster, contributing to the efficient monitoring of the credit portfolio.

The internal rating models based on statistics adopted by Crédito Agrícola, as the tool underlying the decision-making and monitoring of the portfolio of loans and advances to customers, seek to standardise and summarise the risk rating of those customers.

In order to quantify the risk at the time when the loans are accepted for the segment of individual customers, applicational scoring models are used for the main loan portfolios, which enable estimating the probability of default.

In line with these, the performance scoring models enable the regular and automatic updating of the risk rating, the permanent assessment of the customers and contracts, and the periodic monitoring of the credit granted to individual customers, especially by weighting the internal performance information.

The Model Validation Office (GVM) was created in 2022, as an independent structure of the model development unit (Global Risk Department), with independence assured by its reporting lines, which are hierarchical (it reports to the management body) and functional (it reports to the management body and to the supervisory body).



Since its implementation, the Model Validation Office has started a programme for the regular validation of the different rating and scoring models within the Crédito Agrícola Group. This comprises a key element in the process of maintenance of these risk models, as it supplements the continuous assessment of the predictive power and functioning of the models entrusted to the first line of defence (development unit, Global Risk Department), with a periodic assessment, now carried out in an independent manner by a second line of defence (Model Validation Office). This change has simultaneously aligned the CA Group with best practices concerning the internal governance of risk models and complies with the determinations of the prudential supervision entity. Of no lesser importance, it also enables enhancing the robustness of the internal process supporting decision-making on the adoption, maintenance in force, review or reconstruction of the risk models, according to the evolution of their predictive power and suitability to the risk and business policies enforced at the Institution.

### Assessment of Exposure

- i. Evolution and break-down of exposure, by type of customer (risk class)

Values in millions of euros, except %

Segment	Dec-21 Exposure					Dec-22 Exposure					Δ Dec-22/ Dec-21
	Stage 1	Stage 2	Stage 3	Total	%	Stage 1	Stage 2	Stage 3	Total	%	
<b>Companies</b>	6,209	938	629	7,776	35%	6,379	973	448	7,800	33%	0%
Business	1,715	245	204	2,165	10%	1,600	320	146	2,067	9%	-5%
Large and SME	3,068	451	254	3,773	17%	3,264	452	184	3,900	17%	3%
Construction and Real Estate Activities	1,425	242	171	1,838	8%	1,515	201	118	1,834	8%	0%
<b>Individuals, of which:</b>	4,430	700	225	5,355	24%	4,338	913	171	5,422	23%	1%
Mortgage	3,139	444	71	3,654	16%	3,149	596	56	3,801	16%	4%
Consumer	614	118	100	832	4%	565	152	75	792	3%	-5%
<b>Other</b>	675	8	-	684	3%	731	9	-	740	3%	8%
<b>Sub-total</b>	11,314	1,646	854	13,815	62%	11,448	1,896	619	13,962	59%	1%
Investments in securities	8,406	-	-	8,406	38%	9,664	-	-	9,664	41%	15%
<b>Total</b>	<b>19,720</b>	<b>1,646</b>	<b>854</b>	<b>22,221</b>	<b>100%</b>	<b>21,112</b>	<b>1,896</b>	<b>619</b>	<b>23,626</b>	<b>100%</b>	<b>6%</b>

## ii. Evolution of the gross loans granted to companies by activity sector:

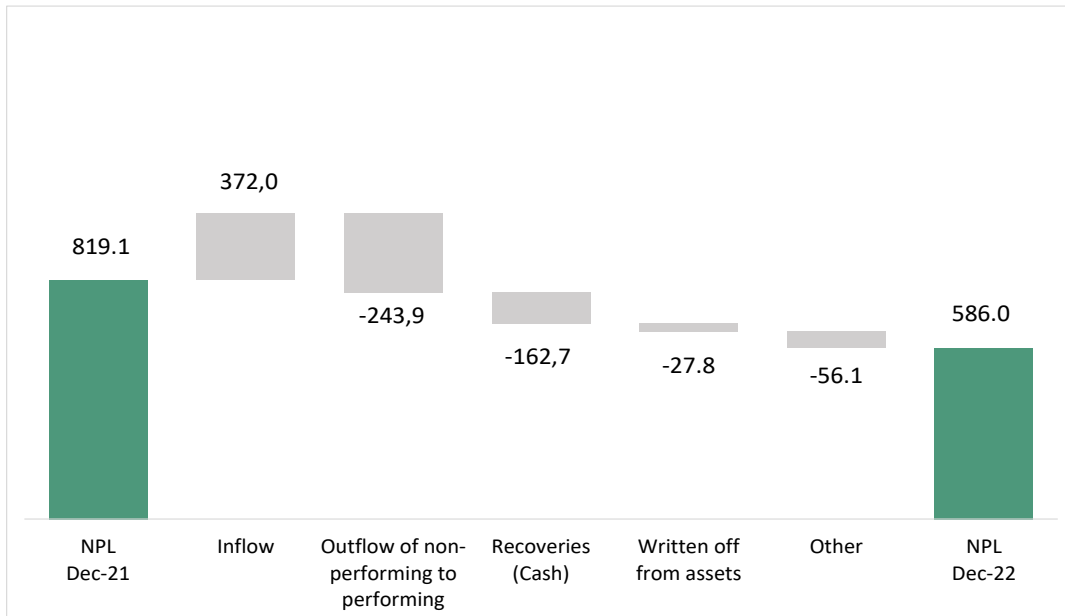
Values in millions of euros, except %

Economic activity	Dec-21		Dec-22		Δ Dec-22/ Dec-21
	Loans (Gross)	Weight %	Loans (Gross)	Weight %	
Agriculture, forestry and fishing	1,093	16.9%	1,065	16.3%	-3%
Mining and quarrying	23	0.4%	23	0.3%	-2%
Manufacturing	805	12.5%	807	12.3%	0%
Electricity, gas, steam and air conditioning supply	36	0.6%	28	0.4%	-24%
Water supply	101	1.6%	101	1.5%	0%
Construction	514	8.0%	487	7.4%	-5%
Wholesale and retail trade	1,040	16.1%	1,050	16.1%	1%
Transport and storage	104	1.6%	118	1.8%	13%
Accommodation and food service activities	682	10.6%	673	10.3%	-1%
Information and communication	18	0.3%	17	0.3%	-3%
Financial and insurance activities	78	1.2%	157	2.4%	103%
Real estate activities	970	15.0%	993	15.2%	2%
Professional, scientific and technical activities	170	2.6%	176	2.7%	4%
Administrative and support service activities	121	1.9%	119	1.8%	-2%
Public administration and defence, compulsory social security	1	0.0%	1	0.0%	62%
Education	78	1.2%	79	1.2%	0%
Human health services and social work activities	176	2.7%	188	2.9%	7%
Arts, entertainment and recreation	62	1.0%	66	1.0%	6%
Other services	385	6.0%	389	6.0%	1%
<b>Total</b>	<b>6,456</b>	<b>100.0%</b>	<b>6,536</b>	<b>100.0%</b>	<b>1%</b>

*Note: The information in this table (source: FINREP reporting) refers to the volume of loans granted by the Group to companies and sole proprietorships (loans to companies), excluding the sectors of financial activities and public administration. Gross loans exclude Customer debt instruments (commercial paper operations).*

iii. Evolution of NPL

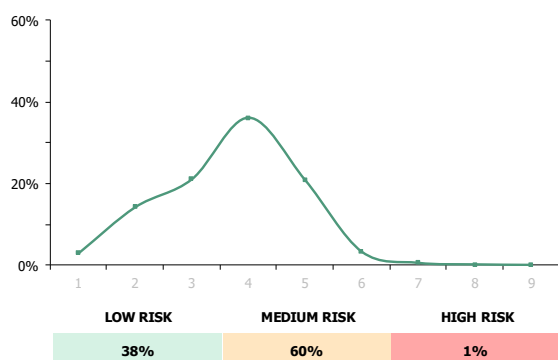
The evolution of the stock of NPL and main sources of reduction in 2022 are presented below:



Non-performing loans (NPL) to customers reached 586 million euros in December 2022. The downward trend was primarily due to the “outflow of non-performing to performing” and “recoveries (cash)”. Alongside this, reference is made to the process of annulment of loans considered uncollectible under the CA Group’s strategic plan for the management of non-performing loans. The NPL ratio fell from 7.2% (December 2021) to 5.1%; therefore, recording a favourable evolution which was also influenced by the developments in terms of specialised procedures and applications for monitoring credit recovery. The NPL ratio net of impairment stood at 3%, the NPL coverage ratio for impairment of non-performing loans reached 40% – with a reinforcement of 8 p.p. having been observed in relation to the same period of 2021 – and the NPL coverage ratio for NPL impairments and collateral (applying, for example, haircuts and recovery costs) stood at 91%.

The analysis of the portfolio of loans and advances to customers, according to its relative distribution over the different risk categories, enables identifying a strong concentration in the medium and low risk profile.

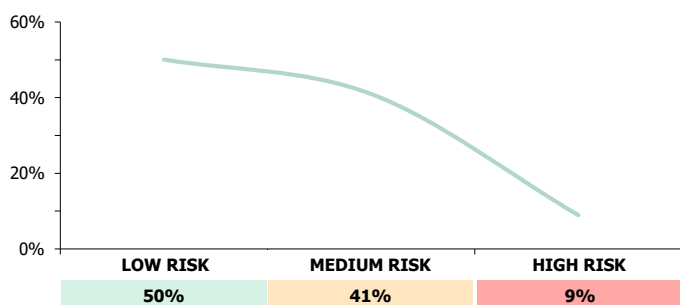
**CREDIT RATING**  
RELATIVE FREQUENCY VOLUME OF EXPOSURE



Rating	Description of the customer's risk profile
1	Extremely Solid
1.5	Very Solid
2	Solid
2.5	
3	
3.5	Reasonable
4	
4.5	
5	
5.5	Vulnerable
6	
6.5	
7	Vulnerable
7.5	
8	Very Vulnerable
8.5	Excessively Vulnerable
9	Vulnerable

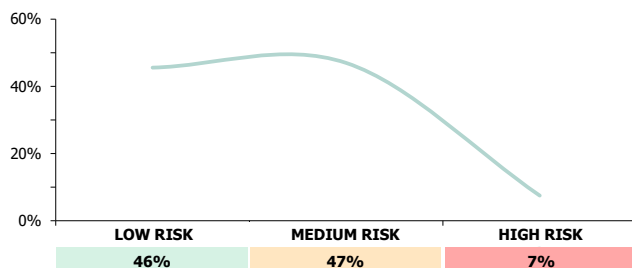
The distribution of ratings by volume of exposure indicates that 99% of the operations are concentrated in the low-risk and medium-risk profiles, concerning 38% and 60% of the loan value, respectively.

**MORTGAGE LOANS**  
RELATIVE FREQUENCY AND AMOUNT OF INITIAL EXPOSURE



Risk classes	Risk level
1	
2	Reduced
3	
4	
5	Medium
6	
7	High
8	

**CONSUMER CREDIT**  
**RELATIVE FREQUENCY AND AMOUNT OF INITIAL EXPOSURE**



In the segment of individual customers, the graphic analysis of relative frequency indicates a downward trend of the volume with increased risk level, where the mortgage loan operations are concentrated in the low-risk and medium-risk profiles, accounting for 50% and 41% of the value of loans granted in the origination of the operation, respectively. The high-risk profile primarily refers to contracts granted before 2019.

Consumer credit showed a strong incidence in the low-risk and medium-risk profiles, accounting for 46% and 47% of the value granted in the origination of the operation, respectively. The high-risk profile primarily refers to contracts granted before 2019.

### Credit concentration risk

The indicators of credit granted by economic group and risk enable estimating the 10 largest exposures of the Crédito Agrícola Group, except for customers classified as Financial Institutions and Central, Regional or Local Administrations.

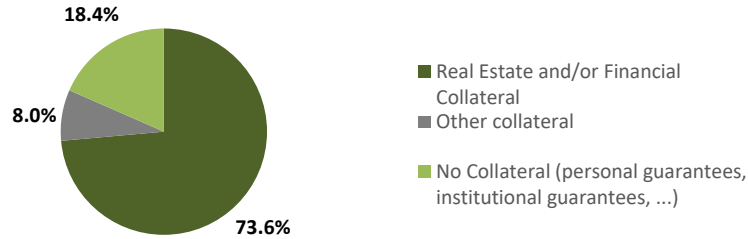
Customer / Group of customers	Dec-22	Dec-21
	Weight of exposure in total portfolio (%)	Weight of exposure in total portfolio (%)
Group A	0.8%	0.9%
Group B	0.8%	0.8%
Group C	0.7%	0.8%
Group D	0.5%	0.5%
Group E	0.4%	0.5%
<b>Total 5 largest</b>	<b>3.2%</b>	<b>3.4%</b>
Group F	0.4%	0.5%
Group G	0.3%	0.4%
Group H	0.3%	0.3%
Group I	0.3%	0.3%
Group J	0.3%	0.3%
<b>Total 6-10 largest</b>	<b>1.7%</b>	<b>1.7%</b>
<b>Total 10 largest</b>	<b>4.8%</b>	<b>5.1%</b>
<b>Total 50 largest</b>	<b>10.8%</b>	<b>11.4%</b>

In brief, it is concluded that no relevant concentrations are identified in terms of the loan portfolio which cannot be explained by the particularities of the CA Group and its business. Nevertheless, there is a noteworthy material presence of exposure to the segment of 'construction and real estate activities', as presented in the table with the "Evolution of gross loans granted to companies by activity sector" (22.6% of gross loans).

In the liquidity context, the portfolio of customer funds shows a low to moderate level of concentration.

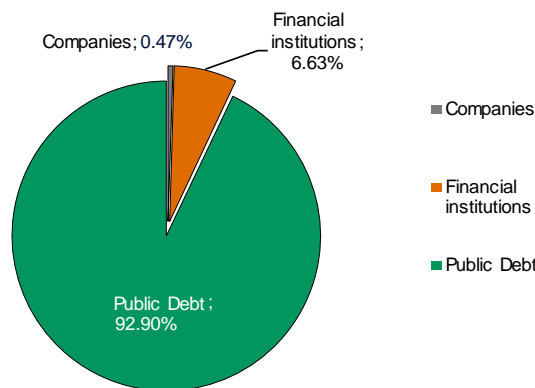
As at 31 December 2021, concentration risk represented 0.3% of the total economic capital requirements (Internal Capital Adequacy Assessment Process or ICAAP).

The composition of the portfolio of guarantees received to cover loans and advances to customers continues to show its usual structure, with predominance of real estate and financial collateral representing approximately 73.6% of the volume of credit in 31 December 2022, as shown in the graph below.

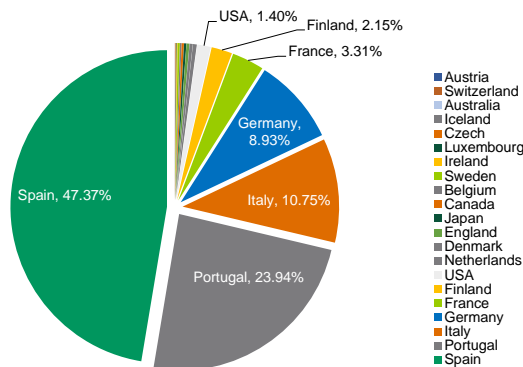


### Portfolio of Debt Securities

The securities portfolio (financial investments) held reveals a high concentration, considering the type of issuer, with particular incidence on instruments issued by the State or backed by the State, observing the investment policy established at the CA Group, which prioritises investments of high credit quality convertible into liquidity in a manner tending to be immediate, in particular public debt bonds in euros of eurozone countries.



The distribution of exposure by country of origin shows the following structure:



The analysis of the degree of concentration of the portfolio based on the counterparty rating presents the following distribution.

Issuer Rating	Relative weight (%)	Accumulated weight
Aaa	12%	12%
Aa1	2%	14%
Aa2	3%	17%
Aa3	1%	18%
A1	0%	18%
A2	0%	18%
Baa1	47%	65%
Baa2	24%	89%
Baa3	11%	100%

The analysis of credit risk associated with debt securities considers the ratings of independent external credit assessment institutions (ECAI), such as, for example, Moody's, Standard & Poors and Fitch. The identification of the external rating to be considered when ratings have been assigned by more than one independent external credit assessment institution arises from the following rules: i. when only one credit assessment is available, relative to a particular position at risk, that assessment is used to determine the risk parameter; ii. when there are two credit assessments, with different ratings, the lowest rating is applied; and iii. When there are more than two credit assessments, the two highest ratings serve as reference, which, if they are different, then the lowest is applied, and if identical, then that rating is applied.

### b) Interest rate risk

Interest rate risk arises from variations of value in financial instruments induced by interest rate variations, in other words, it reflects the probability of occurrence of negative impacts on net income or capital, due to adverse movements in interest rates, as a result of mismatches of maturities or interest rate repricing periods (repricing risk), alterations of the slope of interest rate curves (yield curve risk), the lack of a perfect correlation between the rates received and paid in the different instruments of the balance sheet (basis risk), or the existence of embedded options in financial instruments of the balance sheet or off-balance sheet items (option risk). Alterations of interest rate constrain net income by affecting not only net interest income, but also other items of operating income that are sensitive to interest rates. The latter includes, for example, the value of public debt securities subject to revaluation at market value. The underlying value of the assets, liabilities, off-balance sheet items, and consequently, equity, are likewise affected in view of the necessary review of the present value of the future cash



flow generated by these components (and in many cases the review of the actual cash flow).

## Strategy and Guiding Principles

Interest rate risk is an important risk in the activity developed by the Group and, in that regard, is identified, measured, monitored and controlled, particularly on a consolidated basis. The interest rate risk management policy for the banking book is established in accordance with the guidelines approved by the Executive Board of Directors, and the results of the assessment of exposure to interest rate risk and any risk hedging strategies are, likewise, monitored by the Asset, Liability and Capital Committee (ALCCO) (prioritising the vision of the first line of defence) and by the Risk Committee (focused on the vision of the second line of defence).

## Assessment of Exposure

The CA Group uses a set of measurements to determine its exposure to interest rate risk, as well as the definition of a supplementary series of limits that seek to minimise the risk of losses associated to interest rate changes both in the medium and long-term. The monthly assessment of its exposure to interest rate risk uses a methodology based on the treatment of the different sensitive assets and liabilities according to their maturities or rate review dates, with the cash flows of the assets and liabilities being calculated as well as the corresponding gap sensitive to interest rate risk. An assessment is also made of the impact of various scenarios of evolution of interest rates on net interest income at one year and on the entity's economic value.

As at 31 December 2022, the exposure of the balance sheet to interest rate risk according to its maturity or refixing date is as follows:

*Amounts in thousands of euros*

	On demand	Up to 3 months	Repricing Dates / Maturity Dates				Over 5 years	Total
			3 months to 1 year	1 to 3 years	3 to 5 years			
<b>Assets</b>	24,910	5,237,078	7,654,747	2,347,763	1,722,990	8,119,559	25,107,047	
Debt Securities	0	382,559	1,050,939	1,208,513	1,283,869	6,866,276	10,792,157	
Loans and Advances	24,910	3,749,584	6,603,808	1,139,249	439,121	1,253,283	13,209,955	
Other assets	0	1,104,935	0	0	0	0	1,104,935	
<b>Liabilities</b>	4,807,622	3,757,971	6,599,914	1,377,071	933,974	3,367,641	20,844,193	
Debt Securities Issued	0	0	7,500	315,000	0	0	322,500	
Deposits	4,807,622	3,757,971	6,592,414	1,062,071	933,974	3,367,641	20,521,693	
Other Liabilities	0	0	0	0	0	0	0	
<b>Derivatives</b>	0	1,507,168	2,748,315	-100,025	-829,786	-3,504,936	-179,264	
<b>Net Exposure</b>	-4,782,712	2,986,275	3,803,148	870,667	-40,770	1,246,982	4,083,590	

The sensitivity analysis for the interest rate risk to which the CA Group is exposed as at 31 December 2022, based on a simulation of the impact on assets and liabilities sensitive to changes in references rates of -200 basis points up to +200 basis points shows the following results:

	Amounts in thousands of euros			Amounts in thousands of euros	
	Impact derived from change of the reference interest rate			Impact derived from change of the reference interest rate	
	-200 bp	+200 bp		-200 bp	+200 bp
<b>Assets</b>	<b>794,533</b>	<b>-1,273,973</b>	<b>Assets</b>	<b>-134,796</b>	<b>130,453</b>
Debt Securities	593,003	-969,570	Debt Securities	-3,207	736
Loans and Advances	201,361	-304,066	Loans and Advances	-129,955	128,506
Other assets	169	-337	Other assets	-1,634	1,211
<b>Liabilities</b>	<b>322,928</b>	<b>-331,839</b>	<b>Liabilities</b>	<b>-312,270</b>	<b>306,478</b>
Debt Securities Issued	7,265	-13,480	Debt Securities Issued	0	5
Deposits	315,663	-318,359	Deposits	-312,270	306,474
Other Liabilities	0	0	Other Liabilities	0	0
<b>Derivatives</b>	<b>-323,306</b>	<b>504,111</b>	<b>Derivatives</b>	<b>-61,026</b>	<b>60,270</b>
<b>Off-balance</b>	<b>-168</b>	<b>298</b>	<b>Off-balance</b>	<b>-2,343</b>	<b>2,972</b>
<b>Impact on economic value</b>	<b>148,131</b>	<b>-437,725</b>	<b>Impact on Net Interest Income</b>	<b>114,104</b>	<b>-112,784</b>

The sensitivity analysis map shows us the change in the theoretical market value of the different headings of assets and liabilities and off-balance sheet items in various scenarios of variation in market interest rates (i.e., 200 bp, -200 bp), by updating the cash flows associated with each operation in the different scenarios considered. The variation in absolute terms (assets less liabilities) can be interpreted as the Impact on the Economic Value of the Group's Equity. The impact on Net Interest Income arises from the difference between the net interest income in the various scenarios assessed and the base scenario. The increased impact on economic value and net interest income of the banking book arising from a parallel shift of 200 bps in the yield curve, occurred in 2022, in relation to the previous year, is the direct result of the introduction in the interest rate risks for banking book (IRRBB) quantification model of methodological changes made under the initiatives carried out by the CA Group.

The framework for the management of the banking book's interest rate risk was materially changed in 2022, and this process is still underway. This process seeks to respond, at the risk management level, to a framework marked by a major increase in market interest rates within a space of a few months – a scenario radically different from that observed in the previous decade – and to the regulatory requirements in this sphere, determined by the prudential supervisor (Banco de Portugal) for the CA Group's specific reality.

### c) Liquidity risk

Liquidity risk reflects the probability of occurrence of negative impacts on profit or loss or equity, derived from the Institution's inability to draw on the cash balances required, at any given time, to comply with its financial obligations, as they fall due, taking into consideration the existing capacity to manage a settlement of assets under reasonable conditions in terms of price and period of time. Hence, the aim is to finance the assets and meet the required liabilities on their due dates without incurring exaggerated losses and, for such, limiting the existence of potential difficulties of liquidation of positions in portfolio.

### Strategy and guiding principles

The CA Group's liquidity management policy is defined and monitored according to the guidelines approval by the Executive Board of Directors, while its daily management is the responsibility of the Financial Department. Surplus funds of the Group are channelled to Caixa Central, where they are centrally invested in assets of high credit and liquidity quality, namely public debt of eurozone countries and short-term investment in renowned credit institutions, both domestic and international. The Group and Caixa Central monitor the liquidity ratios from a prudential perspective, calculated according to the rules issued by Banco de Portugal.

Concerning liquidity management, Caixa Central seeks to maintain financing lines, guaranteed or not by securities, at national and international credit institutions, regularly tested, and launch debt products which contribute to maintaining the standards of permanence of funds.

Furthermore, the CA Group has a liquidity contingency plan at all times, identifying the actions to be developed and updating responsibilities in the event of materialisation of stress scenarios. The CA Group also uses mechanisms that consider the liquidity costs in the process of definition of pricing of the commercial offer and performance assessment.

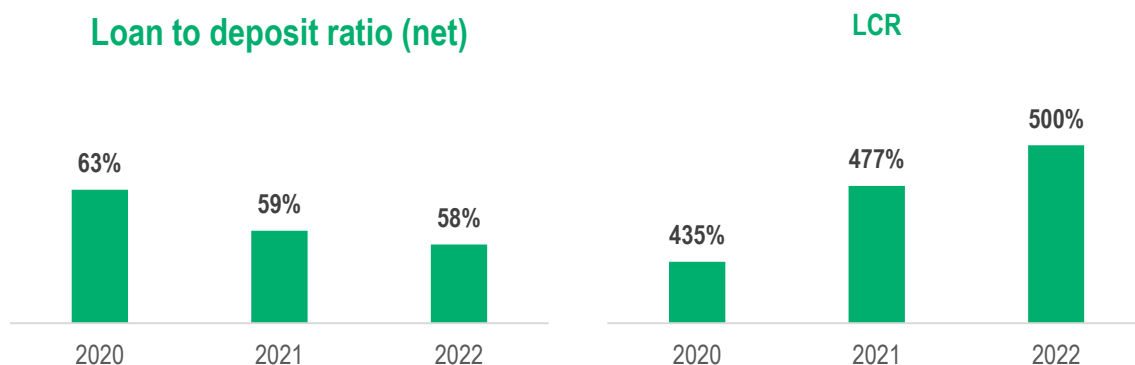
### Assessment of exposure

The Group uses a broad set of measurements to determine its exposure to liquidity risk as well as the definition of a supplementary series of limits that seek to minimise the risk of losses associated to situations of illiquidity both in the medium and long-term.

The analysis of exposure to liquidity risk is based on various methodologies aimed at assessing, on the one hand, the immediate liquidity, through the Liquidity Coverage Ratio (LCR), the minimum ratios of liquidity at one month, considering the degree of coverage of an abrupt reduction of customer demand and term deposits (currently, SICAM's sole source of structural liquidity) without relevant impediments to early mobilisation, by high-quality liquid assets (convertible into cash, due to maturity, sale or use in financing operations backed by securities, in a practically immediate form and without relevant loss of value. On the other hand, the assessment of structural liquidity involves calculation of the static and dynamic liquidity gaps (incorporating the budgeted evolution of the activity), with the aggregation of all the cash flows (payment of interest and repayment of principal) generated by the contracted operations, both lending and borrowing (on and off the balance sheet) considered in a series of time intervals, as well as the Net Stable Funding Ratio (NSFR).

The CA Group is currently developing other mechanisms to calculate additional metric for liquidity monitoring, specifically: maturity time profile (contractual and performance) of assets and liabilities, concentration of funding by type of liability and counterpart, concentration of the portfolio of liquid asset with potential liquidation, costing of various types of available funding, profile of renewal of the different types of funding used.

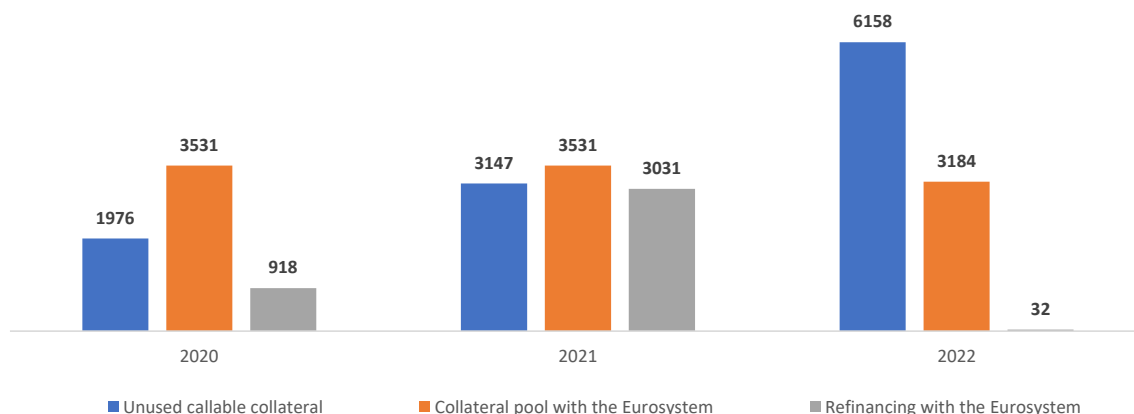
The Group presents a comfortable liquidity position, reflected in a solid customer fund base (the main source of funding) and a loan-to-deposit ratio at levels below those observed, as a rule, in the financial system. The liquidity coverage ratio and the net stable funding ratio stood at 500% and 168%, respectively, in December 2022.



With the early settlement of the Targeted Long-Term Refinancing Operation III (TLTRO III) in November 2022, the use of ECB funding decreased substantially, with only one line remaining of a minor value, of less than 32 million euros. It is important to note that the value associated with the eligible assets (unused) for this type of operation amounted to approximately 6.2 billion euros (December 2022), showing an increase in relation to the same period of the previous year (approximately 3 billion euros in December 2021).

Considering that the liquidity ratios are significantly above the regulatory defined limits, with the liquidity coverage ratio (LCR) ratio standing at 500% and the net stable funding ratio (NSFR) at 168%, the loan-to-deposit ratio at 58% (compared to the banking sector average of 78.2%), and a low encumbrance of the portfolio of eligible collateral for the Eurosystem, this clearly demonstrates a robust liquidity position with capacity to support the growth of the CA Group's activity. It is also important to note the high level of diversification of the CA Group's deposit base, underpinned by deposits of Individuals, small and medium-sized enterprises and micro-enterprises. This high level of diversification of the deposit base is evidenced by the strong percentage of deposits covered by the Deposit Guarantee Fund (FGD), which represented approximately 80% of the total deposits of the CA Group at the end of 2022.

Refinancing with the Eurosystem (Values in million euros)

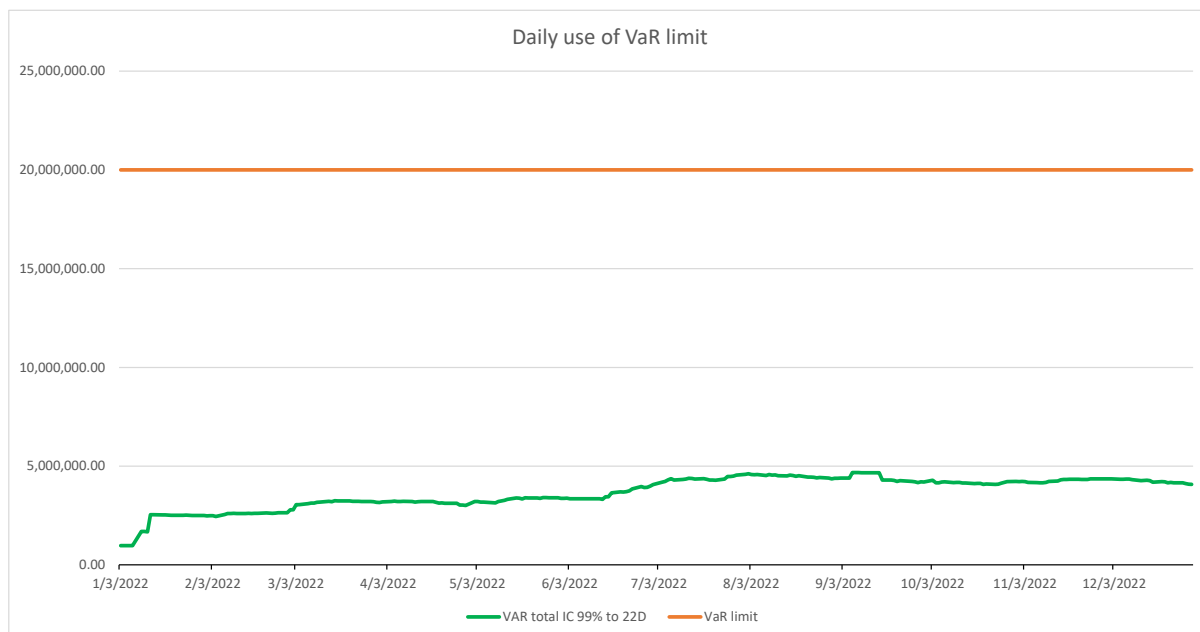
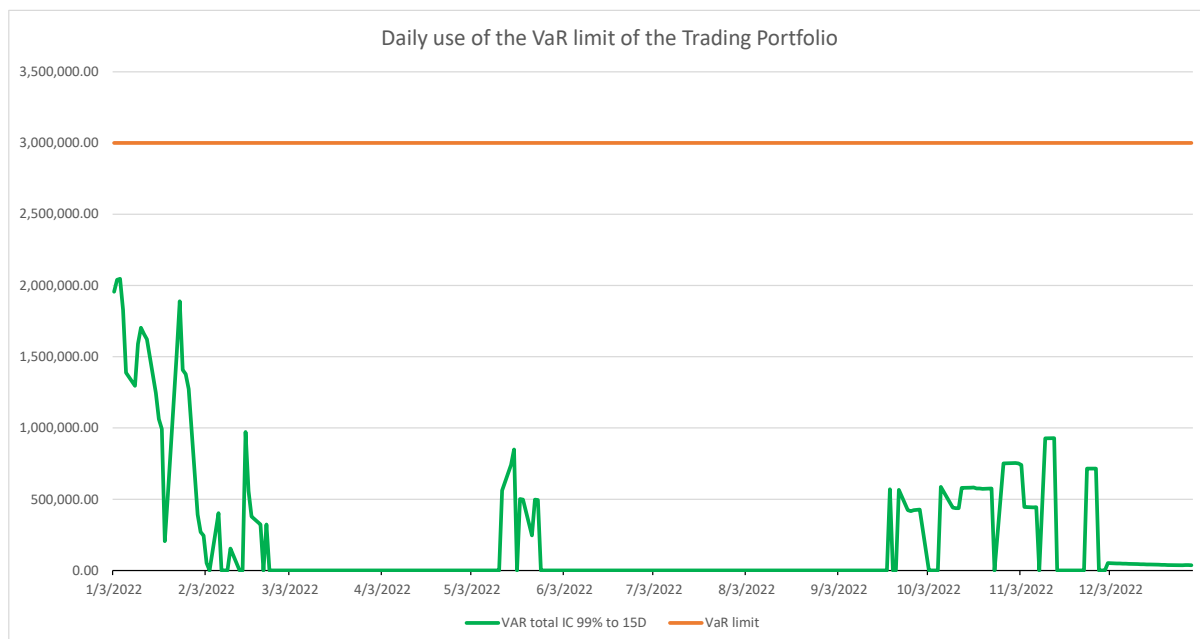


#### d) Market risk and exchange rate risk

Market risk reflects any losses derived from an adverse change in the market value of a financial instrument as a consequence of changes in interest rates, exchange rates, share prices, commodity prices, credit spreads or other equivalent variables.

In the context of the strategy and activity developed by the Crédito Agrícola Group, in 2022, we highlight the existence, under treasury management, of a trading book of limited material value, considering that the maximum limit of exposure in net terms reaches 100 million euros, consisting of financial assets whose cash flows could or could not be considered exclusively principal and interest, including derivative instruments, for the purpose of ensuring the profitability of the actual treasury positions. In order to mitigate the risks incurred, a policy has been implemented of separation of duties, at all times, between the execution of market transactions and risk control.

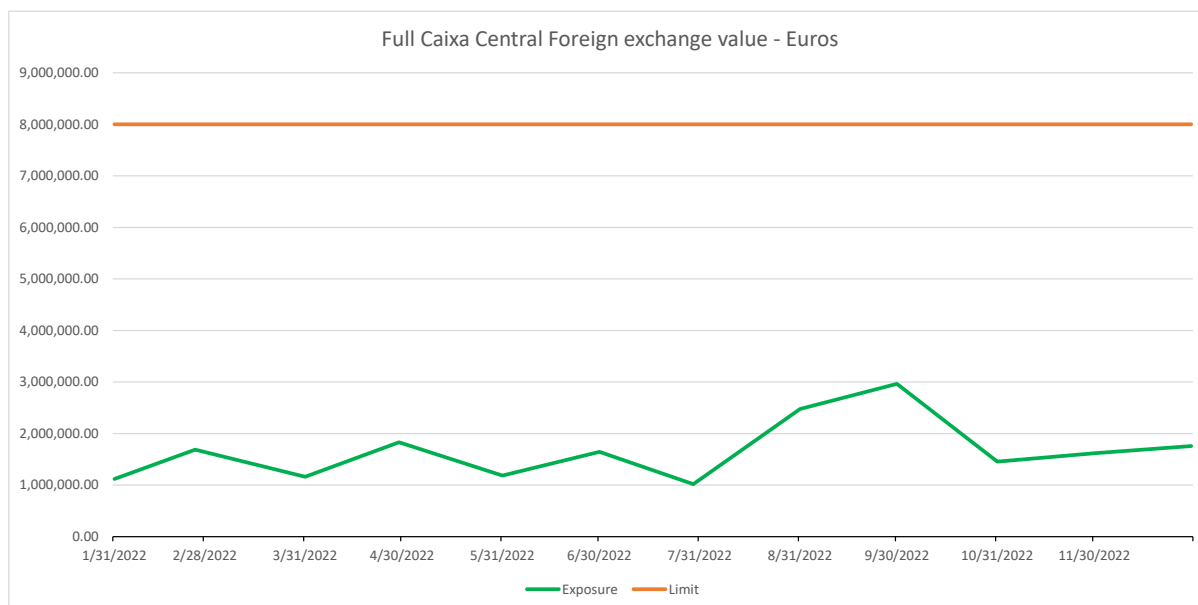
In order to limit the risk associated with potential negative impacts on profit or loss or capital, arising from unfavourable price movements of assets in the portfolio, a value at risk (VaR) limit of 3 million euros was defined for Caixa Central's trading portfolios, calculated according to the Monte Carlo methodology (99% confidence interval) considering a time horizon of 15 days. In the portfolios recognised for accounting purposes at fair value through other comprehensive income (FVTOCI) (in the portfolio under management, except trading) and FVTPL (only in trading portfolio), a value at risk limit of 20 million euros was defined, also calculated according to the Monte Carlo methodology (99% confidence interval), considering a time horizon of 22 days.



Foreign exchange risk arises as a result of changes in exchange rates for currencies whenever there are open positions in these currencies and, similarly to market risk, this is not considered a material risk for Crédito Agrícola.

The profile defined for foreign exchange risk is conservative, embodied in the coverage policy. The traded operations have underlying commercial transactions, with foreign exchange activity being directed at their coverage within very low limits of exposure. Control and assessment of foreign exchange risk are carried out on a

daily basis in consolidated terms. At the Group, foreign exchange risk management is centralised and subject to an approved limit of 8 million euros for the net foreign exchange rate exposure. This limit was complied with throughout the year of 2022, as a result of a relatively prudent market positioning.



Market risk and credit valuation adjustment (CVA) risk present capital requirements of 317 thousand euros and 2.2 million euros, respectively, in accordance with the provisions established in Regulation (EU) 575/2013, with reference to 31 December 2022.

## 6.2.6 Other Risks

### a) Operational risk

Operational risk reflects the occurrence of events derived from the inadequate or negligent application of in-house procedures, personal conduct, inadequacy or flaws of information systems or external causes, where these events can give rise to a negative impact on profit or loss and equity.

In this sphere, the Group established, as its goal for 2023, the promotion of a significant evolution in operational risk management matters by expanding its catalogue of processes, including the respective risks and controls associated with the Governance, Risk and Compliance (GRC) tool, and in the overall process of collection of loss events.

Complementing this process, the Group applies a series of measures to mitigate operational risk, where we highlight the existence and permanent updating of a business continuity plan, internal rules on security of information, the automation of accounting processes, in particular those related to the loan portfolio, the separation of duties in the accomplishment and accounting of transactions, the existence of internal rules on the physical security of the premises and insurance (e.g., buildings, theft, etc.).

The regulatory capital requirements to cover operational risk, calculated in accordance with the basic indicator established by Basel, stood at 78 million euros as at 31 December 2022.

### b) Real estate risk

Real estate risk strictly consists of loss derived from an unfavourable change of the price of real estate assets stated in the balance sheet, in particular relative to properties acquired as repayment of own credit. Real estate risk represents an intrinsic risk of credit risk.

The methodology to assess real estate risk at the Group is based on the quantification of the potential loss resulting from a variation of the price of the real estate assets recorded on the balance sheet, considering the entire value of the real estate properties in portfolio on the reporting date, in previously established scenarios, taking into consideration the specificities of the different segments (residential, commercial and agricultural/agricultural land). Real estate risk naturally presupposes an expectation of devaluation of the price of properties recorded on the balance sheet (non-current assets held for sale) and in real estate funds.

The CA Group exposure to real estate risk, in the component of real estate properties in portfolio amounts to 316.8 million euros in December 2022 (176.7 million euros of direct exposure and 140 million euros of indirect exposure), a position that has shown a significant downward trend over more recent periods (decrease of 69 million euros in relation to December 2021 and 146 million euros compared to December 2020).

Furthermore, it should be said that the goals established for 2022 were surpassed.

<b>TOTAL REAL ESTATE EXPOSURE</b>			
	<b>2021</b>	<b>2022</b>	<b>CA 2022 Objective</b>
<b>Direct Exposure</b>			
<b>Book Value</b>			
CCAM	184,664,977	159,553,087	172,566,173
Caixa Central	10,711,053	9,639,278	9,211,053
CA Imóveis	11,203,723	7,483,554	10,222,773
<b>Total direct exposure</b>	<b>206,579,753</b>	<b>176,675,919</b>	<b>191,999,999</b>
<b>Indirect Exposure</b>			
CA Imobiliário	123,878,178	112,733,600	111,684,269
CA AH	21,525,000	0	0
Imovalor CA	24,599,989	16,919,609	17,615,989
Discovery	9,535,822	10,433,632	10,248,410
<b>Total indirect exposure</b>	<b>179,538,989</b>	<b>140,086,841</b>	<b>139,548,668</b>
<b>% Objective (Dec.2022 = Base 100)</b>		<b>100.4%</b>	
<b>Total real estate exposure</b>	<b>386,118,742</b>	<b>316,762,760</b>	<b>331,548,667</b>



### c) Environmental sustainability, social and governance (ESG) risk

ESG risks refer to situations of potential negative impacts arising from the current or future effects of ESG risk factors present in customers and counterparts or in the assets and liabilities.

Climate change and environmental deterioration are sources of structural changes that affect economic activity and, consequently, the financial system. The physical risks arising from external events, such as droughts, floods and storms and the transition risks related to the adjustment process towards a low carbon and more sustainable economy in environmental terms, are priorities for the Crédito Agrícola Group and are included in its risk management strategy.

Over the last few years, an enormous series of regulations have been issued related to climate change and environmental issues directed at the financial sector, among which, special reference is made to the European Banking Authority (EBA) Guidelines on loan origination and monitoring (EBA/GL/2020/06), Guide on climate-related and environmental risks of the European Central Bank, and Banco de Portugal Circular Letter 10/2021 which defines the expectations of supervision on climate and environmental risks for less significant institutions subject to its direct supervision.

The CA Group has identified the following priorities in this matter: adoption of the EU environmental and social taxonomy and consequent incorporation of ESG risks in the risk profile and analysis of credit operations, development of climate and social stress tests (in line with the ECB directives) and inclusion of climate and social information in the financial planning exercise; early adoption of European regulations, with periodic follow-up of new directives through participation in working and research groups; and calculation of the Green Asset Ratio (GAR).

## 7. NON-FINANCIAL INFORMATION

### 7.1. BUILDING A SUSTAINABLE LEGACY: THE CA GROUP'S SUSTAINABILITY STRATEGY

#### 7.1.1. Our Vision and Mission for a more sustainable future

The Group's vision is to **“become a reference for inclusion, sustainability and innovation, maintaining its recognition as the Financial Group trusted by the Portuguese”**. In order to achieve this recognition, the Group defined that its mission is to **“contribute to the economic and social progress of the regions, practising proximity banking, with purpose and sustainability”**.

This relationship is established based on the Group's corporate values:

Solidity

Proximity

Trust

Simplicity

In order to materialise its vision and mission, the CA Group identified 5 priority Sustainable Development Goals (SDG), which comprise the strategic pillars of its Sustainability Policy, namely: SDG 8 – Decent Work and Economic Growth; SDG 10 – Reduced Inequalities; SDG 11 – Sustainable Cities and Communities; SDG 12 – Responsible Consumption and Production; and, last but not least, SDG 13 – Climate Action.



#### 7.1.2. Anticipating and Mitigating: Our ESG Risk Management approach

Our awareness of the impact of exposure to environmental, social and governance risks on the business viability of companies in general (i.e., the impact on financial performance reported in the accounts of opportunity costs/benefits incurred or not explored) and, consequently, on the actual performance and robustness of the financial sector, has been reinforced by pressure exerted by regulators, legislators and other institutional players (e.g., investors, rating agencies, forums at a global scale, among others).

To that end, the Group's risk management is underpinned by the:

- i. Existence of a Sustainability Office, reporting directly to the Chairman of the Executive Board of Directors;

- ii. Existence of a Sustainability Board involving the participation of the Executive Board of Directors and representatives of the relevant Caixa Central structures for the execution of the Strategy;
- iii. Implementation of a Sustainability Policy laying down the main guidelines to be followed by the Group's different entities;
- iv. Inclusion of a series of environmental, social and governance risks in the risk matrix;
- v. Collection and processing of environmental and social information of corporate and sole proprietorship business customers, upon their opening of credit operations, pursuant to European Banking Authority (EBA) guidelines concerning the inclusion of ESG topics in the granting and monitoring of loans;
- vi. Anticipation, even if in a preliminary manner, of regulatory exercises, such as climate stress tests and/or the inclusion of ESG risks in the Internal Capital Adequacy Assessment Process (ICAAP) report.

### 7.1.3. ESG opportunities: Unblocking of value for the Group and Stakeholders

In the current panorama under rapid evolution, environmental, social and governance considerations are no longer merely a question of reputation, but have become drivers of financial performance and value creation in the long-term. The CA Group acknowledges the opportunities unleashed by Sustainability both for the business and for its stakeholders. Accordingly, the Group has adopted a proactive approach to identify and capture these opportunities to unblock value for the Group and for all the stakeholders.

### ISSUANCE OF OUR FIRST SOCIAL BOND

Caixa Central made its first debt issue in the international market at the end of October 2021, through Caixa Central de Crédito Agrícola Mútuo, C.R.L., specifically senior preferred debt securities linked to Social Sustainability.

The issue, amounting to 300 million euros, has a maturity of 5 years, with an early repayment option at the end of the fourth year and an issue price of 99.906%, with an annual coupon rate of 2.50% in the first 4 years, and bearing interest at the 3M Euribor rate plus a spread of 260 basis points thereafter.

Following the roadshow carried out on 25 and 26 October 2021, the placement of the issue was successful, with interest shown by more than 50 institutional investors, in particular investment funds (61%) and credit institutions (31%), with the following geographic distribution: Portugal (28%), Spain (27%), United Kingdom (24%) and others (21%).

<b>M€ 300</b> Value of social bonds issued	<b>2.50 %</b> Yield rate applicable to senior preferred debt with maturity in 2026
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From November 2021 to September 2022, under the framework, the Crédito Agrícola Group financed:

<b>2 229</b> customers	<b>4.5</b> years of average maturity of the loans
<b>M€ 462.7</b> in micro, small and medium-sized enterprises in disadvantaged regions	<b>M€ 16.4</b> in socioeconomic progress and empowerment

For further information, see [Social Bond Allocation and Impact Report Set 2022](#).

## SUSTAINABLE SUPPLY AND DEMAND

As a result of its Sustainability Policy and Strategy, the Group has progressively been working towards creating financial products that help its customers to reduce their negative environmental and social impacts, seeking to adjust the offer to their needs combined with an environmentally and socially responsible action.

Credit		
	Social	Environmental
<b>Individuals</b>	<p><b>Health Credit</b> Loans to acquire products and services that ensure wellbeing and health</p> <p><b>Credit for Education</b> Loans to cover expenses related to the attendance of middle and higher education course, including enrolments, tuition fees and living costs</p>	<p><b>Eco-credit</b> Consumer credit under special conditions or acquisition of products and equipment that use or produce renewable energy</p>

Companies	“Linha de Crédito de Apoio à Economia Social - Social Investe” (Social Economy Support - Social Invest Credit Line)	“Linha de Crédito para a Descarbonização e Economia Circular” (Decarbonisation and Circular Economy Credit Line)
	“Linha Fundo de Inovação Social Crédito” (Social Innovation Fund Credit Line);	“Linha de Crédito Energias Renováveis” (Renewable Energy Credit Line);

### “Fundos de Investimento ESG” (ESG Investment Funds)

#### “Fundo de investimentos IMGA Iberia Equities ESG” (IMGA Iberia Equities ESG Investment Fund)

The objective of this fund is to offer its participants a medium and long-term capital appreciation through investment in companies listed on the regulated markets of Portugal and Spain.

### Partnerships and Protocols

#### CA & Energie

Access to equipment of recognised quality and robustness, under special financing and acquisition conditions.

### Leasing for Companies

#### Electric vehicles

High-voltage leasing.

### Insurance

#### Environmental

“Seguro CA cães e gatos” (CA insurance for cats and dogs)

“Seguro CA Ciclista” (CA insurance for cyclists)

#### Social

“Seguro CA Vida Educação” (CA Vida insurance for education)

“Seguro CA Clinicard” (CA insurance for clinics)

“Seguro CA Protecção Hospital” (CA insurance for hospital protection)

### Impact of the sustainable banking offer

Offer for Individual Customers	2020	2021	2022	$\Delta_{22/21}$
Total loans granted (million euros)	660	760	672	-12%
Mortgage loans granted (million euros)	461	546	490	-10%
Financial inclusion   No. of Minimum Banking Services Accounts	962	1126	3736	> 232%
* Loans granted in more socially deprived areas (million euros)	85	100	81	-19%
Eco-credit (thousand euros)	52	342	302	-12%

\* The 25 Portuguese municipalities with lowest purchasing power were considered, source: INE  
 The CA Group continues to foster financial inclusion in the segment of individual customers, with the demand for minimum banking services accounts in 2022 having been 2.3 times higher than that of the same period of the previous year. Although the granting of mortgage loans, credit in more deprived areas and eco-credit remained solid and priority, there were minor reductions.

Offer for Corporate Customers		2020	2021	2022	Variation 2022/2021
Crédito Agrícola Group	Total loans granted (million euros)	2 042	1 847	2 006	+ 9%
	Support to the competitiveness of micro and small enterprises (million euros)	1 297	1 031	1 134	+ 10%
	Support to sole proprietorships (million euros)	130	116	114	- 2%
	* Loans granted in more socially deprived areas (million euros)	215	154	167	+ 8%
	Loans granted to the health and social welfare sector (million euros)	90	64	50	- 22%
	Loans for renewable energy (million euros)	15	5	7	+ 40%
	Loans for waste treatment and recovery (million euros)	7	10	4	- 60%
	Loans for water and effluent treatment (million euros)	19	30	10	- 67%
	Microcredit (thousand euros)	0	15	0	- 100%

\* The 25 Portuguese municipalities with lowest purchasing power were considered, source: INE

In the segment of corporate customers, support was reinforced to one of the most important drivers of the national economy, small and medium-sized enterprises, with the loans granted having amounted to 1,134 million euros.

Despite the reductions recorded in the amount of loans granted, we continue to foster the financing of companies of strategic sectors of the Portuguese economy, sole proprietorships, corporate customers of deprived areas, corporate customers and institutions of the health and social welfare sector, renewable energy projects and waste treatment and recovery projects.

#### 7.1.4. Building a Sustainable Future Together: Initiatives, external commitments and partnerships

The challenges that are encountered are enormous and, in order to overcome them, it is necessary to work together, united by a common purpose. And this is why the CA Group is committed to collaborating with all the stakeholders, to establishing partnerships and undertaking external commitments which support the delineated sustainability targets and contribute to a more sustainable future for everyone.

## INITIATIVES AND PARTNERSHIPS TO BE HIGHLIGHTED

Communication, especially on Sustainability matters, where authenticity, credibility and humility are crucial, should not be seen as an end in itself, but rather as an important and fundamental means to efficaciously convey the CA Group’s genuine commitment to “the greater good”, a resource used to convey “who we are”, “where we are”, “where we want to go” and “why”. The initiatives of communication and engagement with society are thus essential tools to mobilise people and communities, the actual organisation in itself and the partner organisations, with which bridges have been built or are intended to be created.

In this regard, the main initiatives that took place in 2022 are listed below:

1. New institutional campaign: **“Estamos Cá Por Um Bem Maior” (We are here for the greater good)**. Included in Crédito Agrícola’s strategic goals and focused on the Group’s new positioning, of “being a benchmark for sustainability in Portugal”, the new advertising campaign is especially centred on CA’s commitment as an active agent of change towards a better world;
2. 6Th consecutive year of commemorating “Dia do Crédito Agrícola” (Crédito Agrícola Day), on 1 March (the 111th anniversary of the CA Group was celebrated in 2022), under the campaign motto of **“DIA CA Sempre Sustentável” (Always Sustainable CA DAY)**. The campaign was directed at current and potential Individual customers and Social Economy Entities, and included a draw to win three electric bicycles and the award of four monetary prizes worth 10,000 euros each;
3. 9th edition of the. **Entrepreneurship and Innovation Award: i. 113 candidatures received; ii. €27,500 of investment in the awarded prizes; iii. 6 prizes**. Over its 9 editions as a whole, this initiative has already awarded €202,500 for the technological development, innovation and implementation of agricultural, agribusiness and forestry projects. The 2022 edition kept the spotlight on the topic of sustainability, in line with the national and European priorities of support to innovation in the sector, favouring innovative projects or companies in the categories of Digitalisation and Automation.
4. Talks:
  - a. in partnership with Dinheiro Vivo – **“Sustainability for Large, Small and Medium-Sized Enterprises and Micro-enterprises”**. This talk aimed to raise the awareness of companies on the importance of incorporating ESG dimensions in their business model, including them in all their strategic decision-making and value chains;





- b. In partnership with Jornal Económico - **Talk COP27: Sustainable funding in a context of proximity**. This talk sought to give voice to financing projects of impact in Portugal.
- 5. Integration in the Digital Literacy Programme of the Associação Portuguesa de Bancos (Portuguese Banking Association) especially directed at the more senior population;
- 6. Solidarity campaigns:

- a. Donations in the context of the National Day of Prevention of Breast Cancer (30 October);
- b. Support to the counting of the amount raised during the annual fund-raising of **Núcleo Regional do Centro da Liga Portuguesa Contra o Cancro (LPCC or Regional Unit of the Portuguese League Against Breast Cancer)**, which took place between 28 October and 1 November 2022.



- c. **Volta Solidária CA (CA Solidarity Bike Ride)** in which the value of the enrolments was donated to Associação Ajuda de Berço (Association of help from the cradle). Covering a distance of 30 km by bicycle or 9.5 km by foot, starting next to the Tower of Belém, the 200 participants were able to choose between a bike ride or walk. An encouragement of doing sports outdoors along Lisbon's riverside area;



- d. Association with the Portuguese financial system's campaign "**Juntos, temos mais para dar**" (**Together, we will have more to give**), a solidarity initiative to raise donations to help IPO Lisboa (Lisbon branch of the Portuguese Oncology Institute) to acquire two items of diagnosis and therapeutic equipment;
- e. Participation, with the donation of €2000, in yet another edition of the **AGRI.DOAR Christmas campaign**, a solidarity project aimed at meeting needs and thus, mitigating the difficulties of associations and communities;
- f. **Collection of a monetary donation** of close to €24,000 given to ADAPECIL – Associação de Amor p/Educação de Cidadãos Inadaptados da Lourinhã (Association for the education of maladjusted citizens of Lourinhã), as well as non-monetary donations;

- 7. Sponsorships awarded to sports linked to the sea:

- a. **National Bodyboard Circuit and the athlete Teresa Padrela;**
- b. **Young surfer Santiago Graça (16 years old)** - Under 16 National Championship in 2021;
- c. Stand Up Paddleboarding (SUP) athlete João Olim champion in 2021 and 2022, an at a national level in the EUROSUP was ranked in 5th place in Teams, and at an individual level was ranked in 2nd place in European Sprint; 3rd place in Marathon; 4th place in Technical Rac, and 3rd place in SUP.;



- 8. Support to the transition of persons sponsored in motor sports: Mário Patrão is the only athlete competing at a national level with a 100% electric motorbike;

- 9. Support to other sports:

- a. Alcobaça Clube de Ciclismo (Alcobaça Cycling Club);





- b. Clube de Ciclismo de Almodôvar (Almodôvar Cycling Club);
  - c. 48th Edition of “Volta ao Algarve” (Algarve Bicycle Tour);
  - d. CDUL and Agronomia rugby teams;
  - e. Hóquei Clube de Turquel (Turquel Hockey Club);
10. Launch of the 1st Edition of the “CA Educa” (CA Educates) Trainee Programme;
11. Partnership with the Fundação Portuguesa de Cardiologia (Portuguese Cardiology Foundation) for carrying out various awareness-raising and promotional activities on this topic, among Crédito Agrícola employees;
12. Conduct of a study on organisational climate at Crédito Agrícola;
13. Undertaking of initiatives by CA Seguros:
  - a. Of environmental scope: i. planting of about 200 trees in Serra de Sintra as part of a reforestation project; ii. Development of tips and games linked to the topic of sustainability for employees and customers; iii. Dissemination of tips to increase awareness and knowledge about the prevention of forest fires; iii. Increase the electric vehicle charging points in the Bloom building; iv. Acquisition of hybrid/electric vehicles to replace vehicles powered by petrol/diesel; v. Adherence to the collection of coffee capsules;
  - b. Of social scope: i. collection of used materials for reuse by a charity institution; ii. contribution to the payment of the public transport pass of the employees; iii. Considered one of the Best Companies to Work For, in the list of the 50 Best Companies to Work for in Portugal, in 2022; v. included in the list of Great Place to Work® Portugal, attaining a Trust Index of 91%.
14. Actions of CA Vida: i. support to institutions such as Crescer Ser - Casa do Infantado, Associação Padre Amadeu Pinto and Fundação António Luís de Oliveira; and, ii. Collection of food and hygiene products from employees in favour of Associação Crescer Ser - Casa do Infantado.



The aspired sustainable development required teamwork, partnership, between different economic agents, institutions and organisations. To this end, a list is presented below of the main letters, voluntary commitments and working groups which the CA Group has actively endorsed.

#### Letters Subscribed by the CA Group in the context of Sustainability:

- “Carta de Compromisso para o Financiamento Sustentável em Portugal” (Letter of Commitment to Sustainable Funding in Portugal);
- “Pacto de Mobilidade Empresarial para a cidade de Lisboa” (Corporate Mobility Pact for the city of Lisbon);
- “Carta de Princípios do BCSD Portugal” (Letter of Principles of BCSD Portugal)
- “Compromisso Act4Nature, pela biodiversidade” (Act4Nature Commitment, for biodiversity);
- Manifesto BCSD “Rumo à COP27” (BCSD Manifesto “Towards COP27”);
- Manifesto BCSD “Por um acordo pela natureza na COP15 (BCSD Manifesto “Towards an agreement for nature in COP15”);

**Working Groups on Sustainable Funding in which the CA Group participates:**

- Technical Reflection Group under the aegis of the Ministry of the Environmental and Energy Transition;
- Working Group of the APB – Associação Portuguesa de Bancos (Portuguese Banking Association);
- Working Group for financial sustainability of BCSD Portugal;
- Working Group for financial sustainability of the European Association for Co-operative Banks (EACB);
- PCAF - Partnership for Carbon Accounting Financials;

**7.2. VALUE AND IMPACT CREATION: A SUSTAINABILITY APPROACH FOCUSED ON OUR STAKEHOLDERS**

The economic value generated by the Crédito Agrícola Group enables the creation and distribution of wealth to the different groups of stakeholders. The economic value distributed increased by 24% in relation to 2021.

**CA Group**

(thousand euros)	2020	2021	2022	Δ <sub>22/21</sub>
<b>Economic value generated</b>	569 239	569 862	<b>652 594</b>	+ 15%
Operating Income	569 239	569 862	<b>652 025</b>	+ 14%
Results from shareholdings in associates	n.a.	n.a.	<b>569</b>	
<b>Economic value distributed</b>	<b>482 443</b>	<b>411 084</b>	<b>508 298</b>	+ 24%
Employee salaries and benefits	218 286	223 271	<b>236 440</b>	+ 6%
General administrative expenses	113 390	115 732	<b>129 651</b>	+ 12%
Depreciation	33 160	33 713	<b>34 821</b>	+ 3%
Gains / Losses in modifications	11 141	1 147	<b>-5 855</b>	
Provisions and impairments	73 649	-2 152	<b>55 581</b>	
Gain and losses in other assets	-1 165	-1 275	<b>-1 401</b>	
Payments to the State	33 865	40 489	<b>58 757</b>	+ 45%
Minority interests	116	159	<b>304</b>	+ 91%
<b>Economic value held</b>	<b>86 797</b>	<b>158 776</b>	<b>144 296</b>	- 9%

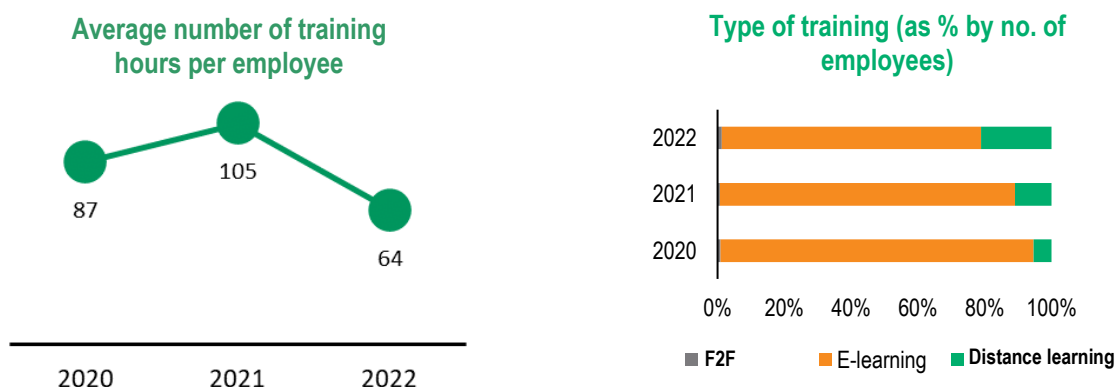
Net Income	86 797	158 776	<b>144 296</b>	- 9%
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### 7.2.1. Our People: The CA Group's agents of change

Considering that the main internal resource used by the Crédito Agrícola Group to “producer” / “generate” business, are its actual employees themselves, we understand that it is crucial to foster a culture in which people feel welcome, integrated, heard, celebrated, valued, empowered and stimulated.

#### PROFESSIONAL CAPACITY-BUILDING AND DEVELOPMENT

Bearing in mind that the business panorama is undergoing constant evolution, it is essential for the employees to have the necessary skills and knowledge to be able to accompany the changes and respond appropriately to the challenges.



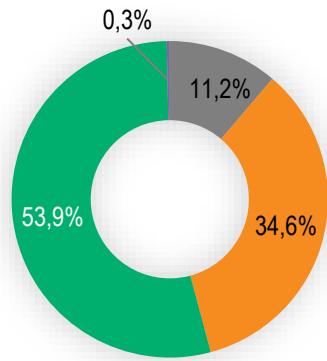
During 2022, each CA Group employee received, on average, approximately 64 hours of training, corresponding to a figure lower than that recorded in 2021 (-39%). During 2021, the Training Centre provided various courses of mandatory nature, in which all the Group's employees were enrolled. In 2022, due to the fact that the employees were already certified in the training courses ministered in 2021, only new employees took these courses.

The CA Group continues to prioritise training in the e-learning format for its employees, due to the flexibility and greater range of opportunities offered by this type of training.

#### BENEFITS AND SUPPORT FOR OUR EMPLOYEES

The Group offers its employees various types of support and benefits, both in the perspective of financial benefits and in the perspective of access to sports, cultural and recreational activities. In 2022, special reference is made to the introduction of a one-off monetary support to mitigate the effects of inflation and the formalisation of the hybrid work mode. In addition to the benefits referred to above, the Group pays for an extra series of social protection charges.

### Social Protection Charges paid

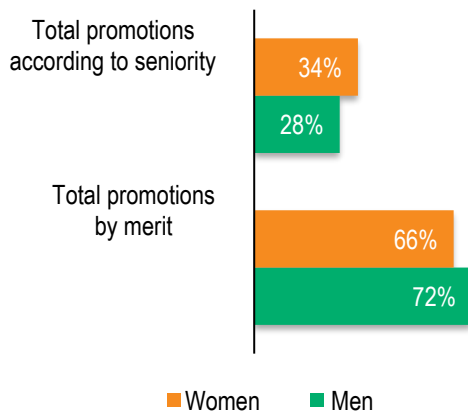


- Supplementary allowance due to sickness and occupational disease
- Supplementary allowance due to old-age, disability and survivor's pensions
- Child and education allowance
- Study grant to staff members

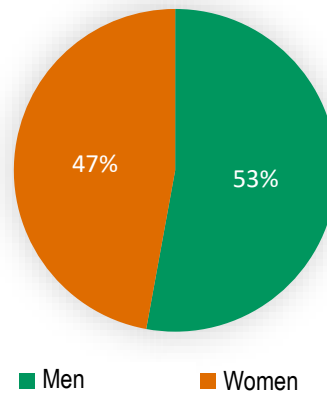
### FOSTERING A CULTURE OF DIVERSITY, EQUALITY AND INCLUSION

Because we recognise the added value that is provided to us through the wealth of experience and different perspectives embodied by our employees, we prioritise the promotion of a work culture in which everyone feels valued, heard and respected.

#### Total promotions by gender



#### % training hours by gender



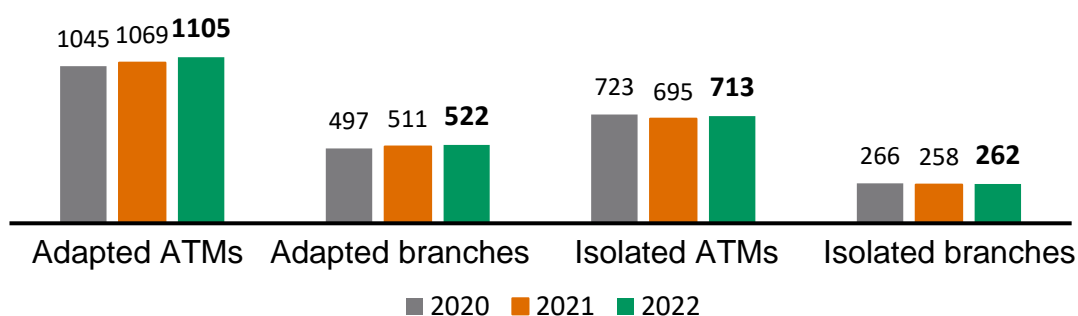
#### 7.2.2. Our Customers: The driving engine behind our ambition

In the Group, we are committed to working in collaboration with our Customers, so as to listen to their preferences and proactively meet their needs, while fostering solid relationships based on the values of trust, transparency and proximity.

## REMOVING BARRIERS AND PROMOTING ACCESSIBILITY

It is part of our priorities to ensure that all our services and branches are completely accessible and equipped with the necessary features to serve our Customers in the best possible manner.

### ATMs and Branches adapted for people with reduced mobility and Isolated ATMs and Branches in the city/town



To this end, in 2022, we strengthened the number of ATMs and branches adapted for people with reduced mobility, giving rise to a total of 1105 ATM and 522 branches, although we are clearly aware that our mission to ensure accessibility in its various forms is as yet unfinished.

Because we consider that territorial cohesion and access to banking services are critical factors for the success of a developed economy and a universal right, the CA Group has approximately 713 ATM and 262 branches that are isolated, meaning that they are in locations where there are no other banking institutions. These values have been strengthened year after year, and demonstrate the real nature of a proximity service aligned with the values and goals of sustainable development.

## SATISFACTION OF OUR CUSTOMERS



Crédito Agrícola was elected by “Escolha do Consumidor 2022” (Consumer Choice 2022) as the best bank, in the Category of Small and Medium-Sized Banks, thus conquering the preference of the Portuguese consumers with an overall assessment score of 83.67%, a score de 83.84% in satisfaction, and 83.00% in recommendation. This distinction, awarded by Consumer Choice, Consumer Assessment Centre, was widely disclosed among the customers and the public in general.

**AWARD OF AN ENVIRONMENTAL AND SOCIAL RATING TO OUR CUSTOMERS**

In order to gradually mitigate the CA Group’s adverse impacts and create a culture of collection and contact with ESG information, which should help to ensure early compliance with the EU taxonomy reporting requirements, in 2021, the Group sent the Environmental and Social questionnaires to all the Corporate Customers that requested new loans from July 2021 onwards. These questionnaires were drafted during 2020, with the strong involvement of the Associated Caixas, and their application was approved and placed in practice in 2021.

Thus, the Crédito Agrícola Group, inspired by the taxonomy and taking into account the sectors to which it has greatest exposure, designed a process of assigning an Environmental and Social Rating, to classify its Corporate Customers and the funding operations according to principles of sustainability. During 2022, the scope of the questionnaires extended to other sectors, with the following sectors already being covered: agriculture and animal husbandry, construction and renovation, real estate acquisition, restaurants and tourism.

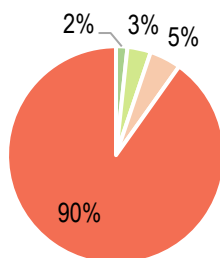
Following the completion of the questionnaires, a classification from A, B, C to D is assigned, according to the level of alignment with the principles of sustainability defined in the internal rating framework.

<b>Rating: Alignment with the principles of sustainability</b>
A – Very Good
B – Good
C – Low
D – Very Low

The construction of the questionnaires also implied the creation of supporting material – Manual and Specific Training – which included a series of practical and science-based information about the questionnaires. This information not only enabled supporting the employees with the responsibility of implementing the questionnaires but also enabled raising their awareness of scientific knowledge that may help them the actual customers in their business decisions.

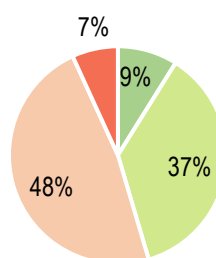
As at 31 December 2022, a total of 24,620 questionnaires had been completed:

**Corporate Questionnaire**



■ A ■ B ■ C ■ D

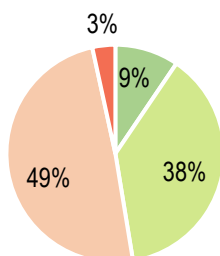
**Credit Operations Questionnaire**



■ A ■ B ■ C ■ D

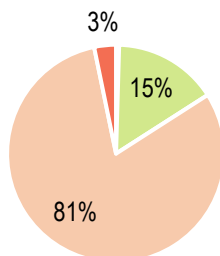
Although 90% of the companies that completed the questionnaire showed a very low alignment with the principles of sustainability, only 7% of the credit operations obtained that classification. This means that companies are already beginning to invest in activities that empower them to make the transition to sustainability. Based on the responses obtained, it was found that more than 45% of the financing operations obtain a “good” or “very good” rating with respect to alignment with the principles of sustainability. The graphs below enable an analysis of the sustainability ratings relative to the credit operations for six sectors.

**General Sector**  
(all, except for those identified below)



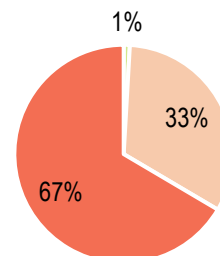
■ A ■ B ■ C ■ D

**Construction and Renovation Sector**

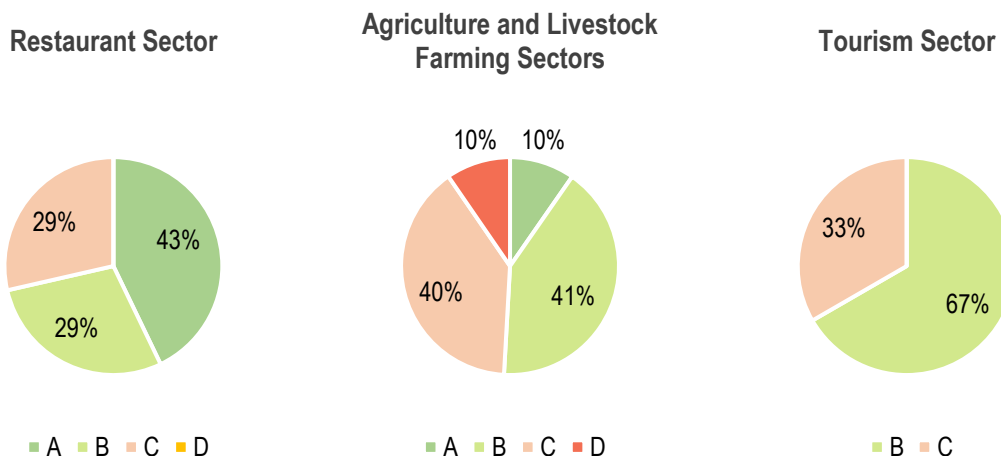


■ B ■ C ■ D

**Property Acquisition Sector**



■ B ■ C ■ D



The restaurant, agriculture and livestock farming, and tourism sectors stand out in particular, as their alignment with the principles of sustainability is comparatively better than the average results. In each of the three sectors listed above, more than half the credit operations obtained a “good” or “very good” classification. In the opposite direction, the sustainability rating assigned to credit operations associated with construction, renovation and acquisition of properties suggests that the companies still have a long way to go, where there are clearly opportunities to introduce improvements in the projects to be funded.

### 7.2.3. Focus on Suppliers Promote the desire change in the value chain

In 2022, the CA Group contributed 214 million euros to the local economy through the payment of products and services to local suppliers, compared to 131 million euros recorded in 2021.

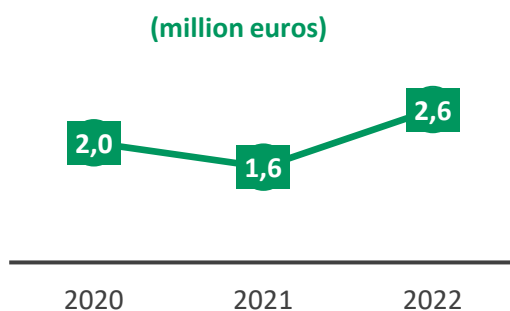
Crédito Agrícola Group	2021	2022	Variation
% number of local suppliers	57%	55%	- 2 p.p.
% value of local purchases	52%	48%	- 4 p.p.

3,626 local suppliers	55% of purchases are made locally
	138 million euros in purchases from local suppliers



#### 7.2.4. Support to the Community: Long-term value creation in the community

Over the last few years, Support to the Community has become an essential component of sustainable business practices. Indeed, we believe that a company’s success is inseparably linked to the wellbeing of the communities in which it is situated and operates. In the Group, the initiatives of support to the community go beyond the traditional model, and are aimed at the construction of solid and close relationships with the communities, ultimately seeking to foster their development and resilience.



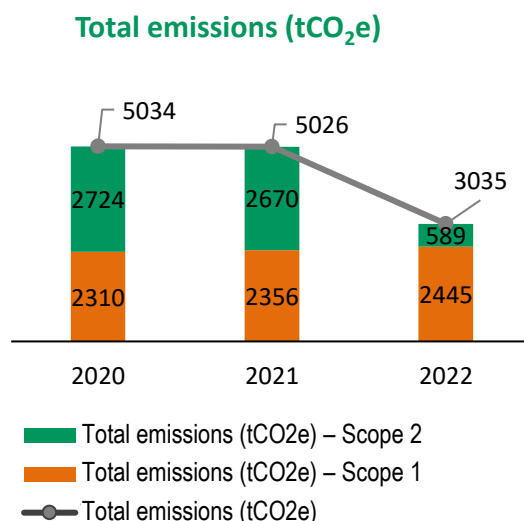
During 2022, the CA Group strengthened its investment in social responsibility, which increased by 62.5% in relation to 2021.

#### 7.2.5. Environmental Sustainability: Our impact on nature and climate

As a responsible company, we aspire to not only minimise our impact on the environment, but also to work actively towards creating a more sustainable future for everyone. Along these lines, we are committed to taking ongoing measures to mitigate our carbon footprint and ensure that our business practices are in harmony with nature.

## OUR CARBON FOOTPRINT

### Scope 1 and 2 emissions



In 2022, the CA Group continued to measure and monitor the calculation of the carbon footprint arising from its activities. The total carbon emissions were calculated based on the GHG - Greenhouse Gas Protocol, which describes the methodology most used for inventorying greenhouse gas.

The data recorded indicates that the CA Group reduced its total emissions in 2022: the reduction of Scope 2 emissions more than offset the increase observed in Scope 1 emissions. The increase observed in Scope 1 emissions, in relation to 2021, was due to the increased consumption of petrol and diesel of the fleet's vehicles. The reduction of Scope 2 emissions is explained not only by the reduction of electricity consumption but also by the procurement of the renewable energy supply for the entire Group. Hence, the CA Group's total emissions were cut by 40% in relation to 2021.

### Scope 3 emissions (category 7: employee commuting)

Over the last few years, the Group has progressively disclosed information related to its emissions arising from the commuting of its employees. In 2022, for the CA Group, the total emissions arising from the commuting of its employees stood at 21.3 t CO<sub>2</sub>e, corresponding to a 19% increase in relation to 2021.

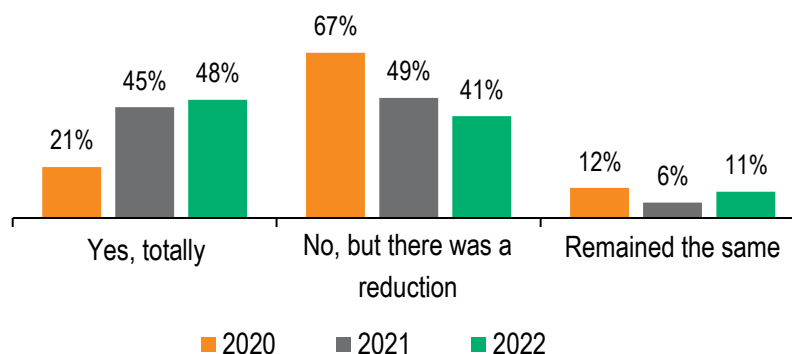
Average emissions per CA Group employee	2021	2022	$\Delta_{22/21}$
CA Group	4.4 kg CO2e	5.2 kg CO2e	+18.2%

The increased emissions associated with employee travel is certainly explained by the fact that 2022 was the first post-pandemic year, in a context of return to face-to-face work, while in 2021, there were still some constraints to mobility, as a result of the measures to mitigate the spreading of the SARS-COV-2 virus.

### Reduction of plastic

The Group is clearly aware of the need to avoid the use of plastic as much as possible. An effort in this direction has been made since 2020 and the results are satisfactory, with a gradual increase being recorded in the elimination of plastic.

#### Have you eliminated the use of disposable plastic consumables (cups, bottles and cutlery) at your premises?



	2020	2021	2022
Total responses	82	80	75

By working in close collaboration with all the stakeholders, the CA Group is committed to continuously improve its sustainability performance. The Group acknowledges that there is still much to do in order to achieve its long-term sustainability goals, but is confident that it is firmly on the right path.

### 7.3. TABLE OF CORRESPONDENCE WITH DECREE-LAW 89/ 2017 OF 28 JULY

Pursuant to Decree-Law 89/2017<sup>9</sup>, the non-financial statement (...) should contain sufficient information for an understanding of the evolution, performance, position and impact of its activities concerning, at least, environmental, social and employee-related issues, equality between women and men, non-discrimination, respect for human rights, the combat of corruption and attempted bribery, including:

Information	Source	Theme	Chapter/ Subchapter No.
1- a) Brief description of the company's business model	Annual Report (R&C)	Presentation of the Crédito Agrícola Group (CA Group)	Chapter 4
	SR	Cooperative Banking and Sustainable Development: A Synergy	Chapter 2.1
	SR	A Holistic Vision: The CA Group's Value Creation model	Chapter 4.1
	SR	Annex - Table of GRI (Indicator 2-6)	Chapter 6.1
1- b) and c) Description of the policies followed (...) and results of those policies	SR	Our Vision and Mission for a more sustainable future (alignment of principles with national and European energy and climate policies)	Chapter 3.1
	SR	Implement Agenda 2030: The Group's priority SDGs (alignment with the Sustainability Policy)	Chapter 3.2
	SR	Anticipate and Mitigate: Our Approach to ESG Risk Management   Our Policies	Chapter 3.2
	SR	ESG Opportunities: Unlocking Value for the Group and Stakeholders   Issuing Our First Social Bond	Chapter 3.4
	SR	Value Creation and Impact: A Sustainability approach focused on our Stakeholders (reflects results regarding Human Resources, Customers, Social and Environmental Credit Offer, Suppliers and Community Support)	Chapter 4.2, 4.3, 4.4 and 4.5
	SR	Annex - Table of GRI (Indicators 2-15, 2-16, 2-17, 2-18, 2-19, 2-20, 2-22, 2-23, 2-24, 2-26)	Chapter 6.1
1 - d) Main risks associated with these issues, linked to the company's activities (...) and how they are managed (...)	SR	Anticipate and Mitigate: Our ESG Risk Management approach (Identification and Monitoring of ESG Risks   Climate Risks   Assigning Environmental and Social Ratings to Our Customers)	Chapter 3.3
	SR	Annex - Table of GRI (Indicators 3-2, 3-3, 201-2, 203-2)	Chapter 6.1
1 - e) Relevant key performance indicators for its	SR	Crédito Agrícola Group (GCA) - Annex -	Chapter 6.1

<sup>9</sup> Disclosure of non-financial information and diversity information by large companies and groups, transposing [Directive 2014/95/EU](#).

specific activity		Table of GRI, all reported indicators	
		Caixa Central (CCCAM) - Appendix GRI Table, all indicators reported	Chapter 6.1
4 - If appropriate, reference to the values stated in the annual financial statements and explanations (...)	SR	A Holistic Vision: The CA Group's Value Creation model   Generated Economic Value - GCA	Chapter 4.1
	SR	A Holistic Vision: The CA Group's Value Creation model   Generated Economic Value - CCCAM	Chapter 4.1

Caption:

SR – Sustainability Report 2022; R&C – CA Group Annual Report 2022

7.4. TABLE ON CORE GRI STANDARDS – GLOBAL REPORTING INITIATIVE

Annex – GRI Table			
GRI Standard	Description	Location/ Reporting of Topic/ Omission	
		Crédito Agrícola Group	Caixa Central
<b>2</b>	<b>General Disclosures</b>		
<b>2/1</b>	<b>The Organisation and its Reporting Practices</b>		
2-1	Organisational details	Registered office: Rua Castilho, 233-233 A 1099-004 Lisboa Location of activities: Mainland Portugal and Azores See on the website: <a href="#">Legal Regime</a>	Registered office: Rua Castilho, 233-233 A 1099-004 Lisboa Location of activities: Physical presence in the District of Lisbon and Porto and in Funchal See on the website: <a href="#">Legal Regime</a>
2-2	Entities included in the organisation's sustainability reporting	The consolidated financial statements include: Caixas de Crédito Agrícola Mútuo, Caixa Central, FENACAM, CA Seguros, CA Gest, CA Vida, CA Capital, CA Imóveis, CA Informática and CA Serviços.	The financial statements include only Caixa Central.
2-3	Reporting period, frequency and contact point	The reporting period ranges from 1 January to 31 December 2022, containing historical/comparative records of 2020 and 2021 whenever possible and necessary. The reporting cycle of information related to sustainability is annual. Contact: Gabinete de Sustentabilidade (Sustainability Office) – sustentabilidade@creditoagricola.pt	The reporting period ranges from 1 January to 31 December 2022, containing historical/comparative records of 2020 and 2021 whenever possible and necessary. The reporting cycle of information related to sustainability is annual. Contact: Gabinete de Sustentabilidade (Sustainability Office) – sustentabilidade@creditoagricola.pt
2-4	Restatements of information	No significant updates have been made of the structure or information of previous years.	No significant updates have been made of the structure or information of previous years.
2-5	External assurance	Subchapter 6.2 of the Sustainability Report (SR)	
<b>2/2</b>	<b>Activities and Workers</b>		
2-6	Activities, value chain and other business relationships	The Crédito Agrícola Group's financial products are available nationwide, for individual customers and corporate customers. There are no significant changes to report in the supplier chain. Further information is provided in sub-chapters 2.1 and 4.2 to 4.5 (SR)	

2-7	Employees	Information provided in sub-chapter 4.2 (SR)	Information provided in sub-chapter 4.2 (SR)
2-8	Workers who are not employees	Not applicable	
<b>2/3</b>	<b>Governance</b>		
2-9	Governance structure and composition	<p>Information is provided in sub-chapters 2.2 and 2.3 (SR)</p> <p>The Sustainability Office was created in 2022, and reports directly to the Chairman of the Executive Board of Directors. The Sustainability Board was created in 2022, being an executive body run by the Sustainability Office.</p>	
2-10	Nomination and selection for the highest governance body		
2-11	Chair of the highest governance body		
2-12	Role of the highest governance body in overseeing the management of impacts		
2-13	Delegation of responsibility for managing impacts		
2-14	Role of the highest governance body in sustainability reporting		
2-15	Conflicts of interest	<p>Policy on Prevention, Communication and Resolution of Conflicts of Interest and Transactions with Related Parties</p> <p>For further details, see section: Our policies in sub-chapter 3.3 (SR)</p>	
2-16	Communication of critical concerns	<p>Policy on Reporting of Irregularities of the Crédito Agrícola Group</p> <p>Code of Ethics and Conduct</p> <p>For further details, see section: Our policies in sub-chapter 3.3 (SR)</p>	
2-17	Collective knowledge of the highest governance body	<p>In 2022, the Executive Board of Directors did not participate in any training on sustainability. Preparations have been made for the training of the 141 sustainability ambassadors, specific training for the Product and Risk Departments and for members of the Executive Board of Directors, in 2023.</p>	
2-18	Evaluation of the performance of the highest governance body	<p>1. Describe the processes for evaluating the performance of the highest governance body</p> <p>The Remuneration Policy of the Members of the Management and Supervisory Bodies for 2022, approved at the General Meeting of 5 February 2022, was drafted in accordance with the principle of proportionality, taking into account the Institution's size, its profile, the internal organisation and complexity of the Group in which it belongs, and was duly approved and reviewed by the competent governing bodies. This policy identifies the objectives, and the criteria for establishing the fixed component of remuneration, primarily underpinned by professional experience, and the responsibility of the functions at</p>	

		<p>the organisational level in the context in which they are performed. The criteria are also defined for the establishment of the variable component of remuneration, and the maximum limit to be allocated in compliance with the legal provisions in force. The execution of the Remuneration Policy of the Members of the Management and Supervisory Bodies of Caixa Central is regulated by the Implementing Regulation of the Remuneration Policy of the Members of the Executive Board of Directors, which establishes the rules for its execution, covering the annual fixed remuneration, the annual variable remuneration and the long-term variable remuneration, namely the definition of the predefined criteria for the assessment of the individual performance of Members of the Executive Board of Directors, which substantiates the right to a variable component of remuneration and its mode of application and weighting. The Regulation also complies with the requirements in Article 115-E(7) with respect to the deferral of part of the variable remuneration.</p> <p>The process of allocation, by the General and Supervisory Board, of performance bonuses to the members of the Executive Board of Directors, as variable remuneration, begins with the Remuneration Committee's preparation of the elements supporting the Performance Assessment, based on predefined criteria. The calculation of the value of the annual variable remuneration is the result of the sum of two autonomous and independent components: 80% arises from the assessment of the degree of fulfilment of the quantitative goals (weighted arithmetic average of the KPIs taking into account the weight of each degree of their attainment, attributable from a minimum accomplishment of 85% onwards), defined and reported to the Executive Board of Directors, in the person of its Chairman, at the beginning of the period to which the performance assessment refers; and 20% arises from the assessment of performance of the qualitative goals, carried out by each member of the Executive Board of Directors based on a predefined questionnaire, completed by the members of the General and Supervisory Board. The goals of the quantitative KPIs are reviewed on an annual basis. The values for ascertainment of the achievement of the KPIs are calculated by the respective services involved and validated by the Audit Department, with its conclusions being reported to the Remuneration Committee for the assessment exercise.</p> <p>After the ascertainment of the degree of achievement of the goals has been completed, the Remuneration Committee submits a draft Performance Assessment and allocation of variable remuneration, for each member of the Executive Board of Directors, to the General and Supervisory Board for its appraisal and approval in plenary.</p> <p>2. Report whether the evaluations are independent or not, and the frequency of the evaluations</p> <p>The assessment of the performance of the management body is carried out on an annual basis and conducted in an independent manner by the General and Supervisory Board, based on prior work developed by the Remuneration Committee, in accordance with the rules defined in the Remuneration Policy of the Members of the Management and Supervisory Bodies and in the Implementing Regulation of the Remuneration Policy of the Members of the Management Body.</p> <p>For the qualitative assessment, the members of the General and Supervisory Board take into account the continuous monitoring, throughout the entire period to which the assessment refers, of the work carried out by the Executive Board of Directors carried out continuously during the entire period to which the assessment refers.</p> <p>3. Describe actions taken in response to the evaluations, including changes to the composition of the highest governance body and organisational practices</p> <p>Not applicable.</p>
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2-19	Remuneration policies	Our policies in sub-chapter 3.3: Remuneration Policy of the Members of the Management and Supervisory Bodies of CCCAM; Remuneration Policy of CCCAM Employees			
2-20	Process to determine remuneration	Our policies in sub-chapter 3.3: Remuneration Policy of the Members of the Management and Supervisory Bodies of CCCAM; Remuneration Policy of CCCAM Employees			
2-21	Annual total compensation rate	Annual total remuneration	€284.2 thousand/ €35.9 thousand = 7.9	Annual total remuneration	€284.2 thousand/ €35.9 thousand = 6.1
		Percentage Increase	1.3% / 1.3% = 1	Percentage Increase	1.3% / 1.3% = 1
<b>2/4</b>	<b>Strategy, Policies and Practices</b>				
2-22	Statement on sustainable development strategy	See chapter: Message of the Chairman			
2-23	Policy commitments	See sub-chapters 3.1, 3.2, 3.5 and chapter 5 (SR)			
2-24	Embedding policy commitments				
2-25	Processes to remediate negative impacts	See sub-chapter 3.3 (SR)			
2-26	Mechanisms for seeking advice and raising concerns	Policy on Reporting of Irregularities of the Crédito Agrícola Group and Code of Ethics and Conduct For further details, see section: Our policies in sub-chapter 3.3 (SR)			
2-27	Compliance with laws and regulations	We are not aware of any significant fines or non-monetary sanctions due to non-compliance with laws and/or regulations in the socioeconomic area. No interventions were carried out, nor were any reports filed/fines incurred.			
2-28	Membership of associations	Unchanged in relation to that presented in the sustainability report of 2021: particular reference is made to Act4nature Portugal, BCSD Portugal, PCAF - Partnership for Carbon Accounting Financials, European Association for Co-operative Banks, APB – Associação Portuguesa de Bancos (Portuguese Banking Association).			
<b>2/5</b>	<b>Stakeholder Engagement</b>				
2-29	Approach to stakeholder engagement	See sub-chapters 2.3, 3.2, 3.4, 3.5 and 4.1 (SR)			
2-30	Collective bargaining agreements	CA Group employees are covered by a collective labour agreement.			

<b>3</b>	<b>Material Topics</b>	
3-1	Process to determine material topics	As a financial group, the CA Group has positive and negative impacts (financial, environmental and social) on companies, suppliers, customers and employees. The CA Group's operations depend directly on its employees and suppliers, where these two are its key stakeholders. Thus, the CA Group's decisions and actions have an effect on these stakeholders, and vice-versa.

		<p>The CA Group, and all the institutions comprising it, aspire to create positive impacts through its activities and in the way that they are performed, reducing or eliminating all negative impacts. To this end, there are various internal Policies and Regulations, such as, for example, the Code of Conduct and Ethics, the Sustainability Policy, the Investment Policy, among others. There are also internal whistleblowing mechanisms, as well as complaints received from Banco de Portugal, that help to guide the CA Group in its form of action.</p> <p>One of the Group's major concerns has always been its relations with its employees and with the local community. Accordingly, one of its priorities of action is to ensure good working conditions for its employees, where it is crucial to strive to ensure these conditions for all team members. Hence, respect for labour rights, promotion of equal opportunities and professional positions, and ensuring all the conditions for a work environment free of discrimination and any form of harassment or aggression, is intrinsic to the Group's Culture.</p> <p>The Group's Objective is to ensure that its employees work, on a daily basis, in an environment of respect, professionalism, without discrimination and with equal opportunities for all, without exception. The Code of Conduct and Ethics is an example of one of the official documents on the topic. Training actions have been pursued on this topic for the employees and suppliers. Awareness-raising actions on gender equality and non-discrimination have been planned. There are mechanisms for reporting, whistleblowing or complaining in operation that guarantee the anonymity of the complainant, aimed at assuring the privacy of the employees.</p> <p>One of the major objectives of the Crédito Agrícola Group is to contribute positively to local communities. One of the ways to directly affect local communities is through the procurement carried out, ensuring that purchases are made from local suppliers. For this, it is necessary to create and maintain close relationships with local institutions, through, for example, a policy on local suppliers. On the other hand, local suppliers also cause important impacts on the CA Group. Therefore, it is also important to have an established close relationship, enabling fast problem-solving and the creation of positive impacts on society.</p> <p>In order to increase the positive impacts created on the local community, the CA Group has updated its policies, with the most recent being the creation of sustainability criteria for the selection of its suppliers and service providers. These criteria aim to ensure the selection of suppliers that respect the environment and society, mitigating their negative impact. The Code of Ethics and Conduct has been distributed to all its suppliers of goods and services, with each having acknowledged it and attested to their full cooperation to put it in practice.</p> <p>Various adverse environmental impacts arise from any economic activity, and in the case of the Crédito Agrícola Group, a financial group, the major portion of its environmental impact arises from its funding and loans. Additionally, there are also impacts related to the different resources that are necessarily consumed in the development of the Group's activities.</p> <p>The CA Group aims to increasingly reduce the negative impact derived from its banking activities, as well as the impact arising from the use of resources such as water, paper, waste disposal, the use of electricity and fossil fuels. The Group's Sustainability Policy establishes the ambition to work towards the reduction of negative impacts.</p>
3-2	List of material topics	<p><b>SDG 8:</b> 201 Economic Performance; 202 Market presence; 203 Indirect economic impacts; 205 Anti-corruption; 206 Unfair Competition; 402 Labour Relations; 404 Training and Education.</p> <p><b>SDG 10:</b> 406 Non-discrimination.</p> <p><b>SDG 11 &amp; SDG 12:</b> 204 Procurement Practices; 418 Customer Privacy; 419 Socioeconomic Compliance.</p> <p><b>SDG 13:</b> 302 Energy; 305 Emissions.</p>

3-3	List of material topics	The CA Group assesses and monitors various annual, and in some cases quarterly, indicators, in order to understand their real impact on material topics. The subsequent analysis of these data enables taking actions towards the achievement of the objectives referred to above, adapting the form of management, if necessary. There are also mechanisms for whistleblowing and internal and external audit processes.
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201		Economic Performance
201-1	Direct economic value generated and distributed	See sub-chapter 4.1 (SR)
201-2	Financial implications and other risks and opportunities arising from climate change	See sub-chapter 3.3 (SR)
201-3	Defined benefit plan obligations and other retirement plans	Concerning retirement benefits, the only pension plan provided to the employees of Caixa Central, CCAM, CAS and CAI arises from the application of the ICAM Collective Labour Agreement. By conventional obligation, all the active employees with an open-ended employment contract are participants in the Pension Fund. Pursuant to the ICAM Collective Labour Agreement, employees hired from 1 May 1995 onwards contribute to the Pension Fund with 5% of their monthly minimum retribution (level and seniority bonuses), where the employer is responsible for endowing the Fund with the contributions payable to it on an annual basis, calculated in accordance with the actuarial valuation carried out by the respective Management Entity. Whenever there are unforeseen additional liabilities, the Management Entity is responsible for determining the value of the financial impact caused on the Fund's assets, and the employer is responsible for endowing the Fund with the same value that was determined.
201-4	Financial aid assistance received from government	0 (zero)

202 Market Presence									
202-1	Ratios of standard entry-level wage by gender, compared to local minimum wage	Gender:	Entry-level minimum wage (excluding members of the Board of Directors)	National minimum wage	Ratio	Gender:	Entry-level minimum wage (excluding members of the Board of Directors)	National minimum wage	Ratio
		Male	€ 705	€ 705	1	Male	€ 903.7	€ 705	1.28
		Female	€ 705	€ 705	1	Female	€ 903.7	€ 705	1.28
202-2	Proportion of senior management hired from the local community	The information exists, but is not structured in order to be reported; hence, we are currently unable to present these data. We will endeavour to ensure the reporting of this information in the next financial year.							

203 Indirect Economic Impacts		
203-1	Infrastructure investments and services supported	See sub-chapters 3.5 and 4.5. (SR) See section: Issuance of our first social bond of sub-chapter 3.4. (SR) See section: Removing barriers and promoting accessibility of sub-chapter 4.3. (SR) See sections: Consumption and Buildings of sub-chapter 4.6. (SR)
203-2	Significant indirect economic impacts	See section: Climate risks of sub-chapter 3.3 (SR)

204 Procurement Practices		
204-1	Proportion of spending on local suppliers	See subchapter 4.4 (SR) Caixa Central's figures for 2021 were revised after the publication of the 2021 Sustainability Report.

205 Anti-Corruption			
205-1	Operations assessed for risks related to corruption	Information unavailable/incomplete: The information is not structured in such a way as to be reported with quality, therefore it has not been possible to present this data. We will make the necessary IT changes to report this information next year.	
205-2	Communication and training on anti-corruption policies and procedures	Category	Number of employees
		Senior Management	221
		Middle Management	121

			Lower-level Management	693	
			Highly skilled and skilled professionals	2,904	
			Semi-skilled professionals	20	
			Unskilled professionals	9	
			Total	3,968	
205-3	Confirmed incidents of corruption and actions taken	Nothing to report.			

<b>206</b>	<b>Anti-Competitive Behaviour</b>				
206-1	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	Nothing to report for the CA Group.	At Caixa Central: One case of administrative offence proceedings underway, identified as PRC/2012/9, brought by the Competition Authority in 2012 against Caixa Central due to alleged practices restricting competition. In September 2019, Caixa Central was notified of the decision imposing a fine of the value of €350,000.00, having appealed against the decision and provided a bond in the form of a bank guarantee, of the value of € 175,000.00. The trial hearings were held between 6 September 2021 and 2 March 2022. The judgement was delivered, with the parties notified on 28 April 2022, which only commented on the findings on fact – with the facts indicated by the Competition Authority having been deemed proven – and the proceedings suspended and resubmitted to the Court of Justice of the European Union to give its opinion on the issue of the exchange of sensitive information in light of the Treaty on the Functioning of the European Union, which is pending.		

<b>302</b>	<b>Energy</b>									
302-1	Energy consumption within the organisation	Energy consumption within the organisation	2020	2021	2022	Energy consumption within the organisation	2020	2021	2022	
		Quantity of fuel – diesel (GJ)	26,366	27,050	27,288	Quantity of fuel – diesel (GJ)	1,257	682	1,022	
		Quantity of fuel - diesel (generator) (GJ)	25	28	23	Quantity of fuel - diesel (generator) (GJ)	5	5	5	
		Quantity of fuel – petrol (GJ)	4,783	4,848	6,427	Quantity of fuel – petrol (GJ)	297	368	721	
		Total electricity consumption (GJ)	170,293	179,390	151,102	Total electricity consumption (GJ)		3	28	
		Total energy produced (GJ)	299	1396	1752	Total energy produced (GJ)	15,208	15,439	17,049	
		Total energy consumed (GJ)	202,007	210,173	183,359	Total energy consumed (GJ)	16,766	16,498	18,824	
		Describe methods used,	GHG Protocol			Describe methods used,	GHG Protocol			

		calculation tools		calculation tools	
302-2	Energy consumption outside the organisation	Information not available		Information not available	

302		Energy							
302-3	Energy intensity	Energy intensity	2020	2021	2022	Energy intensity	2020	2021	2022
		Energy ratio for the organisation (GJ)				Energy ratio for the organisation (GJ)			
		Number of employees	49.4	51.3	44.6	Number of employees	30.4	27.5	29.9
		Profit gained (€)	2.3	1.3	1.3	Profit gained (€)	0.6	0.4	0.8
		Metric used for the denominator				Metric used for the denominator			
		Number of employees	4,090	4,093	4,110	Number of employees	551	601	629
		Profit gained (€)	86,797	158,776	144,296	Profit gained (€)	27,762	42,769	22,343
		Types of energy included in the ratio	Fuel (diesel and petrol for generator) and electricity.			Types of energy included in the ratio	Fuel (diesel and petrol for generator) and electricity.		
		Ratio included:	Total energy consumption within the organisation			Ratio included:	Total energy consumption within the organisation		

302		Energy							
302-4	Reduction of energy consumption	Reduction of energy consumption	2020	2021	2022	Reduction of energy consumption	2020	2021	2022
		Energy consumption reduction measures	See sub-chapter 4.6 (SR)			Energy consumption reduction measures	See sub-chapter 4.6 (SR)		
		Quantity of energy saved as a result of direct energy efficiency or saving measures (GJ)	17,338	8,166	-23,549	Quantity of energy saved as a result of direct energy efficiency or saving measures (GJ)	3,805	268	-2,330
		% reduction	-8%	4%	-11%	% reduction	-18%	-2%	14%
		Types of energy that were used	Fuel (diesel and petrol for generator) and electricity.			Types of energy that were used	Fuel (diesel and petrol for generator) and electricity.		

		Explanation of the method to calculate the reduction	Reductions calculated based on consumption in relation to the previous year.	used	
		Method used	GHG Protocol	Explanation of the method to calculate the reduction	Reductions calculated based on consumption in relation to the previous year.
				Method used	GHG Protocol
302-5	Reductions in energy requirements of products and services	Nothing to report			

305 Emissions									
305-1	Direct (Scope 1) GHG emissions	Total direct greenhouse gas emissions	2020	2021	2022	Total direct greenhouse gas emissions	2020	2021	2022
		Total scope 1 emissions (ton CO <sub>2</sub> e)	2,309.4	2,355.5	2,445.4	Total scope 1 emissions (ton CO <sub>2</sub> e)	132.6	76.6	127.8
		Stationary and mobile fuel	2,299.4	2,355.5	2,445.4	Stationary and mobile fuel	123.2	76.6	127.8
		Fugitive emissions	10.0	0.0	0.0	Fugitive emissions	9.4	0.0	0.0
		State which gases are included in the calculation	Main greenhouse gases: CO <sub>2</sub> , N <sub>2</sub> O, CH <sub>4</sub> .			State which gases are included in the calculation	Main greenhouse gases: CO <sub>2</sub> , N <sub>2</sub> O, CH <sub>4</sub> .		
		Source used for emission factors and Global Warming Potential (GWP)	Order 17313/2008, Order 15793-D/2013 APREN NIR 2022 GWP: IPCC 2007			Source used for emission factors and Global Warming Potential (GWP)	Order 17313/2008, Order 15793-D/2013 APREN NIR 2022 GWP: IPCC 2007		
		Consolidation approach of the emissions used.	Operational Control			Consolidation approach of the emissions used.	Operational Control		
		Methods and calculation tools used.	GHG Protocol			Methods and calculation tools used.	GHG Protocol		

305 Emissions									
305-2	Energy indirect (Scope 2) GHG emissions	Total indirect emissions resulting from electricity production	2020	2021	2022	Total indirect emissions resulting from electricity production	2020	2021	2022
		Total scope 2 emissions (ton CO <sub>2</sub> e)	2,724.19	2,670.43	589.19	Total scope 2 emissions (ton CO <sub>2</sub> e)	243.3	229.8	64.9
		Emissions of the energy production used	0	0	0	Emissions of the energy production used	0	0	0
		Market-based value	Only possible to calculate for 2022 based on market emission factors. From March 2022, the CA Group procured the supply of green energy.			Market-based value	Only possible to calculate for 2022 based on market emission factors. From March 2022, Caixa Central procured the supply of green energy.		
		Location-based value	2,724.19	2,670.43	2,356.78	Location-based value	243.28	229.83	259.44
		State which gases are included in the calculation	Main greenhouse gases: CO <sub>2</sub> , N <sub>2</sub> O, CH <sub>4</sub> .			State which gases are included in the calculation	Main greenhouse gases: CO <sub>2</sub> , N <sub>2</sub> O, CH <sub>4</sub> .		
		Source used for emission factors and Global Warming Potential (GWP)	Order 17313/2008 Order 15793-D/2013 APREN			Source used for emission factors and Global Warming Potential (GWP)	Order 17313/2008 Order 15793-D/2013 APREN		
		Consolidation approach of the emissions used.	Operational Control			Consolidation approach of the emissions used.	Operational Control		
		Methods and calculation tools used.	GHG Protocol			Methods and calculation tools used.	GHG Protocol		



305		Emissions							
305-3	Other indirect (Scope 3) GHG emissions	Emissions of employee travel	2020	2021	2022				
		Total emissions (ton CO <sub>2</sub> e)	n.a.	3,112	4,287	Emissions of employee travel	2020	2021	2022
		Gases included	Main greenhouse gases: CO <sub>2</sub> , N <sub>2</sub> O, CH <sub>4</sub> .			Total emissions (ton CO <sub>2</sub> e)	n.a.	561	515
		Source used for emission factors	National Inventory Report – Portugal (2021) and UK Government GHG Conversion Factors for Company Reporting (2021)			Gases included	Main greenhouse gases: CO <sub>2</sub> , N <sub>2</sub> O, CH <sub>4</sub> .		
		Methods and calculation tools	GHG Protocol			Source used for emission factors	National Inventory Report – Portugal (2021) and UK Government GHG Conversion Factors for Company Reporting (2021)		
						Methods and calculation tools	GHG Protocol		
305-4	Greenhouse gas (GHG) emissions intensity	GHG emissions intensity	2020	2021	2022	GHG emissions intensity	2020	2021	2022
		Emission intensity ratio				Emission intensity ratio			
		Number of employees	1.2	1.2	0.7	Number of employees	0.7	0.5	0.3
		Profit gained (€)	0.06	0.03	0.02	Profit gained (€)	0.01	0.01	0.01
		Metric used for the denominator				Metric used for the denominator			
		Number of employees	4,090	4,093	4,110	Number of employees	551	601	629
		Profit gained (€)	86,797	158,776	144,296	Profit gained (€)	27,761	42,769	22,343
		Types of emissions included	Scopes 1 and 2			Types of emissions included	Scopes 1 and 2		
		State which gases are included in the calculation	Main greenhouse gases: CO <sub>2</sub> , N <sub>2</sub> O, CH <sub>4</sub> .			State which gases are included in the calculation	Main greenhouse gases: CO <sub>2</sub> , N <sub>2</sub> O, CH <sub>4</sub> .		

305		Emissions							
305-5	Reduction of greenhouse gas (GHG) emissions	Reduction of GHG emissions	2020	2021	2022	Reduction of GHG emissions	2020	2021	2022
		Emission production reduction measures	See sub-chapter 4.6. (SR)						
		Reduction in ton CO <sub>2</sub> equivalent	668.4	7.6	1,991.4	Reduction in ton CO <sub>2</sub> equivalent	95.5	69.5	113.7
		% reduction relative to the previous year	-11.7%	-0.2%	-39.6%	% reduction relative to the previous year	-20.3%	-18.5%	-37.1%
		State which gases are included in the calculation	Main greenhouse gases: CO <sub>2</sub> , N <sub>2</sub> O, CH <sub>4</sub> .						
		Baseline year for the calculation	Reductions calculated based on the emissions of the previous year.						
		Types of emissions included	Scopes 1 and 2.						
		Methods and calculation tools used.	GHG Protocol						

305 Emissions																																																																									
305-6	Emissions of ozone-depleting substances (ODS) Not applicable																																																																								
305-7	NO <sub>x</sub> , SO <sub>x</sub> , and other significant atmospheric emissions																																																																								
	<table border="1"> <thead> <tr> <th></th> <th>2020</th> <th>2021</th> <th>2022</th> <th></th> <th>2020</th> <th>2021</th> <th>2022</th> </tr> </thead> <tbody> <tr> <td>Significant gas emissions (kg):</td> <td>8,194</td> <td>10,732</td> <td>10,186</td> <td>Significant gas emissions (kg):</td> <td>456.4</td> <td>382.6</td> <td>429.5</td> </tr> <tr> <td>NO<sub>x</sub> (kg)</td> <td>6,006.8</td> <td>7,990.3</td> <td>7,570.8</td> <td>NO<sub>x</sub> (kg)</td> <td>325.3</td> <td>274.6</td> <td>318.7</td> </tr> <tr> <td>NMVOCS (kg)</td> <td>0.0</td> <td>0.0</td> <td>1.2</td> <td>NMVOCS (kg)</td> <td>0.0</td> <td>0.0</td> <td>0.0</td> </tr> <tr> <td>PM2.5 (kg)</td> <td>2,186.2</td> <td>2,740.3</td> <td>2,613.1</td> <td>PM2.5 (kg)</td> <td>130.9</td> <td>107.6</td> <td>110.5</td> </tr> <tr> <td>PM10 (kg)</td> <td>0.2</td> <td>0.2</td> <td>0.2</td> <td>PM10 (kg)</td> <td>0.0</td> <td>0.0</td> <td>0.0</td> </tr> <tr> <td>SO<sub>x</sub> (kg)</td> <td>1.2</td> <td>1.4</td> <td>0.9</td> <td>SO<sub>x</sub> (kg)</td> <td>0.2</td> <td>0.3</td> <td>0.2</td> </tr> <tr> <td>Sources of emission factors used</td> <td colspan="3">Air pollutant emission inventory guidebook - 2019 provided by the European Environment Agency (EEA) <a href="http://efdb.apps.eea.europa.eu/NIR_2022">http://efdb.apps.eea.europa.eu/NIR_2022</a></td> <td>Sources of emission factors used</td> <td colspan="3">Air pollutant emission inventory guidebook - 2019 provided by the European Environment Agency (EEA) <a href="http://efdb.apps.eea.europa.eu/NIR_2022">http://efdb.apps.eea.europa.eu/NIR_2022</a></td> </tr> <tr> <td>Methods and calculation tools used.</td> <td colspan="3">GHG Protocol, based on emission factors</td> <td>Methods and calculation tools used.</td> <td colspan="3">GHG Protocol, based on emission factors</td> </tr> </tbody> </table>		2020	2021	2022		2020	2021	2022	Significant gas emissions (kg):	8,194	10,732	10,186	Significant gas emissions (kg):	456.4	382.6	429.5	NO <sub>x</sub> (kg)	6,006.8	7,990.3	7,570.8	NO <sub>x</sub> (kg)	325.3	274.6	318.7	NMVOCS (kg)	0.0	0.0	1.2	NMVOCS (kg)	0.0	0.0	0.0	PM2.5 (kg)	2,186.2	2,740.3	2,613.1	PM2.5 (kg)	130.9	107.6	110.5	PM10 (kg)	0.2	0.2	0.2	PM10 (kg)	0.0	0.0	0.0	SO <sub>x</sub> (kg)	1.2	1.4	0.9	SO <sub>x</sub> (kg)	0.2	0.3	0.2	Sources of emission factors used	Air pollutant emission inventory guidebook - 2019 provided by the European Environment Agency (EEA) <a href="http://efdb.apps.eea.europa.eu/NIR_2022">http://efdb.apps.eea.europa.eu/NIR_2022</a>			Sources of emission factors used	Air pollutant emission inventory guidebook - 2019 provided by the European Environment Agency (EEA) <a href="http://efdb.apps.eea.europa.eu/NIR_2022">http://efdb.apps.eea.europa.eu/NIR_2022</a>			Methods and calculation tools used.	GHG Protocol, based on emission factors			Methods and calculation tools used.	GHG Protocol, based on emission factors		
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<b>402</b>	<b>Labour/Management relations</b>	
402-1	Minimum notice periods regarding operational changes	The Crédito Agrícola Group and Caixa Central comply with the time limits established in the law.

<b>402</b>	<b>Labour/Management relations</b>	
404-1	Average hours of training per year per employee	See sub-chapter 4.2 (SR)
404-2	Programmes for upgrading employee skills and transition assistance programmes	There are training and capacity-building programmes; however, transition assistance programmes are not available. See sub-chapter 4.2 (SR)
404-3	Percentage of employees receiving regular performance and career development reviews	All the employees are assessed on an annual basis.

<b>406</b>	<b>Non-Discrimination</b>	
406-1	Incidents of discrimination and corrective actions taken	There were no cases of discrimination at the Crédito Agrícola Group and Caixa Central in 2022.

<b>418</b>	<b>Customer Privacy</b>		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Reported by regulatory agencies: 0 Reported by external parties: 11	Reported by regulatory agencies: 0 Reported by external parties: 1

## FINANCIAL STATEMENTS OF THE CA GROUP

CRÉDITO AGRÍCOLA GROUP

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2022 AND 2021  
(Amounts in Euros)

ASSETS	Notes	31-Dec-2022	31-Dec-2021
<b>Cash, cash balances at central banks and other demand deposits</b>	<b>5</b>	<b>1,356,382,565</b>	<b>3,971,092,106</b>
Cash on hand		129,441,976	128,466,492
Cash balances at central banks		1,162,303,844	3,794,031,969
Other demand deposits		64,636,745	48,593,645
<b>Financial assets held for trading</b>	<b>6</b>	<b>179,444,567</b>	<b>18,965,307</b>
Derivatives		5,706,993	713,337
Debt securities		173,737,574	18,251,970
<b>Non-trading financial assets mandatorily at fair value through profit or loss</b>	<b>7</b>	<b>49,231,427</b>	<b>49,713,812</b>
Equity instruments		49,231,427	49,713,812
<b>Financial assets designated at fair value through profit or loss</b>	<b>8</b>	<b>3,754,905</b>	<b>10,111,344</b>
Equity instruments		117,645	7,373
Debt securities		3,637,260	10,103,971
<b>Financial assets at fair value through other comprehensive income</b>	<b>9</b>	<b>781,719,881</b>	<b>1,805,121,207</b>
Equity instruments		28,867,511	20,785,993
Debt securities		752,852,370	1,784,335,214
<b>Financial assets at amortised cost</b>	<b>10</b>	<b>20,631,057,636</b>	<b>18,946,839,231</b>
Debt securities	<b>10.1</b>	9,389,753,097	7,934,499,337
Loans and advances - Central Banks and Credit Institutions	<b>10.2</b>	29,089,984	22,826,897
Loans and advances - Customers	<b>10.2</b>	11,212,214,555	10,989,512,997
<b>Derivatives - Hedge accounting</b>	<b>11</b>	<b>885,429,290</b>	<b>73,485,867</b>
<b>Investments in subsidiaries, joint ventures and associates</b>	<b>12</b>	<b>2,829,626</b>	<b>2,494,021</b>
<b>Tangible assets</b>	<b>13</b>	<b>247,439,143</b>	<b>271,492,639</b>
Property, plant and equipment	<b>13.1</b>	247,439,143	248,937,439
Investment properties	<b>13.2</b>	0	22,555,200
<b>Intangible assets</b>	<b>14</b>	<b>109,229,383</b>	<b>105,460,376</b>
Other intangible assets		109,229,383	105,460,376
<b>Tax assets</b>	<b>15</b>	<b>83,847,598</b>	<b>67,178,572</b>
Current tax assets		3,658,295	1,748,039
Deferred tax assets		80,189,303	65,430,534
<b>Other assets</b>	<b>16</b>	<b>304,309,174</b>	<b>368,736,024</b>
<b>Non-current assets and disposal groups classified as held for sale</b>	<b>17</b>	<b>260,079,062</b>	<b>310,829,682</b>
<b>TOTAL ASSETS</b>		<b>24,894,754,257</b>	<b>26,001,520,190</b>
<b>LIABILITIES</b>			
<b>Financial liabilities held for trading</b>	<b>6</b>	<b>5,215,793</b>	<b>387,206</b>
Derivatives		5,215,793	387,206
<b>Financial liabilities measured at amortised cost</b>	<b>18</b>	<b>20,804,719,787</b>	<b>22,760,335,050</b>
Deposits	<b>18.1</b>	20,467,449,216	22,320,392,567
Deposits - Central Banks		28,203,606	3,006,053,136
Deposits - Credit Institutions		41,275,390	78,618,807
Deposits - Customers		20,397,970,220	19,235,720,624
Debt securities issued	<b>18.2</b>	301,171,233	301,171,233
Other financial liabilities	<b>18.3</b>	36,099,338	138,771,250
<b>Derivatives - Hedge accounting</b>	<b>11</b>	<b>27,415,374</b>	<b>126,448,063</b>
<b>Provisions</b>	<b>19</b>	<b>823,463,033</b>	<b>745,721,444</b>
Pensions and other post employment defined benefit liabilities		0	0
Commitments and guarantees given		11,492,006	11,170,437
Other provisions		811,971,027	734,551,008
of which technical provisions		782,320,364	712,693,233
<b>Tax liabilities</b>	<b>15</b>	<b>14,811,910</b>	<b>16,721,948</b>
Current tax liabilities		12,913,415	14,002,385
Deferred tax liabilities		1,898,495	2,719,563
<b>Share capital repayable on demand</b>	<b>20</b>	<b>430,305</b>	<b>485,985</b>
<b>Other liabilities</b>	<b>21</b>	<b>1,177,033,648</b>	<b>332,868,204</b>
<b>TOTAL LIABILITIES</b>		<b>22,853,089,851</b>	<b>23,982,967,901</b>
<b>EQUITY</b>			
<b>Capital</b>	<b>23</b>	<b>1,443,426,537</b>	<b>1,401,032,187</b>
Paid-up capital		1,443,426,537	1,401,032,187
Called up unpaid capital		0	0
<b>Other accumulated comprehensive income</b>	<b>24</b>	<b>-145,558,384</b>	<b>-31,796,279</b>
Items that will not be reclassified to profit and loss		-25,452,975	-29,649,971
Actuarial gains or losses (-) on defined benefit pension plans		-27,233,679	-30,653,395
Fair value changes of equity instruments measured at fair value through other comprehensive income		1,780,704	1,003,425
Items that can be reclassified to profit or loss		-120,105,409	-2,146,308
Fair value changes of debt instruments measured at fair value through other comprehensive income		-120,105,409	-2,146,308
<b>Retained earnings</b>	<b>24</b>	<b>-27,294,053</b>	<b>-62,773,437</b>
<b>Revaluation reserves</b>	<b>24</b>	<b>-162,032</b>	<b>1,712,294</b>
<b>Other reserves</b>	<b>24</b>	<b>625,455,534</b>	<b>549,730,658</b>
Other		625,455,534	549,730,658
<b>Profit or loss attributable to Owners of the parent</b>		<b>144,295,502</b>	<b>158,776,306</b>
<b>Non-controlling interests</b>	<b>26</b>	<b>1,501,302</b>	<b>1,870,560</b>
Other items		1,501,302	1,870,560
<b>TOTAL EQUITY</b>		<b>2,041,664,407</b>	<b>2,018,552,289</b>
<b>TOTAL EQUITY AND TOTAL LIABILITIES</b>		<b>24,894,754,257</b>	<b>26,001,520,190</b>

The Certified Accountant

The Executive Board of Directors

The Notes are an integral part of the Annual Report of Caixa as at 31 December 2022

CRÉDITO AGRÍCOLA GROUP

CONSOLIDATION INCOME STATEMENT AS AT 31 DECEMBER 2022 AND 2021

(Amounts in Euros)

	Notes	31-Dec-2022	31-Dec-2021
<b>Interest income</b>	27	<b>562,459,056</b>	<b>441,028,904</b>
Financial assets held for trading		686,854	416,092
Financial assets designated at fair value through profit or loss		100,244	130,661
Financial assets at fair value through other comprehensive income		58,676,218	17,617,075
Financial assets at amortised cost		438,963,212	380,912,260
Derivatives - Hedge accounting, interest rate risk		10,509,532	942,059
Other assets		33,999,843	2,241,903
Interest income on liabilities		19,523,153	38,768,855
<b>(Interest expenses)</b>	28	<b>194,035,148</b>	<b>128,075,107</b>
(Financial liabilities held for trading)		303,922	56,795
(Financial liabilities measured at amortised cost)		14,058,857	8,989,626
(Derivatives - Hedge accounting, interest rate risk)		26,924,910	36,203,734
(Other liabilities)		36,159,177	16,780,872
(Interest expenses on assets)		116,588,282	66,044,079
<b>Dividend income</b>	29	<b>725,734</b>	<b>420,590</b>
Non-trading financial assets mandatorily at fair value through profit or loss		725,734	420,590
<b>Fee and commission income</b>	30	<b>174,739,835</b>	<b>149,140,585</b>
<b>(Fee and commission expenses)</b>	31	<b>28,515,669</b>	<b>25,752,812</b>
<b>Gains or (-) losses on financial assets &amp; liabilities not measured at fair value through profit or loss, net</b>	32	<b>-3,904,082</b>	<b>58,695,471</b>
Financial assets at fair value through other comprehensive income		-3,984,371	9,179,628
Financial assets at amortised cost		80,289	49,515,843
<b>Gains or (-) losses on financial assets and liabilities held for trading, net</b>	33	<b>-399,976</b>	<b>2,101,750</b>
<b>Gains or (-) losses on non-trading financial assets mandatorily stated at fair value through profit or loss, net</b>	34	<b>-3,080,458</b>	<b>1,795,665</b>
<b>Gains or losses (-) on financial assets and liabilities stated at fair value through profit or loss, net</b>	35	<b>-20,529</b>	<b>223,223</b>
<b>Gains or (-) losses from hedge accounting, net</b>	36	<b>-697,347</b>	<b>-2,304,005</b>
<b>Foreign Exchange differences [gain or (-) loss], net</b>	37	<b>2,296,958</b>	<b>1,989,474</b>
<b>Gains or (-) losses on derecognition of non-financial assets, net value</b>	38	<b>1,817,999</b>	<b>51,485</b>
<b>Technical margin of insurance activity</b>	39	<b>144,533,969</b>	<b>66,251,879</b>
<b>Other operating income</b>	40	<b>44,023,157</b>	<b>45,974,000</b>
<b>(Other operating expenses)</b>	41	<b>38,243,724</b>	<b>35,091,506</b>
<b>TOTAL OPERATING INCOME, NET</b>		<b>661,699,775</b>	<b>576,449,596</b>
<b>(Administrative expenses)</b>		<b>366,090,954</b>	<b>339,003,182</b>
(Staff expenses)	42	236,439,970	223,271,404
(Other administrative expenses)	43	129,650,984	115,731,777
<b>(Cash contributions to resolution funds and deposit guarantee schemes)</b>	44	<b>9,675,111</b>	<b>6,587,856</b>
<b>(Depreciation/Amortisation)</b>	13/14	<b>34,821,459</b>	<b>33,713,412</b>
(Other tangible assets)		20,006,668	19,946,572
(Other intangible assets)		14,814,791	13,766,840
<b>Modification gains or (-) losses, net</b>	45	<b>5,855,318</b>	<b>-1,146,860</b>
Financial assets at amortised cost		5,855,318	-1,146,860
<b>(Provisions or (-) reversal of provisions)</b>	19	<b>10,095,079</b>	<b>-5,091,546</b>
(Commitments and guarantees given)		321,570	-4,207,385
(Other provisions)		9,773,509	-884,160
<b>(Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss)</b>	19	<b>47,321,374</b>	<b>1,510,027</b>
(Financial assets at fair value through other comprehensive income)		9,579	-241,887
(Total financial assets at amortised cost)		47,311,795	1,751,914
<b>(Impairment or (-) reversal of impairment of non-financial assets)</b>	19	<b>-40,409</b>	<b>1,429,901</b>
(Other tangible assets)		199,280	82,016
(Other intangible assets)		0	0
(Other)		-239,689	1,347,885
<b>Share of the profit or (-) loss of investments in joint ventures and associates accounted for using the equity method</b>	12	<b>569,318</b>	<b>645,607</b>
<b>Profit or (-) loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations</b>	46	<b>3,195,663</b>	<b>629,130</b>
<b>PROFIT OR (-) LOSS BEFORE TAX FROM CONTINUING OPERATIONS</b>		<b>203,356,506</b>	<b>199,424,641</b>
<b>(Tax Expenses or (-) income related to profit or loss from continuing operations)</b>	15	<b>58,756,637</b>	<b>40,489,455</b>
<b>PROFIT OR (-) LOSS AFTER TAX FROM CONTINUING OPERATIONS</b>		<b>144,599,869</b>	<b>158,935,186</b>
<b>PROFIT OR (-) LOSS FOR THE YEAR</b>		<b>144,599,869</b>	<b>158,935,186</b>
Attributable to non-controlling interests	26	304,367	158,880
Attributable to owners of the parent		144,295,502	158,776,306

The Certified Accountant

The Executive Board of Directors

The Notes are an integral part of the Annual Report of Caixa as at 31 December 2022

CRÉDITO AGRÍCOLA GROUP

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT AS AT 31 DECEMBER 2022 AND 2021

(Amounts in Euros)

	Notes	31-Dec-2022	31-Dec-2021
<b>Profit or loss (-) for the year</b>		<b>144,599,869</b>	<b>158,935,186</b>
<b>Other comprehensive income</b>		<b>-113,762,105</b>	<b>-27,209,779</b>
<b>Items that will not be reclassified to profit and loss</b>		<b>4,196,995</b>	<b>-11,045,525</b>
Actuarial gains or (-) loss on defined benefit pension plans	48	3,419,716	-10,765,947
Fair value changes of equity instruments measured at fair value through other comprehensive income	24	777,279	-279,578
<i>Insurance activity (IAS 39)</i>		777,279	-279,578
<b>Items that can be reclassified to profit or loss</b>		<b>-117,959,101</b>	<b>-16,164,254</b>
Debt instruments at fair value through other comprehensive income	24	-159,474,469	-21,287,347
Valuation gains or losses (-) taken to equity		-109,606,635	-8,613,861
<i>Insurance activity (IAS 39)</i>		-87,299,524	-6,560,511
<i>Non-insurance activity (IFRS 9)</i>		-22,307,111	-2,053,350
Transferred to profit or loss		-49,864,889	-13,885,546
<i>Insurance activity (IAS 39)</i>		-49,677,015	-8,319,366
<i>Non-insurance activity (IFRS 9)</i>		-187,874	-5,566,180
Other reclassifications	24	-2,945	1,212,060
<i>Impairment of securities at FVTOCI (non-insurance activity)</i>		6,752	-231,472
<i>Other (non-insurance activity)</i>		-9,697	1,443,532
Income tax relating to items that can be reclassified to profit or loss (-)	24	41,515,368	5,123,093
<b>Total comprehensive income for the year</b>		<b>30,837,764</b>	<b>131,725,407</b>
Attributable to minority interests [non-controlling interests]			
Attributable to owners of the parent company		30,837,764	131,725,407
<b>Total comprehensive income for the year</b>		<b>30,837,764</b>	<b>131,725,407</b>
Attributable to the group		30,772,854	131,593,727
Attributable to non-controlling interests		64,910	131,680

The Certified Accountant

The Executive Board of Directors

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CRÉDITO AGRÍCOLA GROUP

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2022 AND 2021

(Amounts in Euros)

Sources of changes in equity	Notes	Capital	Other accumulated comprehensive income	Retained earnings	Revaluation reserves	Other reserves	Profit or loss (-) attributable to owners of the parent company	Non-controlling interests	Total
<b>Opening balance as of 1 January 2021</b>		<b>1,365,889,542</b>	<b>-4,586,500</b>	<b>-75,092,988</b>	<b>1,924,160</b>	<b>512,583,335</b>	<b>86,796,736</b>	<b>1,809,421</b>	<b>1,889,323,706</b>
Issue of ordinary shares	23	40,959,845							40,959,845
<i>Capital increase through incorporation of reserves</i>		35,463,216							
<i>Capital increase through new members</i>		5,496,629							
Capital reduction	23	-5,817,200							-5,817,200
Dividends				-2,510		-1,159,603			-1,162,112
Other increases or decreases (-) in equity	24			12,322,060	-211,867	38,306,925	-86,796,736	61,140	-36,318,478
<i>Appropriation of net profit</i>				12,652,901		74,143,835			86,796,736
<i>Capital movement through incorporation of reserves</i>				0		-35,463,216			-35,463,216
<i>Other</i>				-330,841		-373,694			-704,535
Total comprehensive income for the year	24		-27,209,779				158,776,306		131,566,527
<i>Debt instruments at FVTOCI - Valuation gains or losses (-)/(IFRS 9)</i>			-8,613,861						-8,613,861
<i>Debt instruments at FVTOCI - Valuation gains or losses (-)/(IAS 39)</i>			-279,578						-279,578
<i>Debt instruments at FVTOCI - Transfer to profit or loss</i>			-13,885,546						-13,885,546
<i>Taxes</i>			5,123,093						5,123,093
<i>Actuarial gains or losses</i>			-10,765,947						-10,765,947
<i>Other</i>			1,212,060						1,212,060
<b>Closing balance as at 31 December 2021</b>		<b>1,401,032,187</b>	<b>-31,796,279</b>	<b>-62,773,438</b>	<b>1,712,294</b>	<b>549,730,658</b>	<b>158,776,306</b>	<b>1,870,560</b>	<b>2,018,552,288</b>
<b>Opening balance as of 1 January 2022</b>		<b>1,401,032,187</b>	<b>-31,796,279</b>	<b>-62,773,438</b>	<b>1,712,294</b>	<b>549,730,658</b>	<b>158,776,306</b>	<b>1,870,560</b>	<b>2,018,552,288</b>
Issue of ordinary shares	23	48,778,330							48,778,330
<i>Share capital increase through incorporation of reserves</i>		43,962,840							
<i>Share capital increase through new members</i>		4,815,490							
Share capital reduction	23	-6,383,980							-6,383,980
Dividends				-80,739		-842,139			-922,879
Other increases or decreases (-) in equity	24			35,560,123	-1,874,326	76,567,014	-158,776,306	-369,258	-48,892,753
<i>Appropriation of net profit</i>				33,557,394		125,218,912			158,776,306
<i>Capital movement through incorporation of reserves</i>				4,238,322		-48,201,162			-43,962,840
<i>Other</i>				-2,235,593		-450,736			-2,686,328
Total comprehensive income for the year	24		-113,762,105				144,295,502		30,533,397
<i>Debt instruments at FVTOCI - Valuation gains or losses (-)/(IFRS 9)</i>			-109,606,635						-109,606,635
<i>Debt instruments at FVTOCI - Valuation gains or losses (-)/(IAS 39)</i>			777,279						777,279
<i>Debt instruments at FVTOCI - Transfer to profit or loss</i>			-49,864,889						-49,864,889
<i>Taxes</i>			41,515,368						41,515,368
<i>Actuarial gains or losses</i>			3,419,716						3,419,716
<i>Other</i>			-2,945						-2,945
<b>Closing balance as at 31 December 2022</b>		<b>1,443,426,537</b>	<b>-145,558,384</b>	<b>-27,294,053</b>	<b>-162,032</b>	<b>625,455,534</b>	<b>144,295,502</b>	<b>1,501,302</b>	<b>2,041,664,407</b>

The Certified Accountant

The Executive Board of Directors

The Notes are an integral part of the Annual Report of Caixa as at 31 December 2022

CRÉDITO AGRÍCOLA GROUP

CONSOLIDATED CASH FLOW STATEMENT AS AT 31 DECEMBER 2022 AND 2021  
(Amounts in Euros)

	Notes	31-Dec-2022	31-Dec-2021
<b>Cash flows from operating activities</b>			
Interest, fee and commission income	27 / 30	754,879,539	560,369,804
Interest, fee and commission expenses	28 / 31	(231,179,443)	(150,197,981)
Payments to employees and suppliers	21 / 42/ 43	(362,953,283)	(335,089,902)
Payments and contributions to pension funds	48	(6,669,862)	(3,456,866)
Income tax (payments)/receipts	15	(35,820,332)	(20,885,949)
Other (payments)/receipts relating to operating activities		142,935,248	72,253,258
<b>Operating income before changes in operating assets</b>		<b>261,191,867</b>	<b>122,992,364</b>
<b>(Increases) / decreases in operating assets:</b>			
Non-trading financial assets mandatorily at fair value through profit or loss	7	2,590,700	2,911,997
Financial assets at amortised cost	10	1,743,368,029	2,156,974,834
Financial assets at fair value through profit or loss, mandatorily at fair value and derivatives	6 / 8	838,622,490	(38,434,111)
Financial assets stated at fair value through other comprehensive income	10	(860,710,188)	522,789,551
Other assets	16	(131,868,530)	(8,094,935)
Other assets - margin call	16	(8,684,287)	(180,729,456)
		<b>1,583,318,213</b>	<b>2,455,417,880</b>
<b>Increases / (decreases) in operating liabilities:</b>			
Financial liabilities at amortised cost	18	(2,002,191,415)	2,219,091,146
Financial liabilities at fair value and hedging derivatives	6 / 11	(168,062,250)	(14,834,707)
Other liabilities	21	39,364,363	45,863,226
Other liabilities - margin call	21	879,760,098	0
		<b>(1,251,129,204)</b>	<b>2,250,119,664</b>
<b>Net cash from operating activities</b>		<b>(2,573,255,551)</b>	<b>(82,305,852)</b>
<b>Cash flows from investing activities</b>			
Dividends	29	725,734	420,590
Acquisitions of associates	12	(335,605)	(664,242)
Acquisitions of tangible and intangible assets and investment properties	13/14	(37,429,846)	(41,178,483)
Disposals of tangible and intangible assets and investment properties	13/14	1,276,524	1,402,383
<b>Net cash from investment activities</b>		<b>(35,763,193)</b>	<b>(40,019,751)</b>
<b>Cash flows from financing activities</b>			
Lease liabilities	21	2,090,529	(3,744,180)
Issue of subordinated liabilities	18	0	300,000,000
Repayments of subordinated liabilities	18	(55,680)	(9,310,155)
Non-controlling interests	26	(673,625)	(97,740)
Dividends	23	(922,879)	(1,162,112)
Share capital increase	23 / CSCE	4,815,490	15,335,815
Share capital decrease	23 / CSCE	(10,944,633)	(5,817,200)
<b>Net cash from financing activities</b>		<b>(5,690,798)</b>	<b>295,204,428</b>
Increase / (decrease) in cash and cash equivalents		(2,635,860,174)	143,179,524
Change in cash and cash equivalents in foreign currency		21,150,633	29,699,301
Cash, cash balances at central banks and other demand deposits at the beginning of the year	5	3,971,092,106	3,798,213,281
Cash, cash balances at central banks and other demand deposits at the end of the year	5	<b>1,356,382,565</b>	<b>3,971,092,106</b>
<b>Cash and cash equivalents at the end of the year comprise:</b>			
Cash, cash balances at central banks and other demand deposits	5	1,356,382,565	3,971,092,106
		<b>1,356,382,565</b>	<b>3,971,092,106</b>

The Certified Accountant

The Executive Board of Directors

The Notes are an integral part of the Annual Report of Caixa as at 31 December 2022

SICAM - INTEGRATED SYSTEM OF CRÉDITO AGRÍCOLA MÚTUO

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2022 AND 2021  
(Amounts in Euros)

<u>ASSETS</u>	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
<b>Cash, cash balances at central banks and other demand deposits</b>	<b>1,356,001,557</b>	<b>3,970,884,177</b>
Cash on hand	129,437,204	128,462,475
Cash balances at central banks	1,162,303,844	3,794,031,969
Other demand deposits	64,260,509	48,389,733
<b>Financial assets held for trading</b>	<b>163,144,052</b>	<b>713,337</b>
Derivatives	5,706,994	713,337
Debt securities	157,437,058	0
<b>Non-trading financial assets mandatorily at fair value through profit or loss</b>	<b>160,334,193</b>	<b>202,927,527</b>
Equity instruments	160,334,193	202,927,527
<b>Financial assets at fair value through other comprehensive income</b>	<b>137,164,954</b>	<b>918,068,439</b>
Debt securities	137,164,954	918,068,439
<b>Financial assets at amortised cost</b>	<b>20,482,463,508</b>	<b>19,065,220,060</b>
Debt securities	9,146,399,606	7,966,461,178
Loans and advances to Central Banks and Credit Institutions	29,089,985	22,826,897
Loans and advances to Customers	11,306,973,918	11,075,931,984
<b>Derivatives - Hedge accounting</b>	<b>885,429,290</b>	<b>73,485,867</b>
<b>Investments in subsidiaries, joint ventures and associates</b>	<b>90,969,190</b>	<b>87,631,346</b>
<b>Tangible assets</b>	<b>229,810,763</b>	<b>234,877,788</b>
Property, plant and equipment	229,810,763	234,877,788
<b>Intangible assets</b>	<b>89,109</b>	<b>85,633</b>
Other intangible assets	89,109	85,633
<b>Tax assets</b>	<b>64,688,127</b>	<b>63,378,705</b>
Current tax assets	2,949,230	874,021
Deferred tax assets	61,738,896	62,504,684
<b>Other assets</b>	<b>403,156,824</b>	<b>485,171,527</b>
<b>Non-current assets and disposal groups classified as held for sale</b>	<b>145,159,000</b>	<b>175,805,111</b>
<b>TOTAL ASSETS</b>	<b>24,118,410,567</b>	<b>25,278,249,518</b>
<u>LIABILITIES</u>	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
<b>Financial liabilities held for trading</b>	<b>5,215,793</b>	<b>4,727,645</b>
Derivatives	5,215,793	4,727,645
<b>Financial liabilities measured at amortised cost</b>	<b>20,876,905,071</b>	<b>22,878,354,909</b>
Deposits	20,539,634,499	22,438,412,426
<i>Deposits - Central Banks</i>	28,203,605	3,006,053,136
<i>Deposits - Credit Institutions</i>	41,275,390	78,618,807
<i>Deposits - Customers</i>	20,470,155,503	19,353,740,483
Debt securities issued	301,171,233	301,171,233
Other financial liabilities	36,099,338	138,771,250
<b>Derivatives - Hedge accounting</b>	<b>27,415,374</b>	<b>126,448,063</b>
<b>Provisions</b>	<b>24,262,150</b>	<b>25,575,149</b>
Commitments and guarantees given	11,492,006	11,170,437
Other provisions	12,770,144	14,404,713
<b>Tax liabilities</b>	<b>11,002,926</b>	<b>11,068,368</b>
Current tax liabilities	9,800,585	9,794,034
Deferred tax liabilities	1,202,341	1,274,334
<b>Share capital repayable on demand</b>	<b>430,305</b>	<b>485,985</b>
<b>Other liabilities</b>	<b>1,110,315,009</b>	<b>249,484,598</b>
<b>TOTAL LIABILITIES</b>	<b>22,055,546,628</b>	<b>23,296,144,717</b>
<u>EQUITY</u>	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
<b>Capital</b>	<b>1,443,426,537</b>	<b>1,401,032,187</b>
Paid-up capital	1,443,426,537	1,401,032,187
<b>Equity instruments issued, except capital</b>	<b>0</b>	<b>0</b>
Other equity instruments issued	0	0
<b>Other accumulated comprehensive income</b>	<b>-43,601,240</b>	<b>-29,561,512</b>
<b>Items that will not be reclassified to profit and loss</b>	<b>-26,556,210</b>	<b>-29,772,711</b>
Actuarial gains or (-) loss on defined benefit pension plans	-26,556,210	-29,772,711
<b>Items that can be reclassified to profit or loss</b>	<b>-17,045,030</b>	<b>211,199</b>
Fair value changes of debt instruments measured at fair value through	-17,045,030	211,199
<b>Retained earnings</b>	<b>-28,982,159</b>	<b>-53,616,162</b>
<b>Revaluation reserves</b>	<b>4,972,416</b>	<b>5,131,698</b>
<b>Other reserves</b>	<b>588,938,118</b>	<b>515,815,757</b>
Other	588,938,118	515,815,757
<b>Profit or loss attributable to owners of the parent company</b>	<b>98,110,267</b>	<b>143,302,833</b>
<b>TOTAL EQUITY</b>	<b>2,062,863,938</b>	<b>1,982,104,801</b>
<b>TOTAL EQUITY AND TOTAL LIABILITIES</b>	<b>24,118,410,567</b>	<b>25,278,249,518</b>

The Certified Accountant

The Executive Board of Directors

The Notes are an integral part of the Annual Report as at 31 December 2022

SICAM - INTEGRATED SYSTEM OF CRÉDITO AGRÍCOLA MÚTUO

CONSOLIDATION INCOME STATEMENT AS AT 31 DECEMBER 2022 AND 2021

(Amounts in Euros)

	31-Dec-2022	31-Dec-2021
<b>Interest income</b>	<b>483,866,192</b>	<b>428,500,215</b>
Financial assets held for trading	521,070	253,282
Financial assets at fair value through other comprehensive income	2,662,774	4,852,989
Financial assets at amortised cost	440,741,216	382,854,534
Derivatives - Hedge accounting, interest rate risk	10,509,532	942,059
Other assets	9,908,447	828,496
Interest income on liabilities	19,523,153	38,768,855
<b>(Interest expenses)</b>	<b>123,597,446</b>	<b>123,665,137</b>
(Financial liabilities held for trading)	303,923	56,795
(Financial liabilities measured at amortised cost)	14,076,776	9,039,821
(Derivatives - Hedge accounting, interest rate risk)	26,924,910	36,203,734
(Other liabilities)	10,566,440	14,946,627
(Interest expenses on assets)	71,725,397	63,418,159
<b>Dividend income</b>	<b>378,495</b>	<b>361,564</b>
Non-trading financial assets mandatorily at fair value through profit or loss	378,495	269,654
Investments in subsidiaries, joint ventures and associates accounted for using a method other than the equity method	72,667	91,910
<b>Fee and commission income</b>	<b>211,107,413</b>	<b>184,381,740</b>
<b>(Fee and commission expenses)</b>	<b>25,016,055</b>	<b>20,985,063</b>
<b>Gains or (-) losses on financial assets &amp; liabilities not measured at fair value through profit or loss, net</b>	<b>345,846</b>	<b>50,936,669</b>
Financial assets at fair value through other comprehensive income	265,558	1,420,825
Financial assets at amortised cost	80,288	49,515,843
<b>Gains or (-) losses on financial assets and liabilities held for trading, net</b>	<b>6,984,579</b>	<b>4,662,258</b>
<b>Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net</b>	<b>-15,126,991</b>	<b>-7,015,241</b>
<b>Gains or (-) losses from hedge accounting, net</b>	<b>-697,347</b>	<b>-2,304,005</b>
<b>Foreign Exchange differences [gains or (-) losses], net</b>	<b>2,294,221</b>	<b>1,994,501</b>
<b>Gains or (-) losses on derecognition of non-financial assets, net value</b>	<b>240,640</b>	<b>291,088</b>
<b>Other operating income</b>	<b>36,144,619</b>	<b>36,280,423</b>
<b>(Other operating expenses)</b>	<b>21,239,711</b>	<b>18,738,441</b>
<b>TOTAL OPERATING INCOME, NET</b>	<b>555,684,456</b>	<b>534,700,571</b>
<b>(Administrative expenses)</b>	<b>363,076,561</b>	<b>333,112,765</b>
(Staff expenses)	180,404,056	172,381,370
(Other administrative expenses)	182,672,504	160,731,396
<b>(Cash contributions to resolution funds and deposit guarantee schemes)</b>	<b>9,675,111</b>	<b>6,587,856</b>
<b>(Depreciation/Amortisation)</b>	<b>16,362,738</b>	<b>16,385,996</b>
(Other tangible assets)	16,359,871	16,384,054
(Other intangible assets)	2,867	1,942
<b>Modification gains or (-) losses, net</b>	<b>5,855,318</b>	<b>-1,146,860</b>
Financial assets at amortised cost	5,855,318	-1,146,860
<b>(Provisions or (-) reversal of provisions)</b>	<b>-70,992</b>	<b>-8,530,281</b>
(Commitments and guarantees given)	321,570	-4,207,385
(Other provisions)	-392,562	-4,322,895
<b>(Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss)</b>	<b>47,321,358</b>	<b>1,509,605</b>
(Financial assets at fair value through other comprehensive income)	9,562	-241,858
(Total financial assets at amortised cost)	47,311,795	1,751,464
<b>(Impairment or (-) reversal of impairment of investments in subsidiaries, joint ventures and associates)</b>	<b>-3,337,844</b>	<b>3,244,393</b>
<b>(Impairment or (-) reversal of impairment on non-financial assets)</b>	<b>344,489</b>	<b>1,162,933</b>
(Other tangible assets)	370,561	-299,893
(Other)	-26,072	1,462,826
<b>Profit or (-) loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations</b>	<b>5,391,999</b>	<b>1,024,870</b>
<b>PROFIT OR (-) LOSS BEFORE TAX FROM CONTINUING OPERATIONS</b>	<b>133,560,352</b>	<b>181,105,313</b>
<b>(Tax expenses or income (-) related to profit or loss from continuing operations)</b>	<b>35,450,085</b>	<b>37,802,480</b>
<b>PROFIT OR (-) LOSS AFTER TAX FROM CONTINUING OPERATIONS</b>	<b>98,110,267</b>	<b>143,302,833</b>
<b>PROFIT OR (-) LOSS FOR THE YEAR</b>	<b>98,110,267</b>	<b>143,302,833</b>
Attributable to non-controlling interests	0	0
Attributable to owners of the parent company	98,110,267	143,302,833

The Certified Accountant

The Executive Board of Directors

The Notes are an integral part of the Annual Report as at 31 December 2022

## ALTERNATIVE PERFORMANCE MONITORING (APM) OF THE CA GROUP

The European Securities and Markets Authority (ESMA) published a series of guidelines on the disclosure of Alternative Performance Monitoring by issuers (ESMA/2015/1415 of 5 October). These guidelines, used by the Crédito Agrícola Group to analyse its financial performance, are of mandatory application by issuers from 3 July 2016.

### Income Statement

Designation	Dec. 2021	Dec. 2022	Definition
Net interest income	312,953,798	368,423,908	Comprises "Interest income" less "(Interest expenses)".
Net fees and commissions	123,387,772	146,224,167	Comprises "Fee and commission income" less "(Fee and commission expenses)".
Net trading income	62,973,653	-3,261,701	Corresponds to the sum of "Dividend income", "Gains or (-) losses on financial assets & liabilities not measured at fair value through profit or loss, net", "Gains or (-) losses on financial assets and liabilities held for trading, net", "Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net", "Gains or (-) losses on financial assets and liabilities designated at fair value through profit or loss, net", "Gains or (-) losses from hedge accounting, net" and "Exchange differences [gain or (-) loss], net".
Other net operating income	4,294,639	-3,895,678	Corresponds to the sum of "Other operating income", plus "(Other operating expenses)" and plus "(Cash contributions to resolution funds and deposit guarantee schemes)"
Operating income	569,861,741	652,024,664	Corresponds to the sum of "Total operating income, net" deducted from "Cash contributions to resolution funds and deposit guarantee schemes"
Operating costs	372,716,594	400,912,412	Comprises "(Staff expenses)", "(Other administrative expenses)" and "(Depreciation/Amortisation)".
Impairment and provisions for the period	-2,151,618	57,376,044	Comprises "(Provisions or (-) reversal of provisions)", "(Impairments or (-) reversal of impairment on financial assets not measured at fair value through profit or loss)", "(Impairment or (-) reversal of impairment on non-financial assets)"
Gain and losses in other assets	1,274,737	3,764,981	Corresponds to the sum of: "share of the profit or (-) loss of investments in subsidiaries, joint ventures and associates accounted for using the equity method" plus "Profit or (-) loss from non current assets and disposal groups classified as held for sale not qualifying as discounted operations"
Consolidated net income	158,776,306	144,295,502	Corresponds to "Profit or (-) Loss for the year attributable to owners of the parent".

Balance sheet

Designation	Dec. 2021	Dec. 2022	Definition
<b>Total Loans and advances portfolio (gross) to customers</b>	<b>11,726,330,964</b>	<b>11,982,183,440</b>	Corresponds to the sum of "Total Credit Portfolio", excluding the "Accumulated impairment – Total Credit Portfolio", and the Certified as mentioned in Note 10 of annual report "financial assets at amortised cost".
<b>Customer deposits</b>	<b>19,235,720,624</b>	<b>20,397,970,220</b>	Corresponds to the sum of total of "Deposits", excluding "Loans – Banco de Portugal", "Deposits from Caixas Associadas"; Loans to Other Institutions"; "Interest payable – Banco de Portugal" and interest payable - of which Caixas Associadas" and "interest payable - of which Other Institutions", as mentioned in Note "Financial liabilities measured at amortised cost", as mentioned in Note 18 of annual report "financial liabilities at amortised cost". Corresponds to "Customer funds on the balance sheet".
<b>Loans and advances to customers (net)</b>	<b>11,393,399,474</b>	<b>11,632,342,471</b>	Corresponds to the sum of "Total Credit Portfolio", plus the sum of total "Certified" and "Accumulated impairment – Certified", as mentioned in Note 10 of annual report "financial assets at amortised cost".
<b>Securities portfolio</b>	<b>9,416,633,376</b>	<b>9,984,217,075</b>	Corresponds to the sum of "Financial assets held for trading – Debt securities", "Non-trading financial assets mandatorily at fair value through profit or loss", "Financial assets designated at fair value through profit or loss", "Financial assets at fair value through other comprehensive income" and "Financial assets at amortised cost – Debt Securities" excluding "Accumulated impairment – Debt instruments" and the total "Certified" with "Accumulated impairment", as mentioned in Note 10.1 of annual report "financial assets at amortised cost".
<b>Accumulated impairment and provisions</b>	<b>501,774,506</b>	<b>501,048,674</b>	Corresponds to the sum of "Accumulated impairment – Debt instruments" (Note 10.1 "financial assets at amortised cost"), "Accumulated impairment – Certified" (Note 10.1 "financial assets at amortised cost"), "Accumulated impairment – Total Credit Portfolio" (Note 10.2 "financial assets at amortised cost"), "Impairment – Other assets" (Note 16 "Other assets"), "Impairment – Impairment of real estate properties" and "Impairment – Impairment of equipment and other assets" (Note 17 "Non current assets and disposal groups classified as held for sale").
<b>Accumulated impairment and provisions of which: Accumulated impairment of credit</b>	<b>332,931,490</b>	<b>349,840,969</b>	Corresponds to the sum of "Accumulated impairment – Total Credit Portfolio" (Note 10.2 "financial assets at amortised cost") and sum of total "Accumulated impairment – Certified" (Note 10.1 "financial assets at amortised cost").
<b>Off balance sheet customers funds</b>	<b>1,824,311,342</b>	<b>2,018,021,619</b>	Off balance sheet funds corresponds to assets under management and value of mathematical provisions and financial liabilities of insurance contracts considered for accounting purposes as insurance contracts subscribed by customers.
<b>Customer funds</b>	<b>21,060,031,967</b>	<b>22,415,991,839</b>	Customer funds on and off balance sheet

Designation	Dec. 2021	Dec. 2022	Definition
<b>NPL</b>	<b>819,095,728</b>	<b>585,927,253</b>	Non-performing loans definition, under the Article 178 of Regulation (EU) No 575/2013, includes: Credit past due more than 90 days with materiality criteria as specified in the relevant EBARTS 2016/06; All transactions with clients who have shown at least 3 evidences/ indicators of unlikelihood to pay; Insolvent clients/ expected to become insolvent; Forborne exposures that have second or more amendments to the contracts; Forborne exposures with amounts more than 30 days past due during the probation period; Urgent restructuring; Quarantine period of 12 months for the credits that are in default by forborne exposures criteria (the existence of contract terms that extend the repayment period, such as grace period for the principal, are added to the quarantine period in default); Quarantine period of 3 months for the remaining loans; and all exposures to a debtor (on-balance and off-balance) with on-balance past due by more than 90 days that account for more than 20% of the on-balance total.
<b>NPL ratio</b>	<b>7.2%</b>	<b>5.1%</b>	Non-performing loans divided by loans and advances portfolio to customers excluding central banks (gross).
<b>NPL coverage by NPL impairments</b>	<b>32.6%</b>	<b>41.2%</b>	Non-performing impairment divided by non-performing loans.
<b>NPL coverage by NPL impairments and collaterals</b>	<b>133.5%</b>	<b>151.3%</b>	Total of non-performing impairment and associated collaterals divided by non-performing loans.
<b>NPL coverage by NPL impairments and collaterals (FINREP)</b>	<b>87.6%</b>	<b>91.9%</b>	Non-performing impairment and associated collaterals, applying haircuts and recovery costs to the collateral, limited by the exposure of each contract, divided by non-performing loans.
<b>Texas ratio</b>	<b>38.8%</b>	<b>27.3%</b>	Non-performing loans divided by the sum of common equity tier 1 and the impairment stock.
<b>Cost of risk</b>	<b>0.04%</b>	<b>0.45%</b>	Impairments of Assets at amortised cost related to loans and certified/commercial paper (excluding impairment from interest income of stage 3 contracts), ("T op-ups" plus "Write-backs & annulments") divided by T total Loans and advances portfolio (gross) to customers in the period.

### Capital & liquidity

Designation	Dec. 2021	Dec. 2022	Definition
CET 1 Capital Ratio	19.2%	19.9%	CET 1 capital expressed as a percentage of the total risk exposure amount.
Total capital ratio	19.2%	19.9%	Total own funds expressed as a percentage of the total risk exposure amount.
Leverage ratio	8.7%	7.6%	Tier 1 capital expressed as a percentage of the total exposure measure.
Loan to deposit ratio	59.2%	57.0%	Loans and advances to customers (net) divided by customer deposits.
Liquidity Coverage Ratio	477.2%	500.0%	Liquidity buffer divided by the net liquidity outflows over a 30 calendar day stress period.
Net Stable Funding Ratio (NSFR)	150.2%	167.7%	The net stable funding ratio requirement is the ratio of an institution's amount of available stable funding to its amount of required stable funding over a one-year horizon.
Solvency ratios, excluding net income	17.6%	18.4%	Own funds, excluding net income, expressed as a percentage of the total risk exposure amount.
Leverage ratio, excluding net income	8.0%	7.1%	Own funds, excluding net income, expressed as a percentage of the total exposure measure.
Solvency capital requirement (SCR) ratio	CA Vida: 250% CA Seguros: 166%	CA Vida: 184% CA Seguros: 166%	Insurance company own funds divided by solvency capital requirement coverage level.

### Efficiency and Profitability

Designation	Dec. 2021	Dec. 2022	Definition
Cost-to-income	65.4%	61.5%	Cost-to-income corresponds to Operating costs divided by Operating Income.
ROA	0.6%	0.6%	"Profit or (-) Loss" multiplied by 12 months and divided by number of months of the period divided by the average of "Total assets" (average between the amount in the beginning and in end of the period).
ROE	8.1%	7.1%	"Profit or (-) Loss" multiplied by 12 months and divided by number of months of the period divided by the average of "Total equity" (average between the amount in the beginning and in end of the period).

### Units, conventional signs and abbreviations:

b.p. – basis points	vs. – versus	€ – euros
p.p. – percentage points	n.a. – non-applicable concept	€ m – million euros
yoy – year-on-year rate of change	n.a. – information not available	€ Bn – billion euros



## CA GROUP REPORTING PERIMETERS

Crédito Agrícola Group Consolidation Perimeters (31/12/2022)	In thousands of euros, before consolidation			Accounting Standards	Prudential Consolidation	Economic Activity	Country	Capital held	Capital held Effective %
	Capital	Assets	Net Income						
SICAM - Cross guarantee scheme									
Caixa Central de Crédito Agrícola Mutuo, CRL	523,735,006	12,707,070,144	22,342,698	Full consolidation	Full consolidation	Group's Parent + Cooperative Bank	Portugal	100.00%	100.00%
Associação – Fundo de Assistência do Crédito Agrícola Mútuo (FACAM)	135,190,956	135,351,746	443,045	Full consolidation	- (1)	Autonomous fund for banks in financial difficulties	Portugal	100.00%	100.00%
Aggregate Associated Caixas (75)	1,814,988,591	21,903,029,346	86,511,175	Full consolidation	Full consolidation	Cooperative Banks	Portugal	100.00%	100.00%
FENACAM - Federação Nacional das Caixas de Crédito Agrícola Mútuo, FCRL	7,070,727	9,887,506	211,774	Full consolidation	Full consolidation	Federação de Bancos Cooperativos	Portugal	99.98%	99.98%
Crédito Agrícola Vida, S.A.	83,165,014	788,261,581	47,733,337	Full consolidation	Equity Method	Insurance Company	Portugal	99.95%	99.93%
Crédito Agrícola Seguros, S.A.	43,804,781	266,411,097	10,965,721	Full consolidation	Equity Method	Insurance Company	Portugal	97.40%	97.38%
Crédito Agrícola GEST – SGOIC, S.A.	1,640,536	2,906,449	78,731	Full consolidation	Full consolidation	Asset Management	Portugal	100.00%	100.00%
FIM Alternativo de Obrigações Fechado CA Institucionais	18,164,878	18,528,620	-1,701,817	Full consolidation	- (2)	Mutual Fund	Portugal	100.00%	98.79%
Crédito Agrícola Serviços – Centro de Serviços Partilhados – ACE	0	111,159,314	0	Full consolidation	Full consolidation	IT/IS Instrumental Company	Portugal	93.65%	99.92%
Crédito Agrícola Informática – Serviços de Informática, S.A.	8,626,279	14,167,687	597,099	Full consolidation	Full consolidation	IT/IS Instrumental Company	Portugal	99.45%	99.45%
Crédito Agrícola S.G.P.S., S.A.	58,147,434	157,288,338	-958,968	Full consolidation	Full consolidation	Controlling Company	Portugal	100.00%	100.00%
Crédito Agrícola Seguros e Pensões S.G.P.S	136,219,729	153,250,157	5,659,430	Full consolidation	Full consolidation	Controlling Company	Portugal	99.98%	99.98%
CCAM Gestão de Investimentos e Consultoria, Unipessoal, Lda.	1,263,404	6,234,490	-348,633	Full consolidation	Full consolidation	Instrumental Company	Portugal	100.00%	100.00%
CA Capital – Sociedade de Capital de Risco S.A.	692,657	2,763,875	-144,799	Full consolidation	Full consolidation	Venture Capital Company	Portugal	100.00%	100.00%
Crédito Agrícola Imóveis Unipessoal, Lda.	2,566,711	12,433,253	-1,818,045	Full consolidation	Full consolidation	Real Estate Properties Company (assets realised)	Portugal	100.00%	100.00%
FEIIA CA Imobiliário	112,818,082	116,965,085	-5,037,878	Full consolidation	Full consolidation	Real Estate Properties Fund (assets realised)	Portugal	99.92%	99.92%
FEIIF Imovvalor CA	16,919,486	17,172,190	-1,680,503	Full consolidation	Full consolidation	Real Estate Properties Fund (assets realised)	Portugal	100.00%	100.00%
Rede Nacional de Assistência, SA	14,528,706	20,112,912	2,923,163	Equity Method	- (3)	Insurance Company	Portugal	20.00%	19.48%

Notes:

(1) Part of the securities portfolio (SICAM).

(2) Only 10% outside the control of insurers.

(3) Held by Crédito Agrícola Seguros, S.A.

CRÉDITO AGRÍCOLA GROUP  
CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2022

<i>In thousand euros</i>	Statutory Consolidation (R&C)	Prudential Consolidation (FINREP)	Differences
<b>Assets</b>			
<b>Cash, cash balances at central banks and other demand deposits</b>	<b>1,356,383</b>	<b>1,356,115</b>	<b>267</b>
Cash on hand	129,442	129,440	2
Cash balances at central banks	1,162,304	1,162,304	0
Other demand deposits	64,637	64,371	265
<b>Financial assets held for trading</b>	<b>179,445</b>	<b>164,165</b>	<b>15,280</b>
Derivatives	5,707	5,707	0
Debt securities	173,738	158,458	15,280
<b>Non-trading financial assets mandatorily at fair value through profit or loss</b>	<b>49,231</b>	<b>185,281</b>	<b>-136,049</b>
Equity instruments	49,231	185,281	-136,049
<b>Financial assets designated at fair value through profit or loss</b>	<b>3,755</b>	<b>0</b>	<b>3,755</b>
Equity instruments	118	0	118
Debt securities	3,637	0	3,637
<b>Financial assets at fair value through other comprehensive income</b>	<b>781,720</b>	<b>121,900</b>	<b>659,820</b>
Equity instruments	28,868	0	28,868
Debt securities	752,852	121,900	630,953
<b>Financial assets at amortised cost</b>	<b>20,631,058</b>	<b>20,337,394</b>	<b>293,664</b>
Debt securities	9,389,753	9,086,086	303,667
Loans and advances - Central Banks and Credit Institutions	29,090	29,090	0
Loans and advances - Customers	11,212,215	11,222,218	-10,004
<b>Derivatives - Hedge accounting</b>	<b>885,429</b>	<b>885,429</b>	<b>0</b>
<b>Investments in joint ventures and associates</b>	<b>2,830</b>	<b>125,765</b>	<b>-122,935</b>
<b>Tangible assets</b>	<b>247,439</b>	<b>240,427</b>	<b>7,012</b>
Tangible fixed assets	247,439	240,427	7,012
Investment properties	0	0	0
<b>Intangible assets</b>	<b>109,229</b>	<b>102,949</b>	<b>6,280</b>
Other intangible assets	109,229	102,949	6,280
<b>Tax assets</b>	<b>83,848</b>	<b>65,822</b>	<b>18,025</b>
Current tax assets	3,658	3,016	642
Deferred tax assets	80,189	62,806	17,383
<b>Other assets</b>	<b>304,309</b>	<b>306,555</b>	<b>-2,246</b>
<b>Non-current assets and disposal groups classified as held for sale</b>	<b>260,079</b>	<b>260,079</b>	<b>0</b>
<b>Total Assets</b>	<b>24,894,754</b>	<b>24,151,881</b>	<b>742,873</b>
<b>Liabilities</b>			
<b>Financial liabilities held for trading</b>	<b>5,216</b>	<b>5,216</b>	<b>0</b>
Derivatives	5,216	5,216	0
<b>Financial liabilities measured at amortised cost</b>	<b>20,804,720</b>	<b>20,898,574</b>	<b>-93,854</b>
Deposits	20,467,449	20,502,022	-34,573
Debt securities issued	301,171	301,171	0
Other financial liabilities	36,099	95,381	-59,282
<b>Derivatives - Hedge accounting</b>	<b>27,415</b>	<b>27,415</b>	<b>0</b>
<b>Provisions</b>	<b>823,463</b>	<b>41,136</b>	<b>782,327</b>
Commitments and guarantees given	11,492	11,492	0
Other provisions	811,971	29,644	782,327
<b>Tax liabilities</b>	<b>14,812</b>	<b>11,249</b>	<b>3,563</b>
Current tax liabilities	12,913	10,140	2,774
Deferred tax liabilities	1,898	1,109	790
<b>Share capital repayable on demand</b>	<b>430</b>	<b>430</b>	<b>0</b>
<b>Other liabilities</b>	<b>1,177,034</b>	<b>1,129,195</b>	<b>47,838</b>
<b>Total Liabilities</b>	<b>22,853,090</b>	<b>22,113,216</b>	<b>739,874</b>
<b>Equity</b>			
<b>Capital</b>	<b>1,443,427</b>	<b>1,359,208</b>	<b>84,218</b>
Paid-up capital	1,443,427	1,359,208	84,218
Called up unpaid capital	0	0	0
<b>Other accumulated comprehensive income</b>	<b>-145,558</b>	<b>-44,156</b>	<b>-101,402</b>
<b>Items that will not be reclassified to profit and loss</b>	<b>-25,453</b>	<b>-27,234</b>	<b>1,781</b>
Actuarial gains or (-) loss on defined benefit pension plans	-27,234	-27,234	0
Fair value changes of equity instruments measured at fair value through other comprehensive income	1,781	0	1,781
<b>Items that can be reclassified to profit or loss</b>	<b>-120,105</b>	<b>-16,922</b>	<b>-103,183</b>
Fair value changes of debt instruments measured at fair value through other comprehensive income	-120,105	-16,922	-103,183
<b>Retained earnings</b>	<b>-27,294</b>	<b>32,339</b>	<b>-59,633</b>
<b>Revaluation reserves</b>	<b>-162</b>	<b>-162</b>	<b>0</b>
<b>Other reserves</b>	<b>625,456</b>	<b>546,824</b>	<b>78,631</b>
Other	625,456	546,824	78,631
<b>Profit or loss attributable to Owners of the parent</b>	<b>144,296</b>	<b>144,536</b>	<b>-240</b>
<b>Non-controlling interests</b>	<b>1,501</b>	<b>76</b>	<b>1,425</b>
Other items	1,501	76	1,425
<b>Total Equity</b>	<b>2,041,664</b>	<b>2,038,665</b>	<b>2,999</b>
<b>Total Liabilities + Equity</b>	<b>24,894,754</b>	<b>24,151,881</b>	<b>742,873</b>

In thousand euros

	Statutory Consolidation (R&C)	Prudential Consolidation (FINREP)	Differences
<b>Interest income</b>	<b>562,459</b>	<b>481,704</b>	<b>80,755</b>
Financial assets held for trading	687	525	162
Financial assets designated at fair value through profit or loss	100	0	100
Financial assets at fair value through other comprehensive income	58,676	2,613	56,063
Financial assets at amortised cost	438,963	439,155	-191
Derivatives - Hedge accounting, interest rate risk	10,510	10,510	0
Other assets	34,000	9,379	24,621
Interest income on liabilities	19,523	19,523	0
<b>(Interest expenses)</b>	<b>194,035</b>	<b>123,852</b>	<b>70,183</b>
(Financial liabilities held for trading)	304	304	0
(Financial liabilities measured at amortised cost)	14,059	14,517	-458
(Derivatives - Hedge accounting, interest rate risk)	26,925	26,925	0
(Other liabilities)	36,159	10,486	25,673
(Interest expenses on assets)	116,588	71,620	44,969
<b>Dividend income</b>	<b>726</b>	<b>630</b>	<b>96</b>
Non-trading financial assets mandatorily at fair value through profit or loss	726	630	96
<b>Fee and commission income</b>	<b>174,740</b>	<b>212,765</b>	<b>-38,025</b>
<b>(Fee and commission expenses)</b>	<b>28,516</b>	<b>27,941</b>	<b>575</b>
<b>Gains or (-) losses on financial assets &amp; liabilities not measured at fair value through profit or loss, net</b>	<b>-3,904</b>	<b>346</b>	<b>-4,250</b>
Financial assets at fair value through other comprehensive income	-3,984	266	-4,250
Financial assets at amortised cost	80	80	0
<b>Gains or (-) losses on financial assets and liabilities held for trading, net</b>	<b>-400</b>	<b>1,005</b>	<b>-1,405</b>
<b>Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net</b>	<b>-3,080</b>	<b>-2,314</b>	<b>-766</b>
<b>Gains or (-) losses on financial assets and liabilities stated at fair value through profit or loss, net</b>	<b>-21</b>	<b>0</b>	<b>-21</b>
<b>Gains or (-) losses from hedge accounting, net</b>	<b>-697</b>	<b>-697</b>	<b>0</b>
<b>Foreign Exchange differences [gain or loss (-)], net</b>	<b>2,297</b>	<b>2,297</b>	<b>0</b>
<b>Gains or (-) losses on derecognition of non-financial assets, net</b>	<b>1,818</b>	<b>1,817</b>	<b>1</b>
<b>Technical margin of insurance activity</b>			
<b>Other operating income</b>	<b>44,023</b>	<b>47,968</b>	<b>-3,945</b>
<b>(Other operating expenses)</b>	<b>38,244</b>	<b>36,986</b>	<b>1,257</b>
<b>TOTAL OPERATING INCOME, NET</b>	<b>661,700</b>	<b>556,741</b>	<b>104,959</b>
<b>(Administrative expenses)</b>	<b>366,091</b>	<b>345,698</b>	<b>20,393</b>
(Staff expenses)	236,440	223,069	13,371
(Other administrative expenses)	129,651	122,629	7,022
<b>(Cash contributions to resolution funds and deposit guarantee schemes)</b>	<b>9,675</b>	<b>9,903</b>	<b>-228</b>
<b>(Depreciation/Amortisation)</b>	<b>34,821</b>	<b>30,907</b>	<b>3,915</b>
(Tangible fixed assets)	20,007	17,781	2,226
(Other intangible assets)	14,815	13,126	1,689
<b>Modification gains or (-) losses, net</b>	<b>5,855</b>	<b>5,855</b>	<b>0</b>
Financial assets at amortised cost	5,855	5,855	0
<b>(Provisions or (-) reversal of provisions)</b>	<b>10,095</b>	<b>10,095</b>	<b>0</b>
(Commitments and guarantees given)	322	322	0
(Other provisions)	9,774	9,774	0
<b>(Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss)</b>	<b>47,321</b>	<b>47,291</b>	<b>30</b>
(Financial assets at fair value through other comprehensive income)	10	5	4
(Total financial assets at amortised cost)	47,312	47,286	26
<b>(Impairment or (-) reversal of impairment on non-financial assets)</b>	<b>-40</b>	<b>26</b>	<b>-67</b>
(Tangible fixed assets)	199	199	0
(Other intangible assets)	0	0	0
(Other)	-240	-173	-67
<b>Share of the profit or (-) loss of investments in joint ventures and associates accounted for using the equity method</b>	<b>569</b>	<b>58,379</b>	<b>-57,810</b>
<b>Profit or (-) loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations</b>	<b>3,196</b>	<b>3,196</b>	<b>0</b>
<b>PROFIT OR (-) LOSS BEFORE TAX FROM CONTINUING OPERATIONS</b>	<b>203,357</b>	<b>180,251</b>	<b>23,105</b>
<b>(Tax expenses or (-) income related to profit or loss from continuing operations)</b>	<b>58,757</b>	<b>35,711</b>	<b>23,045</b>
<b>PROFIT OR (-) LOSS AFTER TAX FROM CONTINUING OPERATIONS</b>	<b>144,600</b>	<b>144,540</b>	<b>60</b>
<b>PROFIT OR (-) LOSS FOR THE YEAR</b>	<b>144,600</b>	<b>144,540</b>	<b>60</b>
Attributable to non-controlling interests	304	4	300
<b>Attributable to owners of the parent company</b>	<b>144,296</b>	<b>144,536</b>	<b>-240</b>

# EXPLANATORY NOTES TO THE CONSOLIDATED ACCOUNTS

## NOTES TO THE FINANCIAL STATEMENTS OF THE CRÉDITO AGRÍCOLA GROUP

### 1. Introduction

The incorporation, in 1991, of the Sistema Integrado do Crédito Agrícola Mútuo (SICAM or Integrated System of Crédito Agrícola Mútuo), composed of Caixa Central – Caixa Central de Crédito Agrícola Mútuo, CRL (Caixa Central) and its Associated Caixas, established an arrangement of co-responsibility between them. The Caixas have freedom of association to Caixa Central and may pursue their business outside SICAM, although under stricter rules, similar to those applied for all other credit institutions.

On 1 January 2020, Decree-Law 106/2019 of 12 August, which determined the transfer of the deposit guarantee arm of FGCAM to the Deposit Guarantee Fund (FGD), came into force. However, the assistance component remained in FGCAM, which was transformed into a private law association called Associação - Fundo de Assistência do Crédito Agrícola Mútuo (FACAM or Crédito Agrícola Mútuo Assistance Fund) to which the autonomous assets resulting from the transformation were allocated and which pursues the financial assistance activity of SICAM (see Note 4).

The consolidated accounts presented herein reflect the overall situation of the equity of the Sistema Integrado do Crédito Agrícola Mútuo (SICAM), composed of Caixa Central, associated Caixas de Crédito Agrícola Mútuo (Caixas Agrícolas or Associated Caixas) and FACAM which, with their subsidiaries and associates, collectively form the Crédito Agrícola Mútuo Financial Group (“Crédito Agrícola Group”, “CA Group” or “GCA”). These financial statements were prepared in conformity with the legal and regulatory provisions in force established in Article 74 of the Legal System for Mutual Agricultural Credit, Decree-Law 36/92 and the instructions stipulated in Article 7 of this diploma.

The Crédito Agrícola Group is a nationwide financial group, comprising 71 local banks (Caixas Agrícolas), Caixa Central de Crédito Agrícola Mútuo and specialised companies, with the central structure being Caixa Central, which is a credit institution that also has powers to supervise, guide and monitor the activities of the Associated Caixas and FENACAM - Federação Nacional das Caixas de Crédito Agrícola Mútuo, a cooperative representative institution that provides specialised services to the CA Group.

The financial statements attached herewith refer to the consolidated activity of the Crédito Agrícola Group and were prepared in order to comply with the requirements on the presentation of accounts of Banco de Portugal.

On 9 March 2023, the Executive Board of Directors of Caixa Central approved the consolidated financial statements with reference to 31 December 2022 and on 27 April the Management Report and the Notes to the consolidated Financial Statements to be submitted to the General Meeting. The financial statements will be submitted to the approval of the General Meeting of Associates to be held on 20 May 2023.

The General Meeting may reject the proposal of the members of the Executive Board of Directors relative to the approval of the accounts and determine the preparation of new accounts or the reformulation of specific points of the presented accounts. However, the Executive Board of Directors does not expect this to happen.

In 2022 the activities were maintained in relation to the reporting of accounting and prudential aspects underpinned by harmonised information models in the European context (FINREP/ COREP), as well as the periodic conduct of various exercises that, in addition to the CA Group's internal management elements, represent prudential supervisory instruments used by the regulator. In this regard, of particular importance is (i) the Funding and Capital Plan, which presents projections of the main financial and prudential aggregates aimed at highlighting potential capital and liquidity needs in a markedly prospective manner, (ii) the Internal Capital Adequacy Assessment Process (ICAAP), which seeks to assess and quantify the main risks to which the institution is exposed, the Internal Liquidity Adequacy Assessment Process (ILAAP), the MREL Funding Plan and the Recovery Plan whose objective is the prior planning of measures that may be adopted so as to avoid or correct, in a timely form, any possible situation of financial imbalance, of capital or liquidity shortage.

During 2022, there were changes to the scope of SICAM arising from mergers, namely: CCAM de Silves, CRL and CCAM de São Bartolomeu de Messines, CRL, which occurred in May, giving rise to CCAM Terras do Arade, CRL; CCAM Vale de Cambra, CRL and CCAM Arouca, CRL, which occurred in July, giving rise to CCAM Terras de Santa Maria, CRL; CCAM de Oliveira do Bairro, CRL and CCAM Albergaria e Sever, CRL, which took place in October, giving rise to CCAM Oliveira do Bairro, Albergaria e Sever, CRL; and CCAM Borba, CRL and CCAM Elvas e Campo Maior, CRL, which took place in November, giving rise to CCAM Elvas, Campo Maior e Borba, CRL.

In terms of companies, Addressza Arrendamento - Fundo de Investimento Imobiliário Fechado para o Arrendamento Habitacional, with the loss of control, ceased to be part of GCA's consolidation perimeter, with effect from November 2022, as did Rústicodivinal, Lda, which was liquidated in December 2022.

Therefore, as at 31 December 2022, the consolidated accounts include the accounts of the 71 associated Caixas de Crédito Agrícola Mútuo which, together with Caixa Central and the Associação - Fundo de Assistência do Crédito Agrícola Mútuo (FACAM or Crédito Agrícola Mútuo Assistance Fund), make up SICAM, whose main objective is the granting of loans and the performance of other acts inherent to banking activities, as well as the following entities that form part of the Crédito Agrícola Group ("GCA" or "Grupo CA"):

- FENACAM - Federação Nacional das Caixas de Crédito Agrícola Mútuo, FCRL, whose corporate object consists of the representation and development of Crédito Agrícola Mútuo, strengthening the spirit of solidarity and cooperation between the associates, as well as the promotion, coordination and conduct of activities of common interest to them, and especially: i) representation of the Caixas Agrícolas and regional unions of their associates before any national, foreign or international institutions in the realisation and defence of the rights and interests of the associates; and ii) promotion of cooperativism within the Group;
- Crédito Agrícola S.G.P.S., S.A. and Crédito Agrícola Seguros e Pensões S.G.P.S., whose object is the management of equity holdings in other CA Group companies;
- The insurers Crédito Agrícola Seguros, S.A. and Crédito Agrícola Vida, S.A., dedicated to insurance activity in all non-life technical segments (except for the air, credit, and surety segments) and in the life segment, respectively;
- Crédito Agrícola Serviços – Serviços Informáticos e de Gestão – ACE, whose object is the provision of information technology, operational, technical and management services in a manner complementing the individual and group activities of its Group members;
- Crédito Agrícola Informática – Serviços de Informática, S.A., essentially dedicated to the provision of information technology services, including consulting on matters of selection of software and hardware, the development and support to the development of applications, data processing, staff training and provision of consulting services in organisation and management, as well as the marketing and management of information technology equipment and products;

- Crédito Agrícola GEST - SGOIC, S.A., whose main activity is the management of collective investment undertakings. It also carries out the activity of discretionary and individualised management of portfolios on behalf of others and consultancy for investments in securities. In 2019, it took up the management of Real Estate Collective Investment Undertaking;
- Crédito Agrícola Imóveis Unipessoal, Lda whose object is the holding, management and administration of real estate properties and the purchase of real estate properties for resale;
- CCAM Gestão de Investimentos e Consultoria, Unipessoal, Lda. which, in general, provides economic and financial or specialised strategic advisory services, as well as accounting or consulting services for corporate direction or management and the preparation of economic and financial studies;
- CA Capital – Sociedade de Capital de Risco S.A., which, as a venture capital firm, has the core object of carrying out investments in venture capital reflected in the acquisition of equity instruments, both within and outside the Group in companies showing high potential development.

The CA Group also includes the "Fundos FEIIA CA Imobiliário", a real estate investment fund whose management company until 31 January was Square Asset Management – Sociedade Gestora de Fundos de Investimento Imobiliário S.A. and, from that date onwards, Crédito Agrícola GEST – SGOIC, S.A., "FEIIF Imovalor CA", a real estate investment fund, and "FIMF CA Institucionais", a securities investment fund, also managed by Crédito Agrícola GEST and, finally, Associação – Fundo de Assistência do Crédito Agrícola Mútuo (FACAM).

## 2. Basis of presentation, comparability of the information and main accounting policies

### 2.1. Basis of presentation of the accounts

The consolidated financial statements of CA Group were prepared pursuant to the going-concern principle, based on the books and accounting ledgers kept in accordance with the principles established in the International Financial Reporting Standards (IAS/IFRS), as endorsed by the European Union, pursuant to Regulation (EC) 1606/2002 of the European Parliament and the Council of 19 July, transposed into Portuguese law by Decree Law 35/2005 of 17 February and by Banco de Portugal Notice 1/2005 of 21 February, and in accordance with the specific rules on consolidation of accounts established in article 74 of the Legal System for Mutual Agricultural Credit, Decree-Law 36/92 of 28 March, and Banco de Portugal Notice 5/2015. When CA Group companies use different accounting standards, IAS/IFRS conversion adjustments are prepared.

International standards comprise accounting standards issued by the International Accounting Standards Board ('IASB') as well as interpretations issued by the International Financial Reporting Interpretation Committee ('IFRIC') and their predecessor bodies, issued and in force on 01 January 2022.

With the publication of Notice 1/2019 of 22 January 2019, Banco de Portugal defined that institutions shall refer to the model financial statements and their main applicable headings set out in Annex III of Commission Executive Regulation (EU) 680/2014 of 16 April 2014, which sets out technical implementing rules as far as concerns reporting for the purpose of supervision of the institutions, in accordance with the FINREP mapping.

Except with respect to matters regulated by Banco de Portugal, as mentioned above, the institutions of the Crédito Agrícola Group use the Standards and Interpretations issued by the International Accounting Standards Board (IASB) and by the International Financial Reporting Interpretations Committee (IFRIC) which are relevant for their operations and have been approved by the European Union, effective for periods beginning on 1 January 2022.

In the preparation of the consolidated financial statements, the CA Group followed the historical cost convention, modified, when applicable, by measurement of financial assets and liabilities at fair value through profit or loss, derivative financial instruments, investment properties and financial assets at fair value through other comprehensive income.

The preparation of financial statements in conformity with the IAS / IFRS requires the use of estimates, assumptions, and critical judgements in the process of determining the accounting policies to be adopted by the CA Group, which could have a significant impact on the book value of the assets and liabilities, as well as the income and costs of the reporting period. Although these estimates are based on the best experience of the Executive Board of Directors and its expectations in relation to current and future events and actions, the real current and future results could differ from these estimates. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant for the financial statements, are set forth in Note 3.

The financial statements presented are expressed in euros, rounded to the nearest euro.

## 2.2. Alterations to the accounting policies and comparative information

The financial statements of 2022 are, in all materially relevant aspects, comparable to the financial statements presented in this document relative to the previous period.

Additionally, a series of amendments were made to the IAS/IFRS during 2022, shown below, which did not have any impact on the accounting policies or financial statements presented as at 31 December 2022.

### Impact of the adoption of new standards and interpretations which became effective on 01 January 2022:

- a) **IFRS 16** (amendment), 'Leases - Covid-19-related rent concessions beyond 30 June 2021'. The amendment extends the application date of the amendment to IFRS 16 - 'Leases - Covid-19-related rent concessions' from 30 June 2021 to 30 June 2022, allowing the recording of rent concessions under COVID-19 as variable lease payments, rather than as a modification to the lease. The conditions of application of the practical expedient are maintained, and the extension of the practical expedient can only be applied by the lessees who applied the previous practical expedient. There were no rent concessions under the CA Group's activity, and as such, this amendment is not applicable to the CA Group's Financial Statements.



- b) **IAS 16** (amendment) 'Proceeds before intended use'. Change of the accounting treatment given to the proceeds obtained from the sale of production during the stage of testing Property, plant and equipment, prohibiting their deduction from the acquisition cost of the assets. This amendment is applied retrospectively and does not imply restatement of the comparative figures. No impact on the CA Group's financial statements.
- (c) **IAS 37** (amendment) 'Onerous contracts - costs of fulfilling a contract'. This amendment specifies that the assessment of whether a contract is onerous or not can only consider the expenses directly related to the contract's fulfilment, such as the incremental costs related to direct labour and materials, and the allocation of other costs directly related to the depreciation of tangible assets used to fulfil the contract. This amendment should be applied to contracts that, at the beginning of the first annual reporting period in which the amendment is applied, also include unmet contractual obligations, and does not imply restatement of the comparative figures. No impact on the CA Group's financial statements.
- d) **IFRS 3** (amendment) 'References to the Conceptual Framework'. This amendment updates the references to the Conceptual Framework in the text of IFRS 3, with no changes having been made to the accounting requirements for business combinations. This amendment also clarifies the accounting treatment to be adopted in relation to liabilities and contingent liabilities under IAS 37 and IFRIC 21 and prohibits the recording of contingent assets of the acquiree in a business combination. This amendment is applied prospectively. No impact on the CA Group's financial statements.
- e) **Improvements to the standards 2018 – 2020** (applicable in financial years starting on or after 1 January 2022). This cycle of improvements amends the following standards: IFRS 1, IFRS 9, IFRS 16 and IAS 41. No impact on the CA Group's financial statements.

Published standards (new and amendments), whose application is mandatory for annual periods that begin on or after 01 January 2023, which the European Union has endorsed:

- a) **IAS 1** (amendment), 'Disclosure of accounting policies' (applicable in financial years starting on or after 1 January 2023). Amendment to the disclosure requirements of accounting policies based on the definition of 'material' rather than 'significant'. Information about an accounting policy is considered material if, in its absence, users of the financial statements would be unable to understand other financial information included in the financial statements. Immaterial information about accounting policies need not be disclosed. IFRS Practice Statement 2 was also amended to clarify how the concept of 'material' applies to the disclosure of accounting policies. No relevant impacts are expected on the CA Group's financial statements arising from its future adoption.
- b) **IAS 8** (amendment), 'Disclosure of accounting policies' (applicable in financial years starting on or after 1 January 2023). Introduction of the definition of accounting estimate and how it is distinguished from changes in accounting policies. Accounting estimates are now defined as monetary amounts subject to measurement uncertainty that are used to achieve the objective(s) of an accounting policy. No impact on the CA Group's financial statements.



- c) **IFRS 17** (new and amendment), 'Insurance contracts' (applicable in financial years starting on or after 1 January 2023). This new standard replaces IFRS 4 and applies to all entities issuing insurance, reinsurance or investment contracts with discretionary profit-sharing features if they are also issuers of insurance contracts. Under IFRS 17, insurance contract issuers need to assess whether the policyholder may benefit from a particular service as part of a claim, or whether that service is independent of the claim/risk event and separate the non-insurance component. Under IFRS 17, entities must identify portfolios of insurance contracts at initial re/recognition and divide them, as a minimum, into the following groups: i) contracts that are onerous at initial recognition; ii) contracts that do not have a significant possibility of subsequently becoming onerous; and iii) remaining contracts in the portfolio. IFRS 17 requires an entity to measure insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and any uncertainty related to insurance contracts. IFRS 17 requires an entity to recognise income as it provides insurance services (rather than when it receives premiums) and to provide information about the insurance contract gains it expects to recognise in the future. IFRS 17 provides three measurement methods for accounting for different types of insurance contracts: i) the General measurement model ("GMM"); ii) the Premium allocation approach ("PAA"); and iii) the Variable fee approach ("VFA"). IFRS 17 is applied retrospectively with some exemptions on the transition date. The amendment will have an impact on the CA Group's financial statements, via insurance activity.
- d) **IFRS 17** (amendment), 'Initial application of IFRS 17 and IFRS 9 - Comparative Information' (in force for annual periods starting on or after 1 January 2023). This amendment is only applicable to insurers in the transition to IFRS 17 and permits the application of overlay in the classification of a financial asset for which the institution does not carry out the retrospective application, under IFRS 9. This amendment seeks to prevent temporary accounting mismatches between financial assets and liabilities of insurance contracts, in the comparative information presented in the initial application of IFRS 17, establishing: (i) the statement of financial assets on an instrument-by-instrument basis; (ii) the presentation of comparative information as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset, but without requiring that an institution apply the impairment requirements of IFRS 9; and (iii) the obligation to use reasonable and substantiated information available on the transition date, to determine how the institution expects this financial asset to be classified pursuant to IFRS 9. The amendment will have an impact on the CA Group's financial statements, via insurance activity.
- e) **IAS 12** (amendment), 'Deferred tax related to assets and liabilities associated with a single transaction' (to be applied in financial years starting on or after 1 January 2023). IAS 12 now requires institutions to recognise deferred tax on certain specific transactions when their initial recognition gives rise to equal amounts of taxable temporary differences and deductible temporary differences. The transactions subject to recognition refer to the recording of: i) assets under right of use and lease liabilities; and ii) provisions for dismantling, restoration or similar liabilities, and the corresponding amounts recognised as part of the cost of the related asset, when at the date of initial recognition they are not relevant for tax purposes. These temporary differences are not included under the scope of the exemption of initial recognition of deferred taxes. This amendment is applied retrospectively. No impact on the CA Group's financial statements.

Although these standards have already been approved/endorsed by the European Union, they had not yet been adopted by the CA Group in the preparation of its financial statements as at 31 December 2022, as their application is not yet mandatory.

Published standards (new and amendments), whose application is mandatory for annual periods that begin on or after 01 January 2023, which the European Union has not yet endorsed:

- a) **IAS 1** (amendment), 'non-current liabilities with covenants' (applicable in financial years starting on or after 1 January 2024). This amendment is still subject to endorsement by the European Union. This amendment clarifies that liabilities are classified as current or non-current balances depending on the right that an entity has to defer their payment beyond 12 months after the reporting date. It also clarifies that covenants, which an entity is required to comply with on or before the reporting date, affect the classification of a liability as current or non-current even if their verification only occurs after the reporting date. When an entity classifies liabilities arising from financing contracts as non-current and those liabilities are subject to covenants, it is required to disclose information that allows investors to assess the risk that these liabilities will become repayable within 12 months, such as: a) the carrying amount of the liabilities; b) the nature of the covenants and the dates of compliance; and c) the facts and circumstances indicating that the entity may have difficulties in complying with the covenants on the due dates. This amendment is applied retrospectively. No relevant impacts are expected on the CA Group's Financial Statements arising from its future adoption.
  
- b) **IFRS 16** (amendment) 'Lease liabilities in sale and leaseback transactions' (applicable in financial years starting on or after 1 January 2024). This amendment is still subject to endorsement by the European Union. This amendment introduces guidance regarding the subsequent measurement of lease liabilities for sale and leaseback transactions that qualify as "sales" under IFRS 15, with the greatest impact when some or all of the lease payments are variable lease payments that do not depend on an index or rate. In subsequently measuring lease liabilities, seller-lessees shall determine "lease payments" and "revised lease payments" so that they will not recognise gains/(losses) in respect of the right of use they retain. This amendment is applied retrospectively. No relevant impacts are expected on the CA Group's Financial Statements arising from its future adoption.

### 2.3. Principles of consolidation and accounting of associate companies

The consolidation of accounts of the Crédito Agrícola Group is conducted in compliance with the requirements of the following legislation:

- Article 74 of the Legal Framework for Crédito Agrícola Mútuo and Cooperatives of Crédito Agrícola (Decree-Law 24/91 of 11 January, as most recently amended by Decree-Law 142/2009 of 16 June);

- Decree-Law 36/92 of 28 March (as amended most recently by Decree-Law 188/2007 of 11 May); and
- Banco de Portugal Notice 5/2015; and
- Banco de Portugal Notice 1/2019.

### a) Subsidiaries

The consolidated financial statements include the accounts of Caixa Central - Caixa Central de Crédito Agrícola Mútuo, C.R.L. (Caixa Central), the associated Caixas de Crédito Agrícola, and the subsidiaries and associates controlled directly and indirectly by Caixa Central (Note 4).

Subsidiaries are considered those in which the CA Group effectively controls their current management in order to obtain economic benefits from their activities. Control normally exists when the Group holds more than 50% of the capital or voting rights.

The Group controls an institution when it is exposed to or has rights to variable returns arising from its involvement with the Institution and has the capacity to affect these same returns through the power it exercises over the Institution. The subsidiaries are consolidated from the date when their control is transferred to the Group and are excluded from consolidation from the date when this control ends.

The consolidation of the accounts of the subsidiaries was carried out by the full consolidation method, from the date when Caixa Central takes control of its activities up to the time when this control ceases to exist. The transactions and significant balances between the company's object of the consolidation were eliminated. Furthermore, when applicable, consolidation adjustments are made in order to assure consistency in the application of the accounting standards of the Crédito Agrícola Group.

Acquisitions of subsidiaries, which constitute a business, are recorded by the purchase method. The acquisition cost corresponds to the sum of the fair values of the assets acquired and liabilities incurred or undertaken, as well as any equity instruments issued in exchange for control over the acquired institution. The costs directly attributable to the transaction are recorded as costs when incurred. On the acquisition date, the assets, liabilities, and contingent assets that are identifiable and meet the requirements for recognition established in IFRS 3 – "Business combinations", are stated at their fair value.

When the acquisition of control is carried out for a percentage of less than 100%, in the application of the purchase method, the non-controlling interests can be measured at fair value or in proportion to the fair value of the acquired assets and liabilities, with this option being defined in each transaction. Whenever control is acquired through potential rights, the non-controlling interests are measured at fair value.

Subsequent transactions involving the disposal or acquisition of holdings from non-controlling interests, which do not imply change of control, do not result in the recognition of gains, losses, or goodwill, with any difference between the transaction value and the book value of the traded holding being recorded in Equity, under Other equity instruments.

Any losses generated in each period by subsidiaries with non-controlling interests are allocated according to the percentage held in them, regardless of being a negative balance.

The value corresponding to third party holdings in the subsidiaries is presented under the equity heading of "Non-controlling interests".

The consolidated profit derives from the sum of the net income of SICAM and the subsidiaries, in proportion to their effective holding, after consolidation adjustments, namely the elimination of dividends received, and capital gains and losses generated in transactions between companies included in the consolidation perimeter.

## b) Associated enterprises

Associated enterprises are institutions in which the CA Group has significant influence but does not control. Significant influence is considered to exist when the CA Group has financial holdings (directly or indirectly held) above 20% (but less than 50% with voting rights in proportion to the holding) or the power to participate in decisions about the financial and operational policies of the institution but has neither control nor has joint control over it. Any dividends received are recorded as a decrease of the value of the financial investment.

Investments in related companies are initially measured at cost in the consolidated financial statements. Financial holdings in related companies are subsequently recorded by the equity method, from the moment that the CA Group acquires significant influence until the date it ceases.

The excess of the cost of acquisition over the fair value of the share of the identifiable assets and liabilities acquired, goodwill, is recognised as part of the financial investment in the related companies. If the acquisition cost is lower than the fair value of the net assets of the acquired related companies, the difference is recognised directly as a gain in the Consolidated Comprehensive Income Statement.

If the financial holding in a related companies is reduced, but maintaining the significant influence, only a proportional amount of the values recognised previously in other comprehensive income is reclassified to the Consolidated Income Statement.

Unrealised profits or losses in transactions between the Group and the Associates are eliminated in the application of the equity method.

The accounting policies of the related companies are changed whenever necessary so as to ensure that the same policies are applied consistently by all the Group's companies.

When the share of the losses of an Associate exceeds the investment in that Associate, the Group recognises additional losses if it has undertaken liabilities or made payments in benefit of the Associate.

The consolidated financial statements include the part attributable to the CA Group of the total profit and loss recognised by the associated enterprise.

## c) Goodwill

Acquisitions of subsidiaries and related companies occurred after 1 January 2006 are recorded by the purchase method. The acquisition cost corresponds to the fair value determined on the acquisition date of the assigned assets, issued equity instruments, minus the costs directly attributable to the issue. Goodwill refers to the difference calculated between the fair value of the acquisition price of investments in subsidiaries, related companies or businesses, and the fair value of the assets and liabilities of these companies or businesses on the date of their acquisition. Goodwill is recorded in the assets and is subject to impairment tests, pursuant to IAS 36, at least once a year, and is not amortised. Impairment losses relative to goodwill are not reversible. Furthermore, whenever it is detected that the fair value of the acquired net assets is higher than their acquisition cost (negative goodwill), the differential is recognised through profit or loss.

Goodwill is allocated to the cash generating units to which it belongs, for the purpose of conducting impairment tests. When the Group reorganises its corporate structure, implying an alteration of the composition of its cash generating units, to which goodwill has been imputed, the reorganisation process should involve the reallocation of the goodwill to the new cash generating units. The reallocation is made through an approach of relative value, in view of the new cash generating units arising from the reorganisation.

## 2.4. Summary of the main accounting policies

The most significant accounting policies used in the preparation of the consolidated financial statements were as follows:

### a) Accrual basis

The CA Group follows the accrual principle of accounting in relation to most of the items in its financial statements. Hence, the costs and income are recorded as they are generated, independently of the time of their payment or receipt.

### b) Foreign currency transactions

Assets and liabilities denominated in foreign currency are converted into euros at the exchange rate prevailing at the balance sheet date.

Income and costs relative to transactions in foreign currency are recorded in the period when they occur, considering the exchange rates in force on the day when they were carried out.

Additionally, the following accounting procedures are used:

- The spot exchange rate position for each currency, which corresponds to the net balance of the assets and liabilities of any specific currency, is revalued daily pursuant to the fixing exchange rates published by Bloomberg and recorded against profit or loss.
- The forward exchange rate position of a currency, which corresponds to the net balance of the forward transactions awaiting settlement, is revalued at the market forward exchange rate, or, if such does not exist, at a rate calculated based on the market interest rate for this currency and for the residual term of the transaction. The difference between the balances converted into euros at the revaluation rates used and the balances converted to the contracted rates corresponds to revaluation of the forward exchange rate position and is recorded through profit or loss; and
- Non-monetary assets and liabilities measured at fair value are converted at the exchange rates of the date when the fair value was determined, with the currency conversion differences being recognised through profit or loss. The currency conversion differences of financial assets available for sale are, however, recognised in other comprehensive income, and likewise the currency conversion differences relative to cash flow hedges.

The table below shows the exchange rate in US dollars at the balance sheet date:

Currency	Description of the currency	Exchange Rate	Exchange Rate
		31-Dec-2022	31-Dec-2021
USD	US Dollar	1.06505	1.13275

Source: Bloomberg, 30-Dec-2022 and 31-Dec-2021 at 13h30

### c) Loans and advances

These refer to financial instruments classified at amortised cost.

Loans and advances to customers includes loans granted to customers not intended for sale in the short-term, which are recorded on the date when the credit amount is advanced to the customer, being recognised at nominal value/amortised cost.

Subsequently, the credit and accounts receivable are recorded at amortised cost, being submitted to periodic impairment tests.

The interest component, including that relative to any premiums/discounts, is disclosed in the accounts separately in the respective profit or loss accounts, pursuant to the accrual principle. Whenever applicable, the external commissions and costs imputable to the contracting of the operations underlying the assets included in this category should also be divided into periods over the maturity period of the credit, in conformity with the effective interest rate method.

The CA Group institutions (SICAM) classify in loans overdue the instalments of principal or interest that remain unpaid once 30 days have elapsed after their due date as overdue credit. The legal terms and the procedures established in the internal regulations and respective decisions are applicable to loans with overdue instalments, where it is possible, if applicable, in the event of breach of contractual obligations, for the over debt to be considered past due, namely in a context of receivership.

The CA Group (SICAM) may renegotiate or modify the contractual cash flows of a financial asset. When this situation occurs, the CA Group (SICAM) assesses whether these new contract terms are substantially different from the original terms.

If the terms of the contract are not substantially different, the renegotiation or modification does not give rise to a derecognition, but rather the recalculation of the present value of the modified cash flows discounted at the original effective interest rate. The difference is recognised through modification gains or losses at the time when they are originated, with these gains or losses being reflected in the consolidated income statement under the heading of "Modification gains or (-) losses, net".

On the other hand, if the changes resulting from the renegotiation are substantially different, the CA Group (SICAM) derecognises the asset and recognises a 'new' one.

Loans and advances to customers is derecognised on the balance sheet when (i) the contractual rights of the CA Group (SICAM) relative to the respective financial flows expire; (ii) the CA Group (SICAM) has substantially transferred all the risks and benefits associated to the credit; or (iii) even if the CA Group (SICAM) retains part of

the risks and benefits associated to the credit, the control over the credit has been transferred.

#### Guarantees provided and irrevocable commitments

Liabilities for guarantees provided and irrevocable commitments are recorded as off-balance sheet items at risk value, where any flows of interest, commissions or other profits are stated through profit or loss over the life of the operations.

#### Loan impairment

IFRS 9 – Financial instruments establishes a series of relevant aspects concerning the impairment model, with particular emphasis on the following:

- i. Concept of expected economic loss in the risk management of the portfolio of financial assets, determined based on macroeconomic scenarios.
- ii. Definition of ‘default’ pursuant to Article 178 of the Capital Requirements Regulation (CRR).
- iii. Quantification of impairment for loans to credit institutions.
- iv. Revision and introduction of new risk parameters (e.g., probability of default, loss given default, credit conversion factor, performance maturity, prepayment); and
- v. Adjustment of the main segments of the credit portfolio aimed at classifying assets from a risk perspective, based on homogeneous standards, according to their type (e.g., purpose, performance), in addition to being integrated in scoring and rating analytical models.

The determination of impairment losses of financial assets, in conformity with the provisions in IFRS 9, is based on specific methods which comply with the regulatory requirements, adapted to the historical data, and features of the portfolio of the Crédito Agrícola Group.

A financial asset is in a situation of impairment (and incurs impairment losses) when the present value of the expected cash flows is less than the respective exposure value. This situation is observed when:

- There is objective evidence of impairment resulting because of one or more events that occur after the initial recognition of the asset (loss event); and
- These events have impact on the expected future cash flows and can be estimated in a reliable form.

Pursuant to the financial reporting standard IFRS 9, the assessment of impairment can be based on two types of analysis:

##### ***i. Individual analysis***

Analysis of customers with significant exposure, through the assessment files (questionnaires) resident in the Module of Individual Analysis of Impairment (MOAI) application, where the data of the individual analyses are validated and used to calculate impairment on an individual basis.



The selection criteria of customers subject to individual analysis are as follows:

- a. All customers/economic and risk groups (GER) with liabilities of more than 1,000,000 euros and/or overdue loans of more than 50,000 euros;
- b. Customer/GER classified equal to or above stage 2 and liabilities of more than 500,000 euros;
- c. Customer/GER with current account exposure or overdraft of more than 500,000 euros and equal to or above 90% of the limit contracted in the last 18 months;
- d. Customer/GER with liabilities of more than 500,000 euros without associated asset backing or with a loan-to value (LTV) above 80%;
- e. Customer/GER with forbore loans and forbore loans exposure of more than 500,000 euros.

## **ii. Collective analysis**

Analysis of customers/GER that do not meet the criteria for submission to the process of individual analysis, being analysed in homogeneous risk groups through statistical methods. The model adopted for calculation of impairment is based on an expected loss model, determined based on macroeconomic scenarios, necessarily classifying the assets at 3 levels, according to the evolution of their credit risk in relation to initial recognition.

### *Determination of significant increase of credit*

A significant increase of credit risk is assessed in each reference period, comparing the current risk of occurrence of default throughout the remaining life of a given contract with the same risk rating on the initial date of the operation.

A significant increase of credit risk is determined when there is a deterioration of the risk rating, in particular the associated probability of default, including situations of loans overdue by 30 to 90 days and forbore loans not classified as being in default, operations of customers that have financial difficulties and operations whose internal risk rating is high.

Furthermore, an exposure with low credit risk is considered to exist whenever the credit risk of a particular financial instrument presents a low probability of default at the reporting date. Nevertheless, the credit risk of these financial instruments should be monitored to ensure that the assumptions underlying the low credit risk remain appropriate in each reporting period.

### *Definition of default*

The European Banking Authority (EBA) issued the 'Guidelines on the application of the definition of default under Article 178 of Regulation (EU) 575/2013' aimed at harmonising the definition of default across all prudential approaches of the European Union. Accordingly, it contains detailed clarification of the definition of default and its application, in particular the method for counting days in arrears, indications of default and conditions for leaving default. The guidelines became entirely applicable from 1 January 2021, implying that institutions incorporated these requirements in their internal procedures and systems by this date in a phased manner and ensure their coherence with the internal models on equity and risk management.

The definition of default includes loans overdue by more than 90 days, forbore loans with more than one restructuring and exposure in which there is predictability of default (improbability of payment) of the debtor, entailing quantitative and qualitative criteria, especially with respect to the reference values considered in their activation, being in concordance with the regulatory guidelines for identification and marking of a customer's financial difficulties. Moreover, there is also a contagion of default (cross default) effect for the exposure of business



customers.

The criteria for leaving default respect quarantine periods. The exposures are no longer considered to be in default when the following conditions are fulfilled:

- The debtor does not have any amount overdue for more than 90 days;
- A minimum period of one year has elapsed since the application of the restructuring measures;
- In the case of operations with a non-regular payment plan, the customer pays at least one instalment during the quarantine period in default;
- All the operations should comply with a quarantine of at least 3 months, including operations that are in default via the criterion of contagion of corporate; and
- By analysis of the credit risk of the customer/contract(s), in particular in the case of exposures subject to restructuring, situations that have established the payment of a material fixed sum or significantly larger payments at the end of the repayment plan should imply a specialised and prudent analysis.

#### Incorporation of forward-looking information

Pursuant to IFRS 9, various macroeconomic scenarios should be defined to obtain an expected loss value that reflects an unbiased and weighted vision of reality. To this end, 3 macroeconomic scenarios were defined (baseline, pessimistic and optimistic) whose projections and respective probabilities are established by one of the main External Credit Assessment Institutions (ECAI).

For each contract, the impairment values were calculated for each one of the three configured macroeconomic scenarios. Losses are calculated based on the corresponding risk factors for each scenario. Additionally, and to obtain an estimate of final loss, each one of the scenarios was duly weighted according to its probability of occurrence.

#### *Expected lifetime*

At the time of the initial recognition of a financial asset, the expected loan losses are calculated for 12 months (level 1). If the credit risk of a financial asset 'increases significantly' in relation to the initial moment and the credit quality derived from this increase is not considered a low credit risk (level 2) or the credit risk of a financial asset increases to the extent of being considered 'impaired' (level 3), the expected losses are recognised for the respective maturity.

Purchased or originated credit impaired (POCI) assets are financial assets are impaired at initial recognition (reduction to their recoverable value). POCI financial assets are recorded at fair value at initial recognition and the interest is subsequently recognised based on the effective interest rate adjusted for credit losses. The expected credit loss ("ECL") is recognised/reversed to the extent that there is a subsequent change in the ECL.

#### d) Financial assets (IFRS 9)

The CA Group decided to consolidate the information relative to insurance activity in accordance with IAS 39; therefore, this item is not applicable to this activity (see item f)).

Financial assets are classified into three categories according to the business model associated with their holding, the type of financial instrument (debt, equity, or derivatives) and their features, namely:

- Fair value through profit or loss (FVTPL);
- Fair value through other comprehensive income (FVTOCI); or
- Amortised cost.

The classification and subsequent measurement of debt instruments depends on:

- (i) the features of the cash flow of the asset; and
- (ii) the business model.

If the contractual features of the cash flows of a financial asset do not correspond exclusively to principal and interest (criteria of SPPI – Solely payments of Principal and Interest), it shall mandatorily be recognised and measured at fair value through profit or loss.

Based on these factors, the CA Group classifies its debt instruments into one of three measurement categories, namely:

#### i) Financial assets at fair value through profit or loss

Debt financial instruments at fair value through profit or loss are traded on active markets, acquired for the purpose of sale, or repurchase in the short-term.

These instruments are initially recognised at fair value with the gains and losses derived from subsequent measurement at fair value being recognised through profit or loss.

The interest inherent to financial assets and the differences between acquisition cost and nominal value (premium or discount) are calculated in accordance with the effective interest rate method and recognised in the income statement under the heading of “Interest income”.

The measurement of financial assets at fair value is based on the most representative values of the bid-ask range, in relation to the circumstances of the measurement, regardless of the IFRS 13 hierarchy level in which the instruments are classified. If a market price is not available, the fair value of the instrument is estimated based on valuation techniques, which include price assessment models or discounted cash flow techniques. When discounted cash flow techniques are used, the future financial flows are estimated in accordance with the management's expectations and the discount rate used corresponds to the market rate for financial instruments with similar features. In the price assessment models, the data used correspond to information about market prices.

These debt financial instruments at fair value through profit or loss are derecognised upon their sale or when the associated cash flows expire.

## ii) Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include financial instruments whose features exclusively refer to the SPPI criteria (principal and interest), and their objective is the receipt of contractual cash flows and/or their sale.

Financial assets at fair value through other comprehensive income are recorded at fair value. Gains and losses relative to subsequent fair value variation are reflected under a specific equity heading, named "Fair value variation of financial assets at FVTOCI", until their sale, at which time they are transferred to profit or loss. Currency conversion gains or losses of debt instruments are recognised directly through profit or loss for the period.

The interest inherent to financial assets and the differences between acquisition cost and nominal value (premium or discount) are calculated in accordance with the effective interest rate method and recognised in the income statement under the heading of "Interest income".

The quantification of the impairment of the securities portfolio (debt instruments) is calculated using the expected credit losses calculation tool (ECL), Moody's "ImpairmentStudio", based on the calculation of the risk parameters, probability of default (PD) and loss given default (LGD), based on models developed by Moody's and which consider, in particular, the rating, country, business sector and the probability of default implicit in credit default swaps (CDS). The calculation of conditional risk parameters, PD and LGD, is carried out using the MA Correlation Model (GCorr) and uses the distance-to-default (DD) measure correlations, determined from the spreads, to calculate sovereign correlations. The impairment calculated is stated under a specific heading in equity against profit or loss.

During 2022 and 2021, sales were residual, not exceeding the limits defined in the investment policy.

## iii) Debt instruments at amortised cost

Debt instruments at amortised cost are financial instruments whose features refer exclusively to the SPPI criterion (principal and interest), with their objective being the receipt of contractual cash flows up to their redemption, namely debt securities, investments in credit institutions, purchase operations with resale agreement and loans and advances to customers (see Note 2.4 c)).

These instruments measured at amortised cost are recorded at acquisition cost. The interest inherent to financial assets, and the recognition of differences between acquisition cost and nominal value (premium or discount), are calculated in accordance with the effective interest rate method and recognised in the income statement under the heading of "Interest income".

The quantification of impairment for the securities portfolio (debt instrument) recorded at amortised cost is based on the risk rating and risk factors established by the main credit risk rating agencies.

The quantification of the impairment of the securities portfolio (debt instruments) is calculated using the expected credit losses calculation tool (ECL) “ImpairmentStudio”, based on the calculation of the risk parameters, PD and LGD, based on models developed by Moody's and which consider, in particular, the rating, country, business sector and the probability of default implicit in credit default swaps (CDS). The calculation of conditional risk parameters, PD and LGD, is carried out using the MA Correlation Model (GCorr) and uses the distance-to-default (DD) measure correlations, determined from the spreads, to calculate sovereign correlations.

Securities sold with a repurchase agreement are kept in the portfolio in which they were originally recorded. The funds received are recorded, on the settlement date, in a specific liability account, with the respective interest being divided into periods through the effective interest rate method.

For debt financial instruments measured at amortised cost, maximum sale limits have been defined based on the frequency, amount, and proximity to maturity.

During 2022 and 2021, sales were residual, not exceeding the limits defined in the investment policy.

Debt instruments also include securitised loans (e.g., commercial paper) (see Note 2.4 c)).

### Equity instruments

The CA Group considers equity instruments to include all those which, from the point of view of the issuer, are classified as equity, i.e., instruments that do not contain a contractual obligation to pay and which show a residual interest in the net assets of the issuer. Examples of equity instruments include basic ordinary shares.

The CA Group subsequently measures all equity instruments at fair value through profit or loss, except when the CA Group has decided, upon initial recognition, to place it under the irrevocable designation of an equity investment at fair value through other comprehensive income. It is the CA Group's policy to designate equity instruments at fair value through other comprehensive income (FVTOCI) when they are held for objectives that differ from generating returns via their sale.

When this option is taken, the fair value of gains and losses are recognised in “Other accumulated comprehensive income”, and are not subsequently reclassified to profit or loss, inclusively upon their disposal. Dividends, when representing return on the equity invested, are recognised through profit or loss at the time when the right to receive them is established.

### Derivative financial instruments

Items that qualify as derivative financial instruments are financial instruments, or other contracts, that have the following characteristics:

- (a) Its value varies as a result of changes in specific variables, such as interest rates, commodity prices, exchange rates, etc. (if a given variable is non-financial, it must not be specific to one of the parties to the contract);

- (b) it does not require initial net investment, or the initial net investment is less than would be required for other types of contracts for which similar behaviour would be expected in the face of changes in market factors; and
- (c) The instrument/contract will be settled at a future date.

Derivative financial instruments are recorded at fair value on the date of their contracting, being subsequently measured at fair value through profit or loss (gains and losses at fair value for the year being stated in the headings of "Gains or (-) losses on financial assets and liabilities held for trading, net"). Furthermore, they are reflected under off-balance sheet headings at their notional value. Fair value is calculated as follows:

- Based on prices in active markets (for example, with respect to futures traded on organised markets).
- Based on models which incorporate valuation techniques accepted in the market, including discounted cash flow and options valuation models.

Trading derivatives with net value receivable (positive fair value) are included under the heading of "Financial assets held for trading". Trading derivatives with net value payable (negative fair value) are included under the heading of "Financial liabilities held for trading".

#### Hedge accounting

For financial instruments to qualify for hedge accounting, the following criteria must be fully met:

- The management must formally designate and document the hedge relationship at the beginning of the hedge. This includes identifying the hedge instrument, the hedged instrument (or transaction), the type of the risk being hedged, and how the institution will assess the effectiveness of the hedge, identification of sources of ineffectiveness, how the hedge ratio will be determined, and the Group's risk management objectives and strategies that justify contracting the hedge.
- There must be an economic relationship between the hedging instrument and the hedged instrument. With the expectation that the value of the hedging instrument and the value of the hedged instrument will move in opposite directions, as a result of the common underlying assumptions, or the risk being hedged;
- Credit risk does not dominate changes in value. Even if an economic relationship exists, a change in the credit risk of the hedge instrument or the hedged instrument should not be of such magnitude as to dominate the changes in value that result from the economic relationship.
- The hedge ratio is defined as the relationship between the quantity of the hedging instrument and the quantity of the hedged item in terms of their relative weighting.

Management documents, on the initial date of the hedge relationship, the economic relationship between the hedge instruments and the hedged instruments, including the condition as to whether the hedge instruments will offset changes in the cash flows of the hedged instruments, in accordance with the risk management objectives and strategy defined for contracting hedge transactions.

Fair value hedge:

In a fair value hedge of an asset or liability, the book value of that asset or liability, determined in accordance with the respective accounting policy, is adjusted to reflect the change in its fair value attributable to the risk being hedged. Changes in the fair value of hedge derivatives are recognised in the profit or loss, together with changes in the fair value of the hedged asset or liability attributable to the hedged risk. When a hedge instrument expires or is sold, or when the hedge no longer meets the criteria for hedge accounting or the institution revokes the designation, the derivative financial instrument is transferred to the trading portfolio and the hedged assets and liabilities are no longer adjusted for changes in their fair value. If the hedged asset or liability corresponds to an instrument measured at amortised cost, the revaluation adjustment is amortised to maturity using the effective interest rate method and reflected in the net trading income.

**Restrictions of reclassification between financial asset categories, pursuant to IFRS 9**

The principle of IFRS 9 is that there are no reclassifications between categories, unless the business model used by management is changed. In this case, the reclassification is carried out prospectively from the date of reclassification and does not result in the restatement of gains and losses previously recognised in profit or loss.

In the event that the CA Group reclassifies financial assets, this reclassification follows the following set of principles:

1. If the CA Group reclassifies a financial asset, removing it from the category of measurement at amortised cost and placing it in the category of measurement at fair value through profit or loss, its fair value is measured as at the reclassification date. Any gain or loss derived from a difference between the previous amortised cost of the financial asset and the fair value should be recognised through profit or loss.
  
2. If the CA Group reclassifies a financial asset, removing it from the category of measurement at fair value through profit or loss and placing it in the category of measurement at amortised cost, its fair value on the reclassification date will become its new book value.
  
3. If the CA Group reclassifies a financial asset, removing it from the category of measurement at amortised cost and placing it in the category of measurement at fair value through other comprehensive income, its fair value is measured as at the reclassification date. Any gain or loss derived from a difference between the previous amortised cost of the financial asset and the fair value should be recognised through other comprehensive income. The effective interest rate and the measurement of expected loan losses are not adjusted as a result of the reclassification.

4. If the CA Group reclassifies a financial asset, removing it from the category of measurement at fair value through other comprehensive income and placing it in the category of measurement at amortised cost, the financial asset is reclassified at its fair value on the reclassification date. However, any accumulated gain or loss previously recognised in other comprehensive income is removed from the equity and adjusted according to the fair value of the financial asset on the reclassification date. As a result, the financial asset is measured on the reclassification date as if it had always been measured at amortised cost. This adjustment affects other comprehensive income but does not affect profit or loss and, consequently, does not consist of a reclassification adjustment. The effective interest rate and the measurement of expected loan losses are not adjusted as a result of the reclassification.

5. If the CA Group reclassifies a financial asset, removing it from the category of measurement at fair value through profit or loss and placing it in the category of measurement at fair value through other comprehensive income, the financial asset continues to be measured at its fair value.

6. If the CA Group reclassifies a financial asset, removing it from the category of measurement at fair value through other comprehensive income and placing it in the category of measurement at fair value through profit or loss, the asset continues to be measured at its fair value. However, any accumulated gain or loss previously recognised in other comprehensive income is reclassified from the equity to profit or loss as reclassification adjustment on the reclassification date.

Both the category of measurement at amortised cost and the category of measurement at fair value through other comprehensive income require that the effective interest rate should be determined upon initial recognition. Both measurement categories also imply the impairment requirements should be applied in the same way. Consequently, when an institution reclassifies a financial asset between the category of measurement at amortised cost and the category of measurement at fair value through other comprehensive income:

a) The recognition of income from interest remains unchanged and, consequently, the institution continues to apply the same effective interest rate;

b) The measurement of expected loan losses will remain unchanged, as both measurement categories apply to the same approach with respect to impairment. However, if a financial asset is reclassified from the category of measurement at fair value through other comprehensive income to the category of measurement at amortised cost, a provision for losses should be recognised in the form of an adjustment to the gross book value of the financial asset from the reclassification date. If a financial asset is reclassified from the category of measurement at amortised cost to the category of measurement at fair value through other comprehensive income, the provision for losses should be derecognised (thus no longer being recognised as an adjustment to the gross book value), being, instead recognised as an amount due to accumulated impairment (of the same value) in other comprehensive income and disclosed from the reclassification date. Nonetheless, the CA Group is not obliged to separately recognise the income from interest or the gains or losses due to impairment of a financial asset measured at fair value through profit or loss. Consequently, when an institution reclassifies a financial asset, removing it from the category of measurement at fair value through profit or loss, the effective interest rate is determined based on the fair value of the asset on the reclassification date.

### e) Annulments/Write-offs of principal and interest

Pursuant to IFRS 9, the gross book value of a financial asset is reduced when there are no longer any reasonable expectations of recovery. A credit annulment constitutes a derecognition event. The annulment can involve the financial asset as a whole or merely part of it. Consequently, the gross book value of a financial asset is reduced at the time of annulment. A financial asset should be annulled (written off from the assets), as a whole or partially, in the period when the loan, or fraction of this loan, is considered irrecoverable. In assessing the recoverability of NPL and determining the internal annulment methods, attention should be given to the following particular situations: positions with extended arrears in repayment and positions under insolvency procedures.

The Crédito Agrícola Group believes that detailed records should be kept of all processes of annulment of uncollectible loans. The databases collating information about processes of annulment of loans considered uncollectible should fulfil requirements of depth, amplitude, reliability, up-to-dateness and traceability. The information collected in the databases should be included in management reports, to ensure that the reports and other pertinent documentation (recurring or occasional) for the decision-making process at various managerial levels, including at the level of the board of directors, are based on up-to-date, complete and coherent information.

Specific measures were adopted under the Strategic Non-Performing Loan Management Plan to annul uncollectible loans at the level of each Caixa Agrícola. In this context, the aim is to annul the Non-Performing Loans (NPL) positions deemed unrecoverable, with contracts (secured and unsecured) that have an impairment rate above 50%, irrespective of their status (regular or overdue), having been considered for the purpose.

Credit operations with the following non-cumulative features are mandatorily eligible for annulment:

- Impairment coverage level above 80% for loans backed by real estate collateral (mortgage).
- Impairment coverage level above 70% for all other loans.

Nevertheless, cases in which customer record good compliance in the context of judicial agreements, special revitalisation processes (PER) or insolvency plans that have been homologated and turned into final judgements should be safeguarded, as their annulment is thus not feasible.

The procedures for annulment of uncollectible loans comply with the following requirements:

- i) The loan should be entirely covered by impairments (100% provisioned). In cases where the degree of coverage of the exposure by impairments is less than 100%, the necessary impairments should be constituted up to this threshold; and
- ii) Once the entirety of the loan has been called in and the main efforts of collection considered adequate have been developed, the expectations of loan recovery are reduced to a time horizon in which they can be reasonably estimated, thus leading to a high rate of coverage by impairment and/or the existence of default for an extended period of time.



In accounting terms, the annulment of loans considered uncollectible gives rise to the corresponding recognition in off-balance sheet accounts (see Circular Letter CC/2017/00000020), which should remain there until the effective limitation period of the debt has ended (ordinary period of 20 years, pursuant to Article 309 of the Civil Code) or, for any reason, the right to receive these loans extinguishes (e.g., debt recovery, debt remission, among others).

#### f) Other financial assets and liabilities (IAS 39)

The CA Group decided to consolidate the information relative to insurance activity in accordance with IAS 39; therefore, this item is only applicable to this activity.

Financial assets and liabilities are recorded in conformity with the provisions of IAS 39, with their classification on the date of their initial recognition depending on their features and the intention of their acquisition/holding.

Financial assets and liabilities are recognised on the transaction date, i.e., on the date when the purchase or sale commitment is undertaken. The classification of the financial instruments on the initial date of recognition depends on their characteristics and the intention of acquisition.

Financial assets are initially recognised at fair value plus their transaction costs, except for financial assets held for trading, which are recognised immediately through profit or loss.

These categories of assets are derecognised when (i) the CA Group's contractual rights to receive their cash flow expire; (ii) CA Group has substantially transferred all the risks and benefits associated to their ownership; or (iii) even if the CA Group retains part, but not substantially all, of the risks and benefits associated to their ownership, the CA Group has transferred control over the assets.

##### i) Financial assets held for trading at fair value through profit or loss

Financial assets held for trading include income earning securities traded on active markets, acquired for the purpose of sale, or repurchase in the short term, as well as derivatives. Trading derivatives with net value receivable (positive fair value) are included under the heading of "Financial assets held for trading". Trading derivatives with net value payable (negative fair value) are included under the heading of "Financial liabilities held for trading".

Financial assets and liabilities held for trading and financial assets at fair value through profit or loss are initially recognised at fair value. Gains and losses arising from subsequent measurement at fair value are recognised through profit or loss.

The interest inherent to financial assets is calculated in accordance with the effective interest rate method and recognised in the income statement under the heading "Interest income".

Dividends are recorded under the respective profit or loss accounts when the entitlement to their payment is established.

The fair value of financial assets traded in active markets is their bid-price or closing market price on the reporting date. If a market price is not available, the fair value of the instrument is estimated based on valuation techniques, which include price assessment models or discounted cash flow techniques.

When discounted cash flow techniques are used, the future financial flows are estimated in accordance with the management's expectations and the discount rate used corresponds to the market rate for financial instruments with similar features. In the price assessment models, the data used correspond to information about market prices.

Financial assets at fair value through profit or loss include fixed yield securities traded in active markets that the Group has decided to record and measure at fair value through profit or loss.

Financial assets held for trading and other financial assets at fair value through profit or loss are derecognised upon their sale.

#### ii) Financial assets available for sale

With the publication Notice 1/2019 of 22 January 2019, the Banco de Portugal defined that the model financial statements and respective applicable items would be carried out according to the FINREP mapping. Therefore, for disclosure purposes the financial assets available for sale are disclosed in the Note on "Financial assets at fair value through other comprehensive income".

Financial assets available for sale include equity and debt instruments that are not classified as financial assets held for trading at fair value through profit or loss, investments held to maturity, credit or loans and accounts receivable.

Financial assets available for sale are measured at fair value, except for equity instruments not listed on an active market and whose fair value cannot be measured reliably, which remain recorded at cost. Gains and losses relative to subsequent variation of fair value are reflected under a specific equity heading, "Change in fair value of instruments measured at fair value through other comprehensive income" until their sale (or up to the recognition of impairment losses), at which time they are transferred to profit or loss. Currency conversion gains or losses of debt instruments are recognised directly through profit or loss for the period, while currency conversion gains or losses of equity instruments are recognised directly in reserves.

The interest inherent to financial assets is calculated in accordance with the effective interest rate method and recorded in the income statement under the heading "Interest income".

Dividends are recorded under the respective profit or loss accounts when the entitlement to their payment is established.

The CA Group conducts periodic impairment tests on its financial assets. When there is objective evidence of impairment in a financial asset or group of financial assets, the impairment losses are recorded against profit or loss.

For listed securities and investment funds, it is considered that there is objective evidence of impairment in a situation of continued devaluation or significant loss of value in the market price of the securities. This is defined as a depreciation of value for a period of time above 12 months or of a value above 30%, respectively.

For unlisted securities, objective evidence of impairment is considered the existence of an event with impact on the estimated value of the future cash flow of the financial asset, provided that it can be reasonably estimated.

In the event of objective evidence of impairment, arising from a significant or prolonged reduction of the fair value of security or from financial difficulties of the issuer, the accumulated loss in the fair value revaluation reserve is removed from the equity and recognised through profit or loss. Impairment losses recorded for fixed income securities may be reversed through profit or loss, if there is a positive change in the fair value of the security arising from an event which has occurred after the determination of the impairment. Impairment losses relative to variable income securities cannot be reversed, hence any potential capital profits arising after the recognition of impairment losses are reflected in the fair value reserve. Regarding variable income securities for which impairment has been

recorded, subsequent negative variations in fair value are always recognised through profit or loss.

iii) Financial assets at amortised cost

With the publication Notice 1/2019 of 22 January 2019, the Banco de Portugal defined that the model financial statements and respective applicable items would be carried out according to the FINREP mapping. Therefore, for disclosure purposes the financial investments to be held to maturity are disclosed in the Note on "Financial assets at amortised cost".

Financial investments assets held to maturity are investments with a fixed yield, an interest rate that is known at the time of the issue and a determined redemption date, where it is in the Group's interest to keep them until their repayment.

Financial investments held to maturity are recorded at acquisition cost. The interest inherent to financial assets and the recognition of the differences between the acquisition cost and the nominal value (premium or discount) are calculated in accordance with the effective interest rate method and recorded in the income statement under the heading of "Interest income".

iv) Investments in credit institutions

Only the amounts receivable from other credit institutions are recorded in this heading.

These are financial assets with fixed or determinable payments, not listed on an active market and not included in any other category of financial asset.

These assets are initially recognised at their fair value, minus any commissions included in the effective rate and plus all incremental costs directly attributable to the transaction. Subsequently, these assets are recognised in the balance sheet at amortised cost, minus impairment losses.

The interest is recognised based on the effective rate method, which enables calculating the amortised cost and distributing the interest over the period of the operations. The effective rate is the rate which is used to discount the estimated future cash flow associated to the financial instrument on the date of its initial recognition. The effective interest rate calculated for a financial asset of this type is not altered in subsequent reporting periods.

v) Financial liabilities

An instrument is classified as a financial instrument when there is a contractual obligation of its settlement being made against the submission of money or another financial asset, independently of its legal form.

Financial liabilities are classified as measured at amortised cost, except for derivatives, financial liabilities held for trading (for example, short positions) which are classified at fair value through profit or loss upon initial recognition. Gains and losses arising from subsequent measurement at fair value are recognised through profit or loss.

The classification of financial liabilities pursuant to IFRS 9 does not differ from the accounting policies established in IAS 39.

Derecognition of financial liabilities pursuant to IAS 39 and recording of modification impacts:

The CA Group derecognises a financial liability (or part of a financial liability) from its statement of financial position when, and only when, it is extinct, i.e., when the specific obligation in the contract is fulfilled, cancelled, or expires. An exchange between an existing borrower and lender of debt instruments with substantially different terms is recorded as the extinction of the original financial liability and recognition of a new financial liability. Likewise, a substantial modification in the terms of an existing financial liability or part of it (whether or not attributable to the debtor's financial difficulty) is recorded as the extinction of the original financial liability and recognition of a new financial liability.

1. The difference between the book value of a financial liability (or part of a financial liability) extinguished or transferred to another party, and the retribution paid, including any non-monetary assets transferred or liabilities assumed, is recognised through profit or loss.
2. If the CA Group repurchases a part of a financial liability, it shall allocate the previous book value of the financial liability between the part that continues to be recognised and the part that is derecognised based on the relative fair values of those parts at the repurchase date. The difference between a) the book value imputed to the derecognised part, and b) the retribution paid, including any non-monetary assets transferred or liabilities undertaken, for the derecognised part is recognised through profit or loss.

**g) Financial liabilities (IFRS 9)**

An instrument is classified as a financial instrument when there is a contractual obligation of its settlement being made against the submission of money or another financial asset, independently of its legal form.

Financial liabilities, essentially funds of credit institutions, customer deposits, issued debt and financial assets acquired with repurchase agreement, are initially stated at fair value, which corresponds to the consideration received net of transaction costs, and are subsequently stated at amortised cost.

Except for derivatives, financial liabilities held for trading (for example, short positions) are classified at fair value through profit or loss upon initial recognition. Gains and losses arising from subsequent valuation at fair value are recognised in "Gains or losses on financial assets and liabilities held for trading, net".

The classification of financial liabilities pursuant to IFRS 9 does not differ substantially from the accounting policies established in IAS 39.

Financial liabilities acquired with a resale agreement at a fixed price, or at a price equal to the purchase price plus the interest inherent to the period of the operation, are not recognised on the balance sheet, with the acquisition cost being recorded as loans and advances to other credit institutions. The difference between the purchase value and the resale value is treated as interest and is deferred over the life of the agreement, through the effective interest rate method.

A modification is defined as when the contractual terms of a financial liability are substantially altered, forcing the extinction of the original financial liability and the recognition of a new financial liability. The new financial liability resulting from the modification is recognised at its fair value and any difference in relation to the book value of the extinct financial liability, including all the associated costs and rates, is recognised through profit or loss. If the modification of a financial liability is not considered substantial, the amortised cost of the financial liability should be recalculated based on the present value of the estimated future contractual cash flows discounted at the associated original interest rate. All gains or losses arising from this recalculation will be recognised through profit or loss, and all costs and rates associated with the modification will be amortised over the remaining term of the modification. In order to determine whether the modification of a financial liability is significant, the CA Group considers quantitative and qualitative assessments. With respect to the quantitative assessment, any difference between the present values of the cash flows of the original debt and those of the modified debt above 10% is considered substantial, where the CA Group also conducts a qualitative analysis to identify other facts and circumstances not captured by the quantitative analysis. Furthermore, the financial liabilities cannot be reclassified between categories.

#### Derecognition of financial liabilities

An institution should derecognise a financial liability (or part of a financial liability) from its statement of financial position when, and only when, it is extinct, i.e., when the specific obligation in the contract is fulfilled, cancelled, or expires.

#### **h) Tangible assets**

The tangible asset items used by the CA Group for the development of its activity are measured at acquisition cost (including directly attributable costs) minus accumulated depreciation, and impairment losses.

The acquisition cost includes the purchase/production price of the asset, the expenses directly attributable to its acquisition and costs incurred to prepare the asset to place it in condition for use. The financial costs incurred in relation to loans obtained for construction of tangible assets may also eventually be recognised as part of the cost of constructing the asset.

The depreciation of the tangible asset is recorded on a systematic basis over the estimated period of useful life of the asset, based on the following useful life periods:

Tangible assets	Years of useful life
Real estate properties for own use	50
Expenses on rented buildings	10
IT and office equipment	4 to 10
Interior furnishings and installations	6 to 10
Vehicles	4

The useful lives of tangible assets are reviewed in each financial reporting period so that the depreciation carried out is in accordance with the consumption patterns of the assets. Land is not depreciated. Alterations to useful lives are treated as an alteration of accounting estimate and are applied prospectively under the terms of IAS 8.

Expenditure related to investment in works which cannot be recovered, carried out in buildings that are not owned by the CA Group are amortised over a period compatible with their expected utilisation or the rental agreement, whichever is lowest.

Whenever there are indications of loss of value in tangible assets, impairment tests are performed to estimate the recoverable amount of the asset, and when required, to record an impairment loss. The recoverable amount is determined as the highest between the fair value less costs to sell and the value in use of the asset, with the latter calculated based on the present value of estimated future cash flows, arising from the continued use and disposal of the asset at the end of its defined useful life.

Gains or losses in the disposal of assets are determined by the difference between the realisation value and the book value of the asset, being recognised in the consolidated income statement, under the heading "Gains or losses on derecognition of non-financial assets, net".

#### **i) Intangible assets**

The CA Group records under this heading the expenses during the development phase of projects relative to information systems that are already installed or under implementation, as well as the cost of acquired software, in both cases when the impact is expected to be reflected beyond the year when the costs are incurred.

Internally generated assets, namely expenses related to internal development, are recorded as costs when incurred, whenever it is not possible to distinguish between the research phase and the development phase, or when it is not possible to reliably determine the costs incurred at each phase or the probability of economic benefits flowing to the CA Group.

Intangible assets are recorded at acquisition cost, minus accumulated depreciation and impairment losses.

Depreciation is recorded as costs for the year on a systematic basis over the useful life of the assets, which corresponds to a period of 3 to 6 years.

#### **j) Non-current assets held for sale**

The CA Group records under "Non-current assets held for sale and disposal groups classified as held for sale" the real estate, equipment and other assets received as a result of credit recoveries (e.g., in lieu of payment, judicial auction sale, other). These assets are recorded at the lowest between the value agreed in the contract, which usually corresponds to the value of the existing debt which is thus extinguished, and the asset's valuation on the date of the operation. Real estate properties are recorded in this heading from the time of the signing of the deed for transfer in lieu of repayment, auction sale or other.

Real estate properties can also be stated as "Non-current assets held for sale and disposal groups classified as held for sale" previously stated in tangible assets, if the expected realisation of the asset is through sale and if the criteria of IFRS 5 are met.

For these assets, there is the expectation of sale within the period of 12 months when actively on sale and the price is regularly analysed and if necessary adjusted.

As an exception to the above-mentioned framework, the real estate that have encumbrances that prevent their sale are accounted for in "Other Assets" and not as "Non-current assets held for sale and disposal groups classified as held for sale", in accordance with paragraph 7 of IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations":

"For this to be the case, the asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and its sale must be highly probable."

The valuation of these assets, and consequently the impairment losses, is supported by valuations performed by entities registered as "expert appraisers" with the Portuguese Securities Market Commission, which incorporate several assumptions. Three methods are used in the valuations of these assets:

#### - Market method

This method determines an estimate of the amount at which a property is believed to be transactable, after an appropriate marketing period, between an interested seller and buyer, where both parties act in an informed, prudent and unconditioned or uncoerced manner.

The value of the property is determined after analysing the transaction and offer values of comparable properties, obtained through local market knowledge and exhaustive real estate market data collection, which enables us to know the supply and demand situation for similar properties and which is a decisive factor in determining the market value of the property being assessed.

#### - Yield method

In this method, the market value of a property corresponds to the present value of all rights to future benefits arising from its ownership. This method assumes that the management and operation of the property is based on principles of legality, rationality and competence. The objective of the analysis is to determine the respective capacity to generate revenue streams, as well as the periodicity of their occurrence, also inferring all inherent expenses.

#### - Cost method

In this method, the estimated value of a property corresponds to the construction cost of a property that fulfils the same functions and has the same characteristics, materials and technology, at current market prices. The value includes the land value, the costs inherent to the construction and the profit margin of the investment promotion, as well as a deduction that corresponds to the depreciation, or loss in value of the property that results from physical, functional, economic or environmental obsolescence or a combination of these.

The CA Group does not recognise potential capital gains for these assets. Changes in impairment losses on a non-current asset held for sale, such as realised gains or losses (at the date of sale) are recorded in the Consolidated Income Statement under the caption "Profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations".

### **k) Investment properties**

The CA Group records under "Investment properties" the real estate properties held by the CA Group that are not used in the activity and identified as being income earning, i.e., where the objective is to obtain income. Real estate properties are measured at fair value.

Costs and income received from investment properties of the Crédito Agrícola Group are recorded in the income statement under the heading "Other operating income".

### **l) Provisions and Contingent Liabilities**

This liability heading includes the provisions constituted to meet risks associated to lawsuits based on the assessment of probability of condemnation done by the lawyers that follow the lawsuits and other specific risks arising from the activity of the Crédito Agrícola Group.

The provisions recorded by the CA Group, excluding the technical provisions of insurance activity, are based on the assumptions of IAS 37 - "Provisions, contingent liabilities, and contingent assets", corresponding to present liabilities or obligations with high probability of future occurrence or liability whose settlement is expected to give rise to an expenditure of funds. Their high degree of certainty necessarily implies the recording of provisions, so they cannot merely be disclosed as a "contingent liability".

The effect of the financial discount due to the updating of the provisions is considered.

The principles of accounting and measurement of the technical provisions of the insurance activity are disclosed in point u) Insurance.

Whenever one of the criteria for recognising provisions is not met or the existence of the obligation is conditioned on the occurrence (or non-occurrence) of a certain future event, the CA Group discloses this fact as a contingent liability, as set out in Note 22, unless the assessment of the requirement of the outflow of resources for payment is considered remote.

### **m) Financial guarantees:**

Contracts that require their issuer to make payments to compensate the holder for losses incurred because of a breach of the contractual terms of debt instruments, including the payment of principal and/or interest, are considered financial guarantees.



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

Financial guarantees issued by the Group normally have a defined maturity and a periodic fee charged in advance, which varies according to the counterparty risk, amount and period of the contract. On that basis, the fair value of the collateral at the date of its initial recognition is approximately equivalent to the amount of the initial commission received considering that the agreed terms are market terms. Thus, the amount recognised on the contract date equals the amount of the initial commission received, which is recognised through profit or loss during the period to which it relates. Subsequent commissions are recognised in profit or loss in the period to which they relate.

#### **n) Deposits**

After initial recognition, the customers deposits and credit institutions are valued at amortised cost, based on the effective interest rate method.

#### **o) Securitised debt issued**

Subordinated loans issued by the CA Group are recorded under the heading of "Other financial liabilities". Subordinate loans are stated at their fair value. At the end of October 2021, the CA Group placed its first debt issue in the international market, specifically senior preferred debt securities linked to Social Sustainability.

#### **p) Other subordinated debts**

Subordinated loans are recorded under the heading "Other financial liabilities". Subordinate loans are stated at their amortised cost.

#### **q) Employee benefits**

The CA Group has signed the Collective Labour Agreement (ACT) for Crédito Agrícola (called the Collective Labour Agreement of the Institutions of Crédito Agrícola Mútuo), therefore its employees and their families are entitled to pensions due to retirement, disability and survival. However, since the employees are enrolled in Social Security, the liabilities of the ACT Signatory Institutions related to employee pensions consist of the payment of supplementary pensions in accordance with the levels established in the ACT.

The defined benefit pension plan thus provides for the possibility of paying pensions set by the ACT in force, in the event of early retirement, old-age retirement, disability retirement and survivors' benefits, in addition to those granted by Social Security schemes.

The employees' post-employment benefits also include medical care (SAMS), whose liabilities are calculated based on the same assumptions as the liabilities related to supplementary pensions. In accordance with clause 116 of the ACT, the sum corresponding to 6.5% of the total retirement and survivor's pensions, provided for in the ACT, regardless of the pensions received from social security schemes, constitutes compulsory contributions by the Crédito Agrícola institutions to the SAMS. The benefits cover the relatives of the employees, under the terms of the internal regulations endorsed by the SAMS.

In December 2018, the constitutive agreement of the Pension Fund was amended to include the coverage of liabilities related to pre-retirement, relative to agreements that are concluded from 1 January 2019.

In 2019, that constitutive agreement was rectified to clarify that the pre-retirement liabilities thereafter covered by the Pension Fund include the respective mandatory social charges and medical care at a post-employment stage.

The managing institution of the CA Group Pension Fund is Crédito Agrícola Vida - Companhia de Seguros, S.A.

An actuarial evaluation is carried out annually with a reference date of 31 December of each year for the calculation of liabilities to be financed by the respective shares of the pension fund of Caixa Central, Caixas de Crédito Agrícola and other Associated Crédito Agrícola Institutions of the Pension Fund.

Pursuant to the Constitutive Agreement of the Crédito Agrícola Pension Fund, the members of their governing bodies are not covered by the benefits described above.

The ACT pension calculations are based on the following lengths of time of service:

- For future seniority bonuses and automatic promotions, the length of service time was considered for purposes of level and seniority; and
- For the calculations of percentages in Annex V of the Collective Labour Agreement (ACT), the starting point was the recruitment date recognised for the pension fund.

The present value of past service liabilities, as well as the corresponding current service costs, were calculated using the Projected Unit Credit method.

Only those legally married are accepted for survivor pensions. For surviving men, the age is taken as three years younger than the pensioner, and for women as three years older. The calculation of this benefit is based on the remuneration level of the participant, in line with Annex VI of the collective labour agreement (ACT).

Banco de Portugal Notice 4/2005 determines that it is compulsory for pension funds to assure the full financing of pension liabilities under current payment and a minimum level of 95% of liabilities related to past service of current personnel.

Due to the application of IAS 19 Reviewed, the remeasurement (actuarial gains and losses; return on plan assets, excluding amounts included in net interest on liabilities (assets) net of defined benefits; and any change in the effect of the maximum limit on assets, excluding amounts included in net interest on liabilities (assets) net of defined benefits) resulting from (i) differences between the actuarial and financial assumptions used and the amounts actually recorded and (ii) changes in actuarial assumptions, are recognised in their entirety as comprehensive income in the respective year in which they occur, being recorded under the heading of “Other accumulated comprehensive income”.

The amounts recorded in the year in profit or loss refer to:

- Cost of the service: The cost of the service includes the cost of current services, cost of past services and gains or losses upon settlement, which is recorded under the heading of “Administrative expenses - staff expenses”; and
- Net interest: Net interest is determined by multiplying the discount rate by the net liability (asset) of defined benefits (both determined at the beginning of the annual reporting period, considering any variation of the net liability (asset) of defined benefits during the period as a consequence of the payment of contributions and benefits), which is recorded under the heading of “Administrative expenses - Staff expenses”.

The re-measurements recorded in “Other accumulated comprehensive income”, include all the changes derived from the re-measurement of liabilities due to past and present services of the plan.

#### Defined contribution plan

Pursuant to clause 52(1) of the Collective Labour Agreement of 2020 (hereinafter also referred to as collective labour agreement or ACT), which CA Vida and CA Seguros endorsed, published in Labour and Employment Bulletin (BTE) number 21 of 8 June 2020, “all active workers in full exercise of their duties, with an employment contract for an indefinite period, shall benefit from an individual retirement plan, and in the case of retirement due to old age or disability granted by Social Security, which shall integrate and replace any other retirement pension attribution systems established in previous collective labour regulation instruments applicable to the company”.

The pension plan is funded through collective adherence to the open pension fund “CA Reforma Garantida”.

In view of the provisions in Annex V of the previously mentioned collective labour agreement, in 2018, the Company made contributions to the Individual Retirement Pension Plan (PIR) of the value corresponding to the rate of 3.25% applied to the annual wage of the worker.

The first annual contribution of the employer to the Individual Retirement Pension Plan shall occur, for workers in full exercise of their duties, in the year following that in which they complete 2 years of effective employment at the Company.

If the employment contract is subject to a fixed term, the first annual contribution of the employer shall take place in the calendar year subsequent to that of the conversion of the fixed term contract into an indefinite employment contract and after completion of period of grace of 2 years stipulated above.

The individual retirement pension plan foresees the guarantee of the capital invested, with the management institution being responsible for such. This is a defined contribution plan, with the post-employment benefits received by the employees being determined by the contributions paid by the Company, together with the return on the investments derived from these same contributions. Consequently, the actuarial and investment risks shall fall on the employees, notwithstanding the guaranteed capital invested, referred to above.

As the obligation of the Company is determined by the amounts to be contributed, the respective accounting shall consist of recognising an annual expense, as these contributions are made.

#### r) Seniority bonuses

Under the terms of the collective labour agreement (ACT), the Crédito Agrícola Group accepted the commitment to attribute a seniority bonus to active employees upon completing 15, 25 and 30 years of good and effective service of the value of 1, 2 and 3 months of their effective monthly retribution (in the year of attribution), respectively.

The Crédito Agrícola Group determines the present value of benefits related to seniority bonus through actuarial calculations using the Projected Unit Credit method. The actuarial assumptions (financial and demographic) are based on expected wage growth and mortality tables used to calculate pension liabilities. The discount rate is determined based on market rates of bonds of companies with high rating and similar maturity period to that of the settlement of the liabilities.

The impact of the estimated actuarial deviations in each year is recorded in the "Consolidated income statement" under "Administrative expenses - Staff expenses", or "Other operating income", depending on the nature of the movement in the year.

#### s) Fee and commission income

The Fee and commission income received from a particular activity is recognised through profit or loss when the activity has been completed.

As the services are provided, Fee and commission income is recognised through profit or loss in the year to which it refers.

Fee and commission income that is an integral part of the effective interest rate of a financial instrument is recognised through profit or loss by the effective interest rate method.

The recognition of commissions associated with financial instruments will depend on the objective underlying their charging.

Distinction between:

- Commissions that are part of the effective interest rate of the financial instrument ("Effective interest rate method").
- Commissions that are received in accordance with the provision of the service ("Method of linear recognition over the period of the operation"); and

- Commissions charged at the time of execution of a significant act (“Recognition at the time”).

Commissions associated with credit contracts paid at the initial time of the loan are deferred and recorded under the heading of “Revenue with deferred income”, being subsequently recorded under income for the year throughout the useful life of the loan contracts and in accordance with the financial plan of the loans.

Commissions relative to operations of loans and other financial instruments, namely commissions charged or paid at the very beginning of the operations, are recognised throughout the period of the operations by the effective interest rate method under “Fee and commission income” or “Fee and commission expenses”.

Commissions for services rendered are normally recognised as income throughout the period that the service is rendered or once only if they correspond to compensation for the execution of single acts.

#### t) Income tax

The institutions belonging to SICAM are taxed individually, being subject to the tax system established in the Corporate Income Tax Code. There is also a group of institutions within the CA Group that are taxed under the Special Tax System for Groups of Companies (RETGS) foreseen in the Corporate Income Tax Code.

Total income tax recorded through profit or loss incorporates current and deferred taxes.

Current tax is calculated based on the taxable profit for the year, which is different from the book value profit due to adjustments to taxable profit foreseen in the Corporate Income Tax Code, arising from costs or income not relevant for tax purposes, or which will only be considered in other periods.

Deferred tax assets and liabilities correspond to the value of the tax recoverable and payable in future periods arising from temporary differences between the book value of an asset or liability and its tax base. Tax credits are also recorded as deferred tax assets.

Deferred tax liabilities are usually recorded for all temporary taxable differences, while deferred tax assets are only recorded up to the amount for which future taxable profits are likely so as to enable the use of the corresponding deductible taxable differences or tax losses. However, it should be noted that IAS 12 excludes the possibility of recording deferred taxes, among other situations, in the following cases:

- Temporary differences arising on the initial recognition of assets and liabilities in transactions that do not affect the accounting profit or loss or taxable profit; and
- Deductible temporary differences arising from profit not distributed to subsidiaries and associates, to the extent that parent company is able to control their reversal and when it is probable that this will not occur in the predictable future.

Deferred taxes are calculated using tax rates that are expected to be in force on the date of the reversal of the temporary differences, which correspond to the rates approved, or largely approved, on the reporting date.

When there are distinct tax rates applicable to different levels of taxable profit (e.g., the case of the state surcharge), the deferred tax assets and liabilities are measured using the average rates that are presume applicable to the taxable profit (tax loss) of the years in which the reversal of the temporary differences is expected to occur.

Income taxes (current or deferred) are reflected in the profit or loss for the year, except in cases when their underlying transactions have been reflected in other equity headings (for example, in the case of the revaluation of financial assets stated through other comprehensive income). In these cases, the corresponding tax is also recognised against equity, and does not affect the profit for the year.

The CA Group takes into account the guidelines of IFRIC 23 – Uncertainty over Income Tax Treatments and, accordingly, periodically assesses whether there are situations in which the application of the personal income tax legislation is subject to uncertain tax treatment and if it likely that that the Tax Authority or a Court accept the tax treatment adopted in the tax returns of the institutions comprising the Group.

## u) Leases

### *Lease agreements - identification of assets*

At the start of the contract, the Group evaluates whether a contract is or contains a lease. For a contract to be considered as a lease, the following three cumulative conditions must be met:

- the contract identifies one or more leased assets;
- the institution derives most of the economic benefits from using the leased asset; and
- the institution has the right to control the underlying asset, for the duration of the contract, in return for payment.

### *As the Lessee*

In accordance with IFRS 16, a lease liability is measured at the present value of the sum of future payments to be incurred under the lease contract. To discount the payments the Group should use the implicit interest rate of the contract, considering that all the information is known to determine it. If the implicit rate is not determinable, an incremental interest rate should be used, requiring the institution to develop a methodology duly supported by internal and external information for its calculation.

I. Implicit interest rate is the discount rate that equals the fair value of the rents foreseen in the contract (including the residual value) to the fair value of the asset plus all the initial direct costs of the lessor. The main difficulty in ascertaining this rate is, in most cases, the scarce information available to the lessee relating to the residual value of the underlying asset and/or the amount of direct costs incurred by the lessor.

II. Incremental interest rate is the rate that a third party would charge the CA Group in a loan for the acquisition of an asset like that underlying the lease, under similar conditions, namely in terms of duration and guarantees. The calculation of incremental interest rates was segmented by type of underlying asset, based on internal and external information.

The spreads of Commercial Mortgage-Backed Securities (CMBS) and Residential Mortgage-Backed Securities (RMBS) in Portugal and Europe were used as a reference in real estate leasing and car parking operations, given the similarity between the operations that make up this type of issue and the assets underlying these leasing contracts.

Lease payments are discounted using the discount rate implicit in the contract, if this is determinable.

In relation to the maturity of the lease to be considered in the calculation of the lease liability, its determination should consider the non-cancellable period of the lease, as well as the period covered by any options for extension of the term and/or early cancellation, if there is reasonable certainty as to its exercise. In situations where there are options for extension and/or cancellation of the term, it is up to the management to assess the reasonableness of their occurrence - the concept of "reasonably certain", in relation to its future decision.

To support its analysis, the CA Group used internal and market data that may require professional judgement, such as:

- I. importance of the asset to the Group's business, lack of adequate alternatives.
- II. significant economic benefits to the Group in the event of exercising the option to extend/cancel the contract or purchase the underlying asset.
- III. any costs associated with the early cancellation of the contract, costs of changing and/or returning the asset.
- IV. comparison of the terms and conditions of the contract with current market conditions; among other data considered relevant.

As a lessee, the CA Group records an asset under right-of-use and a lease liability at the date on which control over the use of the leased asset is transferred to the Group.

The lease liability is measured at the present value of future rents to be incurred under the contract, discounting payments at the discount rate implicit in the contract, if this is determinable. When the implicit rate is not available or cannot be measured, an incremental Group borrowing rate should be used, corresponding to the rate that the lessee would use to pay the funds necessary to obtain an asset of similar value in an economic environment with comparable terms and conditions.

The payments taken into account in the calculation of the lease liability are: (i) fixed payments (including payments that are in substance fixed), less any amounts receivable for lease incentives, (ii) index or rate-dependent variable payments (if the payments considered variable are not dependent on an index or rate, they shall be recognised in the income statement at the time they are incurred), (iii) the amount relating to the exercise of the call option, if it is reasonably certain that the institution will exercise it and (iv) payments for non-lease components.

Lease liabilities are subsequently adjusted upwards to reflect the interest on the lease liability (using the effective interest rate method) and reduced to reflect the payments made.

The liability is remeasured whenever there is a change in one of the following variables: (i) change in the value of index or rate-dependent variable payments (for the period in question only), (ii) change in assessment as to whether or not to exercise the call option on the underlying asset, (iii) change in the residual value of the asset, or (iv) change in the term of the contract. If there is a change in the term of the contract or a change in the assessment of the exercise of the call option (points (ii) and (iv)), a new discount rate shall be calculated for the remeasurement of the liability. If the modification qualifies as a separate lease, this shall give rise to the quantification and recognition of a new right-of-use asset together with the related lease liability.

When the lease liability is revalued, the difference arising from the revaluation is offset against the right-of-use asset or is recorded through profit or loss if the book value of the right-of-use asset has been reduced to zero.

The right-of-use asset is initially measured at cost, corresponding to the initial value of the lease liability, adjusted for any payments incurred up to the inception date, plus any initial direct costs incurred and an estimate of the costs of dismantling and removing the underlying asset or restoring the underlying asset or the location in which it is located, less any lease incentives received.

Subsequently, the right-of-use asset is depreciated using the straight-line method, from the start date to the end of the useful life of the right-of-use asset or the end of the lease term. Additionally, the right-of-use asset is periodically adjusted if re-measures are made to the lease liability.

When there are indicators of loss in value, impairment tests are carried out on right-of-use assets, reducing their value in situations of impairment losses.

Whenever the CA Group incurs an obligation to dismantle and remove a leased asset, restore the site on which it is located, or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised in accordance with IAS 37. The expenses are included in the right-of-use asset.

Lease incentives (e.g., non-rental lease periods) are recognised as items of measuring right-of-use assets and lease liabilities, as received or receivable, respectively.

Variable rents that do not depend on an index or rate are not included in the measurement of lease liabilities or right-of-use assets. Such payments are recognised as expenses in the period in which the event or condition giving rise to the payments occurs.

#### *Practical expedients - Short-term leases, low value leases and separation of components*

As provided for in the standard, the Group has adopted the following practical expedients, in particular:

- Non-recognition of lease liabilities and respective right-of-use for lease contracts (i) with a duration not exceeding 12 months (short term) or (ii) where the underlying asset has a value, in its new state, of less than 5,000 euros (low value).



- Non-segregation of the non-leasing component in the estimate of the lease liability and corresponding right of use, therefore measuring the financial liability and the respective right of use considering the total amount to be incurred with the operation.
- These contracts are accounted for under 'Other administrative expenses'.

The right-of-use assets are included in the balance sheet under "Tangible assets" (Note 13) and the lease liabilities under "Other liabilities" (Note 21).

#### *As the Lessor*

When the CA Group is a sublessor, the accounting for the main lease and the sublease is done as 2 separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset of the main lease.

The lessor of the sublease, simultaneously lessee with respect to the original lease, should recognise an asset, right-of-use, in the balance sheet relative to the primary lease (if classified as an operating lease) or a financial lease relative to the sublease (if classified as a finance lease). If the primary lease is of short duration, then the sublease should be classified as an operating lease.

When a given contract includes payments of lease components and other components, the Crédito Agrícola Group applies IFRS 15 - Revenue from Contracts with Customers, to allocate the consideration of the contract to each component, and only the lease components are considered for registration under IFRS 16.

If the CA Group (the seller-lessee) transfers an asset to another institution (the buyer-lessor) and re-leases that asset to the buyer-lessor, both the seller-lessee and the buyer-lessor should state the transfer contract and the lease for accounting purposes.

#### Finance leasing

As a lessor, the assets divested under finance leasing arrangements are derecognised from the balance sheet, with the recording of a loan granted "Loans to customers" (sum equivalent to the value of the net investment made in the leased assets, plus any unsecured residual in favour of the CA Group), which is repaid through constant principal payments stipulated in the financial plan of the contracts. The interest included in the lease payments are recorded as financial income under "Interest Income", based on a constant periodic rate of return, calculated on the net investment value referred to above.

Upon the date of entry into force, the lessor should recognise the assets held under finance lease arrangements in its statement of financial position and present them as an account receivable for a value equal to that of the net investment in the lease.

#### Operating leasing

The CA Group, as lessor, recognises the operating leases as income, whether on a straight-line basis or another systematic basis. Another systematic basis should be applied if that basis is more representative of the model in which the benefit of the use of the underlying asset is reduced. Payments are recorded in the consolidated income statement under the heading of "Other operating income".

## v) Insurance

### Insurance Contracts:

Insurance contracts are taken out where the Insurer assumes a significant risk of the insured person, accepting to compensate this person in the case of an uncertain future event which affects this person in an adverse manner. This type of contract is established under IFRS 4 (Pure Life Insurance).

Investment contracts are contracts which exclusively involve financial risk, not having any significant insurance risk. These contracts may also be differentiated between purely financial contracts and those with a discretionary participation feature (profit-sharing). If the investment contracts are purely financial, they fall under IAS 39, however, if they attribute a discretionary participation, they come under the terms of IFRS 4 (Capitalisation products with guaranteed rates and profit-sharing), continuing to recognise the premiums received as income and the corresponding increase in liabilities as cost.

Potential capital gains, net of capital losses, derived from the revaluation of assets allocated to insurance with profit-sharing, are distributed between a liability component and an equity component, based on the conditions of the products and the historical record of attributed profit-sharing.

Reinsurance and co-insurance operations are recognised in accordance with the accrual principle, so when the revenue occurs at a different time from the period to which it refers, the operations are recorded as values receivable under an asset heading.

Insurance risk reflects the impossibility, upon the subscription of the policy, of estimating the effective real cost of future claims, and comprises risks of longevity, mortality, disability, discontinuation and expenses. Insurance risk is managed through a combination of subscription, provisioning and reinsurance policies. The subscription policy defines suitable tariffs able to provide the CA Group with positive earnings, after having covered all its liabilities associated with the contract, including claims payable, administrative costs, the capital cost, among others.

Reinsurance contracts are concluded in order to reduce the exposure to this type of risk. Reinsurance can be done on the basis of the individual policy (optional reinsurance), namely when the coverage level required by the policyholder exceeds the internal subscription limits or, on portfolio basis (treaty reinsurance), in which the individual exposures of the policyholders are within the internal underwriting limits, but where there is a risk of accumulation of claims.

The main objective of reinsurance is to mitigate major individual claims in which the compensation limits are high, as well as the impact of numerous claims triggered by a single occurrence.

In order to mitigate this risk, the CA Group uses selection criteria and subscription policies based on the historical experience of losses, refined by knowledge or expectations on the future evolution of the frequency and severity of the claims. Any adjustments arising from changes in the estimated provisions are reflected in the technical margin of insurance activity.

Reinsurance premiums ceded are accounted for as expense in the year to which they refer, the same way as gross premiums written. The technical provisions of reinsurance ceded are determined by applying the criteria for direct insurance, taking account the existing clauses in the reinsurance treaties in force, and correspond to the reinsurer's share of the gross values of the technical provisions.

The reinsurance ceded premiums refer exclusively to the coverage of risk products. In order to manage the risk associated with the business, the CA Group has part of the sum insured of its portfolio of risk products covered by reinsurance, based on treaties made with internationally renowned reinsurers.

Reinsurance consists of a means to manage insurance risk; however, as the first intermediary, the CA Group continues to be exposed to that risk. In the event of default by the reinsurer, the CA Group still has to pay compensation to the Customer. The credit quality of the reinsurer is observed on an annual basis, with its financial condition being analysed before contract finalisation.

#### Recognition of income and costs

Premiums of non-life insurance contracts, life insurance contracts and investment contracts with discretionary participation in profit or loss, are recorded when issued, under the income statement heading "Technical margin of insurance activity" (Note 39).

Issued premiums relative to non-life insurance and the associated acquisition costs are recognised as income and cost, respectively, throughout the corresponding risk periods, through movement of the provision for unearned premiums.

Liabilities related to insurance associated to life insurance contracts and investment contracts with discretionary participating features in profit or loss are recognised through the life insurance mathematical provision, with the cost being reflected at the same time as when the income associated to the issued premiums are recorded.

The main accounting policies and basis of measurement of the technical provisions are as follows:

##### *i) Provision for unearned premiums*

This provision reflects the portion of the issued premiums stated for the year, relative to risks that have not yet expired as at the reporting date and are imputable to one or various following years, aimed at guaranteeing the coverage of the risks undertaken and costs derived thereof during the period between the end of the year and the maturity date of each insurance contract. This is determined, for each contract in force, by application of the pro-rata temporis method to the gross premiums issued.

The calculated amount of the provision for unearned premiums is deducted by the portion of the deferred cost of the remunerations by the insurance intermediaries and other acquisition costs.

##### *ii) Provision for risks in progress*

The provision for risks in progress corresponds to the amount needed to provide against probable compensation payments and other charges payable after the end of the financial year and which exceed the value of the unearned premiums and the premiums payable for contracts in force. This provision is calculated for direct insurance on the basis of ratios for claims, assignment, expenses, and income, as defined by the Portuguese Supervision Authority for Insurance and Pension Funds (ASF).

iii) Provision for claims

The provision for claims corresponds to the cost of claims that have occurred and have not yet been paid, the estimated liabilities for claims due to events which have occurred but have not yet been reported (IBNR - incurred but not yet reported) and the direct and indirect costs associated to their settlement. The provision for reported and unreported claims is estimated by the CA Group based on past experience, available information and by application of statistical methods.

In order to calculate the provision for IBNR in sectors related to vehicles, accidents at work, housing, trade and services, and civil liability (operations and in general), actuarial estimates were made based on triangulation of amounts paid, considering the specific features of each sector. For all other sectors, a general rate of 4% was applied to the value of costs related to claims for the year of declared claims, to provision the liability related to claims declared after the closing of the year. The provision for claim management costs is calculated using the average cost method.

A mathematical provision was also considered for the sector of accidents at work for the following liabilities related to claims occurred up to 31 December: (i) pensions payable already confirmed by the Labour Court; (ii) pensions payable with a conciliation agreement already made; (iii) pensions of claims that have already occurred but are awaiting a final agreement or decision. The mathematical provisions relative to claims that have occurred, involving payment of life-long annuities concerning the sector of accidents at work, are calculated using actuarial assumptions based on actuarial methods recognised in the existing labour legislation.

Additionally, a mathematical provision has been constituted to meet: (i) liabilities related to pension claims that have already occurred due to potential permanent disability of claimants under treatment; and (ii) claims due to events that have already occurred but have not yet been reported.

Provisions for claims are not recorded at their present value, except for the mathematical provision for work-related accidents, which is calculated based on estimated future cash flows, updated at a discount rate of 1.25%.

Any shortfall or surplus of the provision for claims, if existing, is recorded under the “Technical margin of insurance activity” (Note 39), when determined.

iv) Provision for claim rate deviations

The provision for claim rate deviation is intended to meet exceptionally high claims ratios in insurance sectors which, by their type, is expected to have greater fluctuations. Under the risks assumed by the CA Group, this provision is only constituted for the risk of seismic phenomena, being calculated by application of a risk factor, defined by the Portuguese Insurance and Pension Funds Supervision Authority (ASF) for each seismic zone and applied to the insured capital retained by the CA Group.

v) Assigned reinsurance technical provisions

The assigned reinsurance technical provisions recorded under assets, are determined by applying the criteria described above for direct insurance, considering the percentage assignment to reinsurance as well as other clauses in the reinsurance treaties in force.

vi) Mathematical provision for the life business

The mathematical provision for the Life Business corresponds to the difference between the present values of the Company's liabilities and the actuarial values of the liabilities of the policyholders, relative to the policies issued. The calculations are based on recognised actuarial methods in conformity with the technical notes approved by the Portuguese Supervision Authority for Insurance and Pension Funds (ASF) for each modality.

Pursuant to these technical notes, the provision is calculated based on the GKM80 mortality table and the technical interest rates defined for each modality.

vii) Provision for stabilisation of the life branch portfolio

This provision for portfolio stabilisation is constituted for annual renewable group insurance contracts, whose main coverage guarantees the risk of death, with a view to coping with the increased risk inherent to the progressively higher average age of the insured group, whenever the pricing for this group has been based on a single rate which must be kept for a certain period due to contractual commitment.

viii) Provision for rate commitment in the life business

On each reporting date, the Company evaluates the adequacy of liabilities arising from insurance contracts and investment contracts with discretionary participating features. This assessment is based on future cash flow projections associated to each Contract, discounted considering the time structure of interest rates provided by the European Insurance and Occupational Pensions Authority (EIOPA), for calculation of Technical Provisions under the Solvency II regime. This is carried out product by product or aggregated when the risks of the products are similar or managed together. In the event of any discrepancy between the values of the liabilities and the discounted future *cash flow* projection, this is recorded on the income statement against the heading of provision for rate commitment.

ix) Provision for profit-sharing

Provision for profit-sharing to be attributed (shadow accounting)

Pursuant to IFRS 4, unrealised gains and losses of financial assets allocated to liabilities arising from insurance and investment contracts with discretionary profit-sharing are attributed to policyholders, in proportion to their estimated share, through recognition of a liability, based on the expectation that they will receive these unrealised gains and losses when they are realised.

This provision corresponds to the net value of the fair value adjustments of the investments allocated to Life Insurance with profit -sharing, in the estimated proportion of the policyholder or beneficiary of the contract. The estimated amounts to be attributed to the insured persons in the form of profit-sharing, for each modality or group of modalities, should be calculated based on a suitable plan applied consistently, considering the profit-sharing plan, the maturity of the commitments, the allocated assets as well as other specific variables of the modality or modalities in question.

Throughout the duration period of the contracts of each modality or group of modalities, the corresponding balance of the provision for profit-sharing to be attributed should be fully used by offsetting the negative fair value adjustments of the investments and their transfer to the provision for attributed profit-sharing.

*x) Provision for attributed profit-sharing*

This provision includes the amounts intended for the insurance policyholders or beneficiaries of contracts in the form of profit-sharing which has not yet been distributed, namely through inclusion in the mathematical provision of the contracts.

*xi) Insurance and investment contracts with discretionary profit-sharing*

As mentioned above, the CA Group maintained most of its accounting policies applicable to insurance contracts and investment contracts with profit-sharing, in cases where the profit-sharing includes a discretionary component on the company side, continuing to recognise premiums received as income and the corresponding increase in liabilities as cost.

It is considered that an insurance or investment contract contains profit-sharing with a discretionary component when the contractual conditions stipulate the attribution to the insured person, supplementary to the guaranteed component of the contract, additional benefits characterised by:

- Being probable that they constitute a significant portion of the total benefits to be attributed under the contract; and
- Whose amount or timing of distribution is contractually at the discretion of the issuer; and
- Are dependent on the performance of a particular group of contracts, realised or unrealised income in certain assets held by the issuer of the contract, or the result of the institution responsible for the issue of the contract.

The liabilities derived from insurance contracts and investment contracts with discretionary participation in profit are included in the liability adequacy tests conducted by the CA Group.

*xi) Embedded derivatives in insurance contracts*

Pursuant to that permitted by IFRS 4, the options held by insurance policyholders for early redemption of contracts in force for a fixed amount, or for a fixed amount plus interest, are not separable from the host contract.

*xii) Adequacy tests for liabilities*

Pursuant to the requirements of IFRS 4, the CA Group carries out adequacy tests on liabilities related to current insurance contracts with reference to the reporting date of the financial statements, considering estimates of the present value of the future cash flow associated to the contracts, including expenses to be incurred with the settlement of claims and the cash flow associated to options and guarantees implicit in the insurance contracts.

If the present value of the liabilities estimated by these tests is higher than the value of the liabilities recognised in the financial statements, net of the book value of the deferred acquisition costs and the intangible assets related to the contract in question, additional provisions are recorded against profit or loss for the year.

The methodology and main assumptions used for in the adequacy tests on liabilities were the following:

### Life business

Adequacy tests on liabilities are performed by updating, at the risk-free market interest rate, the future cash flow of claims, redemptions, maturities, commissions, and management expenses deducted from the future cash flow of premiums.

This future cash flow is projected for each policy, taking account the prudent technical bases in use, which are calculated based on the historical analysis of their data as follows:

#### *Mortality:*

Based on files taken from the information technology systems, the number of insured persons is obtained, by age group at the beginning and end of the year, and the claims in the year. This data is used to calculate the number of people exposed to risk at each age, which is multiplied by the probability of death from a specific mortality table so as to determine the expected number of claims in accordance with this table. Comparing this value with the real figure gives the real claims rate for the year in percentage of the table. The mortality assumption is then determined by analysing the values for the last five years. This analysis is carried out separately for Life, Risk and Capitalisation products.

#### *Redemptions:*

Based on files taken from the information technology systems, the mathematical provisions are obtained for the beginning and end of the year, and the amounts withdrawn by product. This data is used to calculate the average value of mathematical provisions for each product, where the total amount of redemptions is divided by this figure to obtain the redemption rate for the year. The redemption assumption for each product is determined by analysing the values for the last five years.

#### *Expenses:*

The expenses involve costs related to investment, administrative and claims. In order to obtain the unit costs, the investment expenses are divided by the average value of mathematical provisions, the investment expenses are divided by the average number of insured persons and the expenses related to claims are divided by the total number of claims for the year.

#### *Yield Rates:*

The future yield rates, applicable to the mathematical provisions, are determined by the risk-free market interest rate. The projected participation in future profit is based on yield rates obtained, with this projected profit-sharing subsequently being incorporated in the mathematical provisions, and then projected for maturities, claims and future redemptions.

#### *Provisions for Claims:*

The future cash flows are projected from the run-off of the company in the death and disability coverage for the



purpose of determining future cost by comparison with present cost. Statistical methods are used to this end. Being short term, the cash flow is calculated without discount of provisions.

### Non-life insurance business

The appointed actuaries regularly assess the adequacy of the provisions, based on analysis of the liabilities of the company in the areas of uncertainties, contract duration, type of claims and expenditure on claim settlement. A whole series of micro and macroeconomic scenarios are also applied in order to check their adequacy.

#### *xiv) Impairment of debtor balances related to insurance and reinsurance contracts*

As at each reporting date of the financial statements, the CA Group assesses the existence of indications of impairment in the assets generated by insurance and reinsurance contracts, namely the accounts receivable from insured persons, intermediaries, reinsurers, and the technical provisions of assigned reinsurance.

If any objective impairment losses are identified, the book value of the corresponding assets is reduced through profit or loss for the year, with the cost being reflected in the income statement heading of "Impairment of other financial assets net of reversions and recoveries".

### w) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the acquisition/contracting date and which are not subject to risks of fluctuation of value, including cash and deposits at Central Banks and at other credit institutions.

### x) Contingent assets

Contingent assets are "possible" assets generated by past events, the existence of which derives from the confirmation of the future occurrence of one or more uncertain events over which the CA Group has no control. Contingent assets are not recognised in the financial statements, merely being disclosed whenever relevant and when the existence of a future economic inflow of funds is probable.

### y) Offsetting financial instruments

The financial assets and liabilities are presented in the balance sheet at their net value when there is a legally enforceable right to set off the amounts already recognised and there is an intention to settle them at their net value or realise the asset and settle the liability simultaneously. The exercisable legal right cannot be contingent on future events, and should be exercisable during normal business activity, and likewise in the case of default, bankruptcy or insolvency of the Group or counterpart.



## z) Classification of cash flows

The cash flow statement reports cash flows during the period classified by operating, investment, and financing activities:

Operating activities – are the main activities producing revenue and other activities that are neither investment nor financing;

Investment activities – are the acquisition and disposal of assets in the long-term and of other investments not included in cash equivalents;

Financing activities – are activities that lead to changes in the size and composition of the equity and in the loans obtained by the institution.

Cash flows related to leases are presented as follows:

- a) Payments of the principal components of lease liabilities are classified as cash flows from financing activities.
- b) Interest component payments are also classified as cash flows from financing activities; and
- c) Short-term leases, lease payments for immaterial assets and variable lease payments that are not included in the measurement of lease liabilities are classified as cash flows from operating activities.

The Group classifies cash flows for purchase and disposal of investment assets in its operating cash flows, as the purchases originate in cash flows associated to the beginning of insurance and investment contracts, net of the cash flows for payment of insurance benefits and claims, as well as benefits of investment contracts.

## aa) Capital

The share capital certificates are recorded in the share capital. The Articles of Association of the Caixas de Crédito Agrícola stipulate the conditions of exoneration of the associates and the entry of new partners (see Note 23).

## bb) Fair value of financial instruments

As established in IFRS 13, the financial instruments recorded in the balance sheet at fair value are classified according to the following hierarchy:

#### Level 1 – Prices in active markets

This level includes financial instruments valued based on active market prices (executable bids), disclosed through trading platforms;

#### Level 2 – Valuation techniques based on market data

This level considers financial instruments valued by inhouse models which use observable market data, namely interest rate or exchange rate curves.

#### Level 3 - Valuation techniques using inputs not based on observable market data

This level includes financial instruments valued based on in-house valuation methods essentially considering inputs not observable in markets with significant impact on the valuation of the instrument or valued based on indicative bids calculated by third parties through valuation models.

For items classified at this level, the assumptions used to obtain the fair value was the price/sales quotation of the last transaction made between unrelated parties.

### cc) Subsequent events

Subsequent events refer to the accounting treatment to be given to events occurring after the reporting date and before the issue date of the consolidated financial statements.

Events that occurred after the reporting date and before the issue of the consolidated financial statements, which provide additional information, or confirm situations pending at the reporting date are adjusted in this set of consolidated financial statements.

Events that occurred after the reporting date and before the issue of these consolidated financial statements, which are not related to situations that existed at the reporting date, do not give rise to adjustments in the consolidated financial statements and are disclosed, if considered material.

### dd) Segmental reporting

Pursuant to IFRS 8 – Operating Segments, the financial information is disclosed by operating segments.

An operating segment is a component:

- a) that pursues business activities in which revenue can be gained or expenses may be incurred;
- b) whose operating results are regularly reviewed by the Institution's chief operating decision maker for purposes of allocating resources to the segment and assessment of its performance; and

- c) relative to which distinct financial information is available.

The CA Group opted to report information by the following segments: commercial/retail banking, investment fund and asset management, insurance activity and others (Note 52).

### 3. Main estimates and uncertainties associated with the application of accounting policies

The estimates and judgements with impact on the CA Group's financial statements are continually evaluated, representing the best estimate of the Executive Board of Directors at each reporting date, considering the historical performance, accumulated experience, the methodologies and models developed and approved by the Group, as well as the expectations regarding future events, which under the circumstances in question are believed to be reasonable.

The intrinsic type of the estimates may lead to the real reflection of the situations that have been estimated, for financial reporting purposes, being different from the estimated amounts.

The preparation of the financial statements requires the preparation of estimates and the adoption of assumptions by the management, which might affect the value of the assets and liabilities, income, and costs, as well as the contingent liabilities that are disclosed.

The most significant estimates and assumptions used by the management are the following:

#### 3.1. Impairment in credit portfolio to customers and with off-balance sheet liabilities

The CA Group (SICAM) conducts a periodic assessment of its portfolio of loans and advances to customers, as well as its liabilities due to guarantees provided and irrevocable commitments, in order to assess the existence of evidence of impairment, based on the Crédito Agrícola Group's impairment model (see Notes 10 and 19).

The estimates depend on the Executive Board of Directors' professional judgement regarding the assessment of the economic and financial situation of the customers and their capacity to fulfil the financial plans, on the estimated future cash flows that the institution will generate, and on the determination of the amount of the collateral associated with the granted credit operations.

According to the abovementioned criteria, the customers identified as having loans in default and whose total liabilities are deemed to be of a significant amount, are analysed individually to assess the need to record impairment losses.

Furthermore, a collective impairment analysis is also made to all other credit operations which were not subject to individual analysis, by placing these operations in credit segments, with similar features and risks, with collective impairment losses being estimated, whose calculation is based on the historical behaviour of losses for similar assets. Where no objective existence of impairment has been observed in credit analysed on an individual basis, this credit is grouped together based on similar risk features and assessed collectively for purposes of impairment. Loans analysed individually, for which the impairment is null (compliance with financial plan) following the evaluation made by the credit risk analyst, are grouped together based on similar risk features and assessed collectively for purposes of impairment.

The impairment quantification model is harmonised with the analytical models (e.g., rating and scoring) used in the internal management of credit risk, as well as, whenever applicable, with the respective segmentation (e.g., customer, product, type of collateral, relationship between the loan and the value of the collateral (LTV)), promoting the more consistent estimation of the risk parameters, applied in the collective perspective. There is also a specialised procedure for exposures with financial collateral.

The expected loss model enables recognising the expected loan losses throughout the life for all financial instruments for which there has been a significant increase of credit risk, from initial derecognition, considering the entire range of information, provided that it is reasonable and substantiated, including based on future economic estimates (prospective/ forward-looking approach).

The process of evaluation of credit portfolio to customers and off-balance sheet liabilities, used to determine whether an impairment loss should be recognised, is subject to various estimates and judgments. This process includes factors such as the frequency of default, risk ratings, loss recovery rates and the estimation of both the amount and timing of future cash flows. The models are regularly reviewed and validated, as well as the inputs included in the models, in order to reduce any differences between estimated credit losses and actual experience with credit losses.

Note 49 presents sensitivity analyses for variations in the assumptions of the impairment models (forward-looking scenarios) according to the Management analytical models.

The use of different methodologies and/or assumptions could result in different levels of impairment losses recognised and presented in notes 10 and 19, with a consequent impact in the Group's results.

### 3.2. Fair value of financial instruments

Fair value of financial instruments is based on market prices, whenever available. However, in the absence of a market price, the financial instruments are valued based on indicative bids calculated by third parties using valuation models or pursuant to valuation methodologies essentially using inputs that can be observed in markets with a significant impact on the valuation of the instrument (see Notes 6, 7, 8, 9, 11 and 49).

Thus, there may be a significant impact on the valuation of these instruments either due to their valuation calculated by third parties or through internal valuation. Internal valuation is based on the net position of the institution.

The Valuation Price of a financial instrument is established based on the following criteria:

- - The Valuation Price of financial instruments listed for trading on regulated markets corresponds to the last transaction price, disclosed by Bloomberg up to the reference time of the valuation, corresponding to the last price disclosed for that date, unless the nominal value of the traded financial instruments in that deal has been less than one hundred thousand euros or equivalent countervalue;
- - Whenever there is no reference market or, existing on dates on which transactions are not conducted, or reference markets in which the last established price cannot be considered representative due to corresponding to a transaction of financial instruments whose nominal value is less than 100 thousand euros, the Valuation Price will consist of the last CBBT purchase price established on the date, and disclosed up to the reference time of the valuation, by Bloomberg;

- - If the CBBT purchase values referred to in the previous item do not exist, the Valuation Price will correspond to the last BVAL purchase price, established on the date and disclosed up to the reference time of the valuation, by Bloomberg;
- - If the BVAL purchase values referred to in the previous item do not exist, the Valuation Price will correspond to the best firm offer of qualified financial intermediaries, disclosed by Bloomberg; and
- - Whenever there are no prices or firm offers corresponding to immediately enforceable offers at Bloomberg Bond Trader, referred to above, the Valuation Price will be determined based on the generally accepted model for the type of financial instrument in question, which separately assesses the value of each structural component of the financial instrument.

The equity instruments valued at fair value through profit or loss, this being determined, necessarily, in the following order: quoted price in a market in which there is no identical asset held by another party, price of the last market transaction that occurred between unrelated institutions or price according to the net situation of the institution (see Note 7).

The use of different methodologies and/or assumptions could result in different levels of fair value of the financial instruments recognised and presented in Notes 6, 7, 8, 9, 10, 11 and 49, with the consequent impact on the Group's results.

### 3.3. Employee benefits

Liabilities related to supplementary retirement and survivor pensions are estimated based on actuarial and financial assumptions, in particular with respect to mortality, wage and pension growth and long-term interest rates. In this sense, the actual results may differ from these estimates. The sensitivity analysis carried out by CA Group on changes in assumptions is in Note 48.

### 3.4. Deferred tax assets

Unused deferred taxes assets due to tax losses are recognised, to the extent that it is probable that, within the reporting period established by law, there will be taxable profits which can absorb these tax losses. To this end, judgements are made to determine the amount of deferred tax assets which may be recognised, based on projections of future taxable earnings which are, in turn, constructed based on economic and financial projections under conditions of uncertainty. Should these estimates prove incorrect, there is a risk of adjustment to the value of deferred tax assets in future years (see Note 15).

### 3.5 Valuation of real estate assets (Tangible assets and Other assets)

The valuation service is carried out by independent experts, registered at the Portuguese Securities Commission (CMVM), who are qualified and have recognised competence and professional experience for the duties they perform.

These valuation procedures require the collection of precise information from updated documentation, during

inspection of the property and the surrounding area, and in the analysis of the market, transactions, the relationship between supply and demand, and the prospects for development. The treatment of the information enables the adoption of basic values for the calculation, applying the method and using it for comparative purposes.

The realisation value of the assets will depend on the future evolution of the real estate market (see Notes 13 and 16).

### 3.6 Valuation of non-current assets held for sale (real estate properties)

The valuation of these assets, and consequently the impairment losses, is based on assessments made by independent expert valuers, which incorporate various assumptions, in particular about the evolution of the real estate market, the best use of the property, and when applicable, expectations regarding the development of real estate projects, and also considering the Bank's intentions about the marketing of these assets. The assumptions used in the valuation of these properties have impact on their valuation and consequently on the determination of impairment (see Note 17). Also considered for the fair value of the real estate properties are the selling costs estimated by the Crédito Agrícola Group considering the historical records. All these assets are in condition for immediate sale.

The book value of these real estate properties corresponds to the lowest between the valuation amount minus selling costs and the purchase price.

The expected period for sale of these real estate properties varies according to local market conditions, as well as their type or segment that influence the expected demand. As such, the expected period of sale of these real estate properties, assuming favourable market circumstances, is one year. The residential segment typically shows higher sale turnover levels than assets of the commercial segment which, in turn, have greater liquidity than the "plots of land" segment, defined herein in a broad perspective as the portfolio of non-current assets held for sale includes rural, urban and plots of land. The management directs its activity based on a Real Estate Property Divestment Plan, approved by the Executive Board of Directors, which is progressing soundly. The management is endeavouring to sell the real estate properties classified as non-current assets held for sale with the time limit of 12 months. All real estate properties that are able to be sold immediately in their present condition are widely publicised with a view to their sale within that time limit. The portfolio of non-current assets held for sale is available for consultation on the real estate portal of Crédito Agrícola, available at [www.caimoveis.pt](http://www.caimoveis.pt) Also, see point 2.3 j).

The use of different methodologies and/or assumptions in the valuation procedures could result in different levels of fair value of the real estate assets recognised and presented in Note 17, with the consequent impact on the Group's results.

### 3.7 Impairment of real estate properties for own use

Real estate properties for own use are stated at acquisition cost minus accumulated depreciation and any impairment losses. The valuations of properties for own use, used in the impairment tests, were carried out on a going concern basis and using the depreciated replacement cost approach (see Note 13).

### 3.8 Determination of insurance contract liabilities

The Group's liabilities related to insurance contracts are determined based on the methods and assumptions described in Note 2.3 u) above. These liabilities reflect an estimated figure for the impact of future events on the Group's insurance companies, based on actuarial assumptions, the historical claims rate and other methods accepted in the sector.

Considering the type of insurance activity, the determination of provisions for claims and other liabilities due to insurance contracts is highly subjective, therefore the actual figures to be disbursed in the future could well be considerably different from the estimates.

However, the Group considers that the liabilities related to insurance contracts stated in the consolidated accounts adequately reflect the best estimate on the reporting date of the amounts that the Group will have to disburse (see Note 21).

The use of different methodologies and/or assumptions in the valuation procedures of technical provisions could result in different levels of liability being recognised and presented in Note 21, with the consequent impact on the Group's results.

### 3.9 Measurement of Lease Liabilities

The extension and rescission options contained in the lease contracts were considered in the calculation of the lease liability of various items of equipment and real estate properties of the CA Group. These options are used to maximise operational flexibility in terms of contract management. The majority of these options may only be exercised by the CA Group, and not by the respective lessor.

For new contracts entered into during 2022, the implicit interest rates were considered (real estate property leasing 1.1% and 3% and vehicle leasing between 2.62% and 5.46%) (see Note 21).

In fiscal terms, the CA Group does not expect any relevant impact of the application of IFRS 16, considering that it submitted an application requesting the Tax Authority for authorisation to use, during the tax period of 2019 and in future tax periods, depreciation shares higher than the maximum depreciation shares stipulated in Regulatory Decree 25/2009 (namely, in the case of the real estate properties in which it is the tenant).

### 3.10 Provisions for legal proceedings

The provisions set up to cover the risks associated with legal proceedings are recorded based on the assessment of the probability of conviction carried out by the lawyers that monitor the proceedings and other specific risks arising from the activity of the CA Group (see Note 19).

The use of different methodologies and/or assumptions in determining the probability of conviction, could result in different levels of provisions set up and presented in Note 17, with the consequent impact on the CA Group's results.





	2022					
	Equity	Net Assets	Profit/(Loss) for the year	Direct stake	Effective stake	Consolidation method
<b>Banks</b>						
Caixa de Crédito Agrícola Mútuo <sup>(1)</sup>	1,814,988,591	21,902,736,757	86,511,175	100.00%	100.00%	Full
Caixa Central de Crédito Agrícola Mútuo	523,735,006	12,707,070,144	22,342,698	100.00%	100.00%	Full
<b>Asset management and brokerage</b>						
Crédito Agrícola Gest- SGOIC , S.A. de Investimento Imobiliário, S.A.	1,640,536	2,906,449	78,731	100.00%	100.00%	Full
Crédito Agrícola Imóveis, Unipessoal, Lda.	2,566,711	12,433,253	(1,818,045)	100.00%	100.00%	Full
<b>Services Rendered</b>						
FENACAM - Federação Nacional das						
Caixa de Crédito Agrícola Mútuo FCRL	7,070,727	9,887,506	211,774	99.98%	99.98%	Full
Crédito Agrícola Informática-Serviços de Informática S.A.	8,626,279	14,167,687	597,099	99.45%	99.45%	Full
<b>Venture Capital</b>						
CA Capital - Sociedade de Capital de Risco, S.A.	692,657	2,727,921	(144,799)	100.00%	100.00%	Full
<b>Investment funds</b>						
FEIIA CA Imobiliário	112,818,082	116,965,085	(5,037,878)	99.92%	99.92%	Full
FEIIF ImoValorCA	16,919,486	17,172,190	(1,680,503)	100.00%	100.00%	Full
FIM Alternativo de Obrigações Fechado CA Institucionais	18,164,878	18,528,620	(1,701,817)	100.00%	98.79%	Full
<b>Insurance</b>						
Crédito Agrícola Seguros	43,804,781	266,411,097	10,965,721	97.40%	97.38%	Full
Crédito Agrícola Vida	83,165,014	788,261,581	47,733,337	99.95%	99.93%	Full
<b>Other</b>						
Associação – Fundo de Assistência do Crédito Agrícola Mútuo	135,190,956	135,351,746	443,045	100.00%	100.00%	Full
CA Serviços - Serviços Informáticos e de Gestão - ACE	-	111,159,314	-	93.65%	99.92%	Full
Crédito Agrícola SGPS S.A.	58,147,434	157,288,338	(958,968)	100.00%	100.00%	Full
Crédito Agrícola Seguros & Pensões SGPS S.A.	136,219,729	153,250,157	5,659,430	99.98%	99.98%	Full
CCCAM Gestão de Investimentos e Consultoria, Unipessoal						
Lda	1,263,404	6,234,490	(348,633)	100.00%	100.00%	Full
RNA - Rede Nacional de Assistência, S.A.	14,528,706	20,112,912	2,923,163	20.00%	19.48%	Eq. Method

Note: The amounts are as at 31 December 2022 (accounting balances before consolidation adjustments)

<sup>(1)</sup> These amounts correspond to the algebraic sum of the balance sheets of the Associated Caixas Agrícolas

	2021					
	Equity	Net Assets	Profit/(Loss) for the year	Direct stake	Effective stake	Consolidation method
<b>Banks</b>						
Caixa de Crédito Agrícola Mútuo <sup>(1)</sup>	1,733,154,106	20,191,038,175	96,876,601	100.00%	100.00%	Full
Caixa Central de Crédito Agrícola Mútuo	415,797,037	13,869,784,037	42,769,389	100.00%	100.00%	Full
<b>Asset management and brokerage</b>						
Crédito Agrícola Gest- SGOIC , S.A. de Investimento Imobiliário, S.A.	2,704,322	4,306,230	140,065	100.00%	100.00%	Full
Crédito Agrícola Imóveis, Unipessoal, Lda.	2,134,756	22,180,402	(3,785,235)	100.00%	100.00%	Full
<b>Services Rendered</b>						
FENACAM - Federação Nacional das						
Caixa de Crédito Agrícola Mútuo FCRL	6,809,287	9,396,190	520,838	99.98%	99.98%	Full
Crédito Agrícola Informática-Serviços de Informática S.A.	8,093,051	13,056,929	625,559	99.45%	99.45%	Full
<b>Venture Capital</b>						
CA Capital - Sociedade de Capital de Risco, S.A.	837,456	2,311,826	(84,852)	100.00%	100.00%	Full
<b>Investment funds</b>						
FEIIA CA Imobiliário	123,981,049	126,559,795	(4,376,256)	99.92%	99.92%	Full
Addressza Arrendamento FIIIF	26,053,108	29,393,229	(2,643,983)	100.00%	100.00%	Full
FEIIF ImoValorCA	24,599,989	25,070,960	(950,129)	100.00%	100.00%	Full
FIM Alternativo de Obrigações Fechado CA Institucionais	19,866,695	19,882,858	(165,405)	100.00%	98.79%	Full
<b>Insurance</b>						
Crédito Agrícola Seguros	56,360,314	265,417,888	5,846,606	97.40%	97.38%	Full
Crédito Agrícola Vida	117,502,680	771,483,283	6,066,641	99.95%	99.93%	Full
<b>Other</b>						
Associação – Fundo de Assistência do Crédito Agrícola Mútuo	134,645,279	134,726,757	124,706	100.00%	100.00%	Full
CA Serviços - Serviços Informáticos e de Gestão - ACE	-	109,103,906	-	92.87%	99.89%	Full
Crédito Agrícola SGPS S.A.	59,106,402	171,146,552	(2,202,359)	100.00%	100.00%	Full
Crédito Agrícola Seguros & Pensões SGPS S.A.	130,560,299	147,581,614	(188,496)	99.98%	99.98%	Full
Lda	1,612,037	7,070,571	177,651	100.00%	100.00%	Full
RústicoDivinal, Lda	(245,127)	469,884	(212,184)	100.00%	100.00%	Full
RNA - Rede Nacional de Assistência, S.A.	12,805,543	18,235,140	3,314,865	20.00%	19.48%	Eq. Method

Note: The amounts are as at 31 December 2021 (accounting balances before consolidation adjustments)

<sup>(1)</sup> These amounts correspond to the algebraic sum of the balance sheets of the Associated Caixas Agrícolas

The head offices and business activities of the Group's institutions are as follows:

Caixa Central - Caixa Central de Crédito Agrícola Mútuo, CRL, Crédito Agrícola S.G.P.S. S.A., Crédito Agrícola Imóveis, Sociedade Imobiliária Unipessoal, Lda., CCCAM Gestão de Investimentos e Consultoria, Unipessoal Lda. and CA Capital - Sociedade de Capital de Risco S.A. have their head offices at Rua Castilho, n.º 233 - 1099-004 Lisboa.

The object of Caixa Central is to grant credit and carry out all other acts inherent to the banking business.

The object of Crédito Agrícola Imóveis Unipessoal, Lda is the holding, management and administration of real estate properties and the purchase of real estate properties for resale.

The activity of CCCAM Gestão de Investimentos e Consultoria, Unipessoal, Lda consists of the provision, in general, of economic and financial or specialised strategic advisory services, as well as accounting or consulting services for corporate direction or management and the preparation of economic and financial studies.

CA Capital has the core object of carrying out investments in venture capital reflected in the acquisition of equity instruments, both within and outside the Group in companies showing high potential development.

Crédito Agrícola Seguros, S.A. and Crédito Agrícola Vida, S.A., whose head offices are located at Rua de Campolide 372, 1070-040 Lisboa, are engaged in the insurance business of all non-life business (except for aviation, credit, and sureties) and life business, respectively.

The object of Crédito Agrícola S.G.P.S., S.A. and Crédito Agrícola Seguros e Pensões S.G.P.S, with head office in Rua de Campolide 372, 1070-040 Lisboa, is the management of participations in other CA Group companies.

The main activity of Crédito Agrícola GEST - SGOIC, S.A. is the management of collective investment undertakings. It also carries out the activity of discretionary and individualised management of portfolios on behalf of others and consultancy for investments in securities.

CA Informática – Serviços de Informática, S.A., whose head office is at Rua Teófilo Braga, Lote 63 Damaia – 2720-526 Amadora, is essentially dedicated to the provision of information technology services, including consulting on matters of selection of software and hardware, the development and support to the development of applications, data processing, staff training and provision of consulting services in organisation and management, as well as the marketing and management of information technology equipment and products;

CA Serviços – Centro de Serviços Partilhados – ACE, whose head office is at Rua Teófilo Braga, Lote 63 Damaia – 2720-526 Amadora, was constituted as the unit of auxiliary services for the CA Group, with the object of providing information technology, operational, technical and management services in a manner complementing the individual and group activities of its Group members.

The corporate object of FENACAM - Federação Nacional das Caixas de Crédito Agrícola Mútuo, FCRL, whose head office is at Rua Professor Henrique Barros, Edifício Sagres, 7.º Piso - 2685-338 Prior Velho, consists of the representation and development of Crédito Agrícola Mútuo, strengthening the spirit of solidarity and cooperation between the associates, as well as the promotion, coordination and conduct of activities of common interest to them, and especially: i) representation of the Caixas Agrícolas and regional unions of their associates before any national, foreign or international institutions in the realisation and defence of the rights and interests of the associates; and ii) promotion of cooperativism within the Group.

FEIIA CA Imobiliário is a real estate investment fund whose management company was, up to 31 January 2022, Square Asset Management – Sociedade Gestora de Fundos de Investimento Imobiliário S.A., with head office at Rua Tierno Galvan, Torre 3, Piso 7, Sala 706, 1070- 274 Lisboa. With reference to 2 February 2022, the management company of the fund became Crédito Agrícola Gest - SGOIC, S.A.. In 2022, Addressza Arrendamento - Fundo de Investimento Imobiliário Fechado para o Arrendamento Habitacional ceased to be part of the

consolidation perimeter of the CA Group.

FEIIF Imovalor CA is a real estate investment fund, whose management company is Crédito Agrícola Gest - SGOIC, S.A., and has its head office at Rua de Campolide 372, 1070-040 Lisboa.

FIM CA Institucionais is a securities investment fund whose management company is Crédito Agrícola Gest - SGOIC, S.A., with its head office at Rua de Campolide 372, 1070-040 Lisboa.

The head office of Rústicodivinal, Lda, liquidated at the end of 2022, was at Rua Castilho, N° 233/233-A 1099- 004 Lisboa and its corporate object is the production of common and liqueur wines, wholesale of liqueur drinks and viticulture.

The Associação – Fundo de Assistência do Crédito Agrícola Mútuo has its head office at Rua Castilho, No. 233/233-A 1099-004 Lisboa, with its purpose being to adopt and implement recovery and assistance measures for its Associates experiencing financial difficulties in terms of liquidity or solvency, as well as the other procedures set out in its Internal Regulations.

RNA Seguros de Assistência S.A. has its head office at Alameda Fernão Lopes, 16, 6°, Miraflores, 1495-190 Algés, with its core business being the provision of services, management, assistance and consulting to persons and assets in the insurance business of any claim.

## 5. Cash, cash balances at central banks and other demand deposits

The composition of this heading is as follows:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
Cash on hand	129,441,976	128,466,492
Cash balances at central banks (without interest)	1,162,192,733	3,794,031,969
Other demand deposits (without interest)	64,636,745	48,593,644
Interest	111,111	1
	<u><b>1,356,382,565</b></u>	<u><b>3,971,092,106</b></u>

The credit institutions established in the Member States of the European Union are subject to the constitution of minimum reserves in accounts at the National Central Banks.

The minimum reserve requirements of the European Central Bank are applicable to credit institutions in the eurozone, being primarily aimed at stabilising monetary market interest rates and creating (or expanding) structural liquidity scarcity.

The value of the minimum reserves to be met by each institution is determined based on the application of the reserve coefficients to the base of incidence, which arises from the sum of a sub-group of its balance sheet liability headings. Currently, the coefficient is 1% for liabilities falling due in two years or less.

The periods of maintenance of minimum reserves are defined in accordance with the time frame prepared by the ECB. To pursue the goal of stabilising interest rates, the ECB minimum reserve requirements enable institutions to use an average figure. Thus, compliance with the minimum reserves is verified by comparing the average figures of daily balances for Demand deposits held by the institution at Banco de Portugal throughout the reserve maintenance period with the value of reserves to be met referred to above.

The minimum reserves effectively constituted are remunerated, during their maintenance period, at their average marginal placement rate (weighted according to the number of calendar days) of the main refinancing operations of the Eurosystem. Pursuant to the Decision of the Board of the European Central Bank ECB/2014/23 of 5 June 2014, until September 2022, deposits in excess of the average minimum reserve requirement were remunerated at a rate of zero per cent or the interest rate of the permanent deposit facility, whichever was lower. As such, a negative interest rate could be applied on surplus reserves.

The year 2022 was characterised by the start of the process of monetary policy normalisation. In July 2022, with the aim of countering the high inflation that began to emerge in the last quarter of 2021, the ECB began a cycle of rises that took the Deposit Facility Rate from an initial value of -0.50% to a rate of 2.00% at the end of the year.

The change in the course of monetary policy ended up being reflected in the remuneration conditions of deposited balances, due to the need to apply effective mechanisms to transmit its effects. As from the reserve maintenance period starting on 14/09/2022, the Governing Council of the ECB decided to discontinue the two-tier system of remuneration of excess reserves, setting the multiplier at zero. In addition, the reference rate for remuneration of the minimum cash reserves (MCR) was also changed. With effect from the reserve maintenance period starting on 21/12/2022, the remuneration rate of the MCRs is no longer the main refinancing operations rate (MRO) but the deposit facility rate.

The change in the value of demand deposits at Banco de Portugal between 31 December 2021 and 31 December 2022 is essentially explained by the repayment of series of TLTROs, by the natural management of the minimum cash reserves throughout the period of maintenance of reserves and by the temporary liquidity deposits associated with movements of recomposition of the portfolio of financial assets.

The average rate of return on other demand deposits is close to 0%.

The credit analysis (counterparty ratings) is described in Note 49.

## 6. Financial assets and liabilities held for trading

As at 31 December 2022 and 2021, the breakdown of Financial assets and liabilities held for trading was as follows:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
<u>Financial assets held for trading</u>		
Debt instruments (non-insurance activity)	173,737,574	18,251,970
Derivative financial instruments with positive fair value		
Currency futures (non-insurance activity)	1,841	27
Interest rate Swaps (non-insurance activity)	<u>5,705,153</u>	<u>713,310</u>
	<u><b>179,444,567</b></u>	<u><b>18,965,307</b></u>
 <u>Financial liabilities held for trading</u>		
Derivative financial instruments with positive		
Currency futures (non-insurance activity)	183	1,096
Interest rate Swaps (non-insurance activity)	<u>5,215,610</u>	<u>386,110</u>
	<u><b>5,215,793</b></u>	<u><b>387,206</b></u>

The impact arising from changes in the fair value of financial assets and liabilities held for trading is shown under the heading of “Gains or losses on financial assets and liabilities held for trading, net” (see Note 33).

The financial assets held for trading are measured at fair value, which reflects any credit risk and the corresponding losses, and represents CA Group's maximum exposure to credit risk (see Note 49).

The change in this heading arises from the investment proposals that the Financial Department or CA Gest, in the case of the portfolios of Associated Caixas and Caixa Central under discretionary management, consider appropriate in view of the market situation and within the limits approved and in force. These proposals are short-term and arise from the volatility of the market itself.

Foreign exchange operations, interest rate swaps and debt securities are detailed as follows:

	31-Dec-2022			
	Notional Value	Assets	Liabilities	Net
<u>Foreign exchange forward transactions</u>				
Currency futures				
Purchases	75,735	1,841	(183)	1,657
Sales	75,375	-	-	-
	151,110	1,841	(183)	1,657
<u>Swaps</u>				
Interest rate swaps	195,451,096	5,705,153	(5,215,610)	489,543
<u>Bonds</u>				
Debt securities	175,438,000	173,737,574	-	173,737,574
<b>Total</b>	<b>371,040,205</b>	<b>179,444,567</b>	<b>(5,215,793)</b>	<b>174,228,774</b>

	31-Dec-2021			
	Notional Value	Assets	Liabilities	Net
<u>Foreign exchange forward transactions</u>				
Currency futures				
Purchases	821	27	(1,096)	(1,069)
Sales	816	-	-	-
	1,637	27	(1,096)	(1,069)
<u>Swaps</u>				
Interest rate Swaps	17,575,320	713,310	(386,110)	327,200
<u>Bonds</u>				
Debt securities	18,261,000	18,251,970	-	18,251,970
<b>Total</b>	<b>35,837,957</b>	<b>18,965,307</b>	<b>(387,206)</b>	<b>18,578,101</b>

The distribution, by residual periods, of the notional value of the debt instruments and the derivative financial instruments contracted as at 31 December 2022 and 2021 is detailed as follows:

	31-Dec-2022						Total
	<= 3 months	> 3 months and <= 6 months	> 6 months and <= 1 year	> 1 year and <= 5 years	> 5 years	Undetermined	
<u>Foreign exchange forward transactions</u>							
Currency futures							
Purchases	75,735	-	-	-	-	-	75,735
Sales	75,375	-	-	-	-	-	75,375
	151,110	-	-	-	-	-	151,110
<u>Swaps</u>							
Interest rate swaps	-	-	-	133,557,227	61,893,869	-	195,451,096
<u>Bonds</u>							
Debt securities	159,545,000	600,000	2,200,000	9,293,000	3,700,000	100,000	175,438,000
<b>Total</b>	<b>159,696,110</b>	<b>600,000</b>	<b>2,200,000</b>	<b>142,850,227</b>	<b>65,593,869</b>	<b>100,000</b>	<b>371,040,205</b>

	31-Dec-2021						Total
	<= 3 months	> 3 months and <= 6 months	> 6 months and <= 1 year	> 1 year and <= 5 years	> 5 years	Undetermined	
<u>Foreign exchange forward transactions</u>							
Currency futures							
Purchases	821	-	-	-	-	-	821
Sales	816	-	-	-	-	-	816
	1,637	-	-	-	-	-	1,637
<u>Swaps</u>							
Interest rate swaps	-	-	-	17,575,320	-	-	17,575,320
<u>Bonds</u>							
Debt securities	-	2,653,000	1,808,000	10,700,000	3,100,000	-	18,261,000
<b>Total</b>	<b>1,637</b>	<b>2,653,000</b>	<b>1,808,000</b>	<b>28,275,320</b>	<b>3,100,000</b>	<b>0</b>	<b>35,837,957</b>

The intervals of the indexes associated with derivatives correspond to the 3-month and 6-month Euribor.

The movement of the debt securities held for trading occurred as at 31 December 2022 and 2021 is as follows:

## 2022

Nature	31-Dec-2021		Additions		Disposals		Maturities		Changes in Fair Value	31-Dec-2022	
	Opening Balance		Fair value		Quantity		Fair value			Closing Balance	
	Quantity	Fair value	Quantity	Fair value	Quantity	Fair value	Quantity	Fair value		Quantity	Fair value
Debt instruments	18,261,000	18,251,970	10,671,174,355	10,277,442,704	(10,511,177,355)	(10,119,075,577)	(2,820,000)	(2,820,000)	(61,524)	175,438,000	173,737,574
<b>Total - Financial assets held for trading</b>	<b>18,261,000</b>	<b>18,251,970</b>	<b>10,671,174,355</b>	<b>10,277,442,704</b>	<b>(10,511,177,355)</b>	<b>(10,119,075,577)</b>	<b>(2,820,000)</b>	<b>(2,820,000)</b>	<b>(61,524)</b>	<b>175,438,000</b>	<b>173,737,574</b>

\* Does not include foreign exchange transactions

## 2021

Nature	31-Dec-2020		Additions		Disposals		Changes in Fair Value	31-Dec-2021	
	Opening Balance		Fair value		Quantity			Fair value	
	Quantity	Fair value	Quantity	Fair value	Quantity	Fair value		Quantity	Fair value
Debt instruments	18,652,000	18,798,911	9,363,641,000	9,376,483,547	(9,364,032,000)	(9,377,130,895)	100,407	18,261,000	18,251,970
<b>Total - Financial Assets held for trading</b>	<b>18,652,000</b>	<b>18,798,911</b>	<b>9,363,641,000</b>	<b>9,376,483,547</b>	<b>(9,364,032,000)</b>	<b>(9,377,130,895)</b>	<b>100,407</b>	<b>18,261,000</b>	<b>18,251,970</b>

\* Does not include foreign exchange transactions

The impact arising from changes in the fair value of financial assets and liabilities held for trading is shown under the heading of “Gains or losses on financial assets and liabilities held for trading, net” (see Note 33) and “Interest revenue” of these assets in Note 27.

## 7. Non-trading financial assets mandatorily at fair value through profit or loss

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
Equity instruments		
non-insurance activity	49,231,427	49,713,812
	<u><b>49,231,427</b></u>	<u><b>49,713,812</b></u>

The impact of changes in the fair value of financial assets and liabilities is presented under the heading of “Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net” (see Note 34).

There are no collaterals received or mortgages constituted on the equity instruments.

The movement of the financial assets at fair value through profit or loss occurred on 2022 and 2021 is as follows:

Nature	31-Dec-2021		Additions		2022		Changes in fair value	31-Dec-2022	
	Opening Balance		Quantity	Fair value	Quantity	Fair value		Closing Balance	
	Quantity	Fair value						Quantity	Fair value
Equity Instruments	11,122,230	49,713,812	225,868	3,273,564	(923,813)	(916,134)	(2,839,814)	10,424,285	49,231,427
<b>Total - Non-trading financial assets mandatorily at FVTPL</b>	<b>11,122,230</b>	<b>49,713,812</b>	<b>225,868</b>	<b>3,273,564</b>	<b>(923,813)</b>	<b>(916,134)</b>	<b>(2,839,814)</b>	<b>10,424,285</b>	<b>49,231,427</b>

Nature	31-Dec-2020		Additions		2021		Changes in fair value	31-Dec-2021	
	Opening Balance		Quantity	Fair value	Quantity	Fair value		Closing Balance	
	Quantity	Fair value						Quantity	Fair value
Equity Instruments	9,916,261	44,913,407	1,365,185	5,112,935	(159,216)	(5,513,959)	5,201,429	11,122,230	49,713,812
<b>Total - Non-trading financial assets mandatorily at FVTPL</b>	<b>9,916,261</b>	<b>44,913,407</b>	<b>1,365,185</b>	<b>5,112,935</b>	<b>(159,216)</b>	<b>(5,513,959)</b>	<b>5,201,429</b>	<b>11,122,230</b>	<b>49,713,812</b>

The impacts on profit or loss resulting from dividend income from these assets, of the value of 0.7 million euros (2021: 0.4 million euros), can be found in Note 29 and the gains and losses of the value of -3.1 million euros (2021: 1.8 million euros), in Note 34.

In addition, see disclosure of the fair value hierarchy in Note 49.



## 8. Financial assets designated at fair value through profit or loss

This heading is detailed as follows:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
Securities		
Debt instruments (insurance activity)	3,637,260	10,103,971
Debt instruments (non-insurance activity)	-	-
Issued by residents		
Equity instruments (insurance activity)	117,645	7,373
	<u>3,754,905</u>	<u>10,111,344</u>

The impact generated by the fair value variation of these assets was recorded in the Income Statement under “Gains or losses from financial assets and liabilities stated at fair value through profit or loss, net” (Note 35).

The financial assets at fair value through profit or loss are measured at fair value, which reflects any credit risk and the corresponding losses, and represents the Crédito Agrícola Group's maximum exposure to credit risk.

In terms of hierarchy of fair value, established in IFRS 13, assets classified upon initial recognition at fair value through profit or loss are placed according to the following levels (see Note 49) (values in thousand euros):

### 31-Dec-2022

	Stage 1	Stage 2	Stage 3	Total
Financial assets at fair value through profit or loss	3,637	108	10	3,755

### 31-Dec-2021

	Stage 1	Stage 2	Stage 3	Total
Financial assets at fair value through profit or loss	3,486	6,618	7	10,111

The portfolio is broken down by maturity periods as follows (thousand euros):

	2022							in thousand euros	
	Contractual residual periods							Undetermined	Total
	On demand	Up to 3 months	3 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years			
Financial assets at fair value through profit or loss	-	83	-	1,559	279	1,716	118	3,755	

	2021							in thousand euros	
	Contractual residual periods							Undetermined	Total
	On demand	Up to 3 months	3 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years			
Financial assets at fair value through profit or loss	-	100	535	1,443	6,845	1,180	7	10,111	

The movement in debt and equity instruments during 2022 and 2021 is as follows:

Nature	31-Dec-2021		2022				Changes in fair value	31-Dec-2022	
	Opening Balance		Additions		Disposals			Closing Balance	
	Quantity	Fair value	Quantity	Fair value	Quantity	Fair value		Quantity	Fair value
Debt instruments	8,591,500	10,103,971	53,840,000	52,772,659	(57,610,000)	(58,585,564)	(23,807)	4,191,500	3,637,260
Equity instruments	7,373	7,373	20,058	202,995	(7,450)	(55,236)	(37,488)	19,981	117,645
<b>Total - Financial assets at fair value through profit or loss</b>	<b>8,598,873</b>	<b>10,111,344</b>	<b>53,860,058</b>	<b>52,975,653</b>	<b>(57,617,450)</b>	<b>(58,640,800)</b>	<b>(61,294)</b>	<b>4,211,481</b>	<b>3,754,905</b>

Nature	31-Dec-2020		2021				Changes in fair value	31-Dec-2021	
	Opening Balance		Additions		Disposals			Closing Balance	
	Quantity	Fair value	Quantity	Fair value	Quantity	Fair value		Quantity	Fair value
Debt instruments	28,180,500	31,093,821	7,801,000	7,751,500	(27,390,000)	(27,893,263)	(848,088)	8,591,500	10,103,971
Equity instruments	10,563	100,116	7,440	86,206	(10,630)	(181,760)	2,811	7,373	7,373
<b>Total - Financial assets at fair value through profit or loss</b>	<b>28,191,063</b>	<b>31,193,938</b>	<b>7,808,440</b>	<b>7,837,707</b>	<b>(27,400,630)</b>	<b>(28,075,023)</b>	<b>(845,277)</b>	<b>8,598,873</b>	<b>10,111,344</b>

The nominal value of securities at fair value through profit or loss stands at 4,211 thousand euros as at 31 December 2022, and 8,599 billion euros as at 31 December 2021.

## 9. Financial assets at fair value through other comprehensive income

The composition of this heading is as follows:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
Securities		
Equity instruments		
insurance activity	28,867,511	20,785,993
Debt instruments	752,852,370	1,784,335,214
non-insurance activity	129,107,987	910,021,823
insurance activity	623,744,383	874,313,391
	<u><b>781,719,881</b></u>	<u><b>1,805,121,207</b></u>

The instruments of insurance activity are broken down as follows:

<u>2022</u>	Amortised cost *	Change in fair value		Fair value	Accrued interest	Book value
		Positive	Negative			
Bonds and other fixed income securities	737,129,000	303,558	(118,274,835)	619,157,723	4,586,660	623,744,383
Investment fund units	24,929,564	6,044,241	(2,106,294)	28,867,511		28,867,511
	762,058,564	6,347,799	(120,381,129)	648,025,234	4,586,660	652,611,894

(\* ) Or acquisition cost when referring to investment fund units, shares and other variable income securities.

<u>2021</u>	Amortised cost *	Change in fair value		Fair value	Accrued interest	Book value
		Positive	Negative			
Bonds and other fixed income securities	874,802,646	12,489,170	(17,820,987)	869,470,829	4,842,563	874,313,391
Investment fund units	14,965,609	6,033,559	(213,176)	20,785,992		20,785,993
	889,768,255	18,522,729	(18,034,163)	890,256,821	4,842,563	895,099,384

(\* ) Or acquisition cost when referring to investment fund units, shares and other variable income securities.

In 2022, an insurer reclassified financial assets between portfolios: available-for-sale to held-to-maturity investments.

In 2021, insurers did not reclassify financial assets between asset categories.

The instruments of non-Insurance activity are broken down as follows:

Description	31-Dec-2021	2022				31-Dec-2022
	Opening Balance	Acquisitions	Disposals	Maturity	Fair value adjustments	Closing Balance
Financial assets at fair value through other comprehensive income						
Debt instruments	910,021,823	118,946,440	(29,318,864)	(848,040,000)	(22,501,412)	129,107,987
<b>Total</b>	<b>910,021,823</b>	<b>118,946,440</b>	<b>(29,318,864)</b>	<b>(848,040,000)</b>	<b>(22,501,412)</b>	<b>129,107,987</b>

Description	31-Dec-2020	2021			31-Dec-2021
	Opening balance	Acquisitions	Disposals	Fair value adjustments	Closing balance
Financial assets at fair value through other comprehensive income					
Debt instruments	403,959,004	971,076,015	(486,348,650)	21,335,454	910,021,823
<b>Total</b>	<b>403,959,004</b>	<b>971,076,015</b>	<b>(486,348,650)</b>	<b>21,335,454</b>	<b>910,021,823</b>

The impairment of securities at fair value through other comprehensive income is 110 thousand euros, in accordance with Note 24. The movement of impairment occurred in the year can be seen in Note 19.

The exposure by country of the main balances is as shown below (values in thousands of euros):

	Non-Insurance Activity	Insurance Activity	31-Dec-2022
<u>Public debt securities</u>			
Portugal	22,174	64,176	86,351
Spain	54,077	100,579	154,656
Italy	21,835	122,946	144,782
Others (Germany, France, Greece, Ireland, etc.)	4,148	166,238	170,386
<b>Book Value - Public Debt</b>	<b>102,234</b>	<b>453,939</b>	<b>556,174</b>
<u>Other issuers</u>			
Bonds	26,874	169,805	196,678
Equity Instruments	-	28,868	28,868
<b>Total Other issuers</b>	<b>26,874</b>	<b>198,672</b>	<b>225,546</b>
<b>Total FVTOCI</b>	<b>129,108</b>	<b>652,612</b>	<b>781,720</b>

Impairment Reserves	Non-Insurance Activity	Insurance Activity	31-Dec-2022
Public debt	(69)	-	(69)
Other issuers	(41)	-	(41)
<b>Total</b>	<b>(110)</b>	-	<b>(110)</b>

As mentioned in the Accounting Policies (Note 2.4 f)), the CA Group opted to consolidate the information regarding the insurance activity in accordance with IAS 39, therefore the securities related to the insurance activity do not present impairment.

With the publication Notice 1/2019 of 22 January 2019, the Banco de Portugal defined that the model financial statements and respective applicable items would be carried out according to the FINREP mapping. Therefore, for disclosure purposes the financial assets available for sale are disclosed in the Note "Financial assets at fair value through other comprehensive income".

The portfolio is broken down by residual periods as follows (in thousand euros):

Amounts in thousands of euros	31-Dec-2022	31-Dec-2021
Up to three months	24,205	69,823
Three months to one year	67,131	912,355
One year to three years	117,128	133,421
Three to five years	75,146	149,156
Over five years	442,266	519,580
Undetermined	55,843	20,786
<b>Total</b>	<b>781,720</b>	<b>1,805,121</b>

In terms of hierarchy of fair value, established in IFRS 13, assets classified upon initial recognition at fair value through profit or loss are placed according to the following levels (see Note 49):

31-Dec-2022

	Stage 1	Stage 2	Stage 3	Total
Financial assets at FVTOCI	757,150,092	-	24,569,789	781,719,881

31-Dec-2021

	Stage 1	Stage 2	Stage 3	Total
Financial assets at FVTOCI	1,786,448,268	-	18,672,939	1,805,121,207

The impairment of financial assets at fair value through other comprehensive income of the non-insurance activity is reflected in equity. See movement in Note 19.

All the debt instruments of the non-insurance activity are classified at stage 1 of the expected credit loss (ECL) model, having remained unchanged during 2022 and 2021. See movement of impairment in Note 19.

The potential capital gains and capital losses of financial assets at fair value through other comprehensive income are recorded in the assets against revaluation reserves in equity. The impacts on equity are shown in Note 24.

There are no debt instruments at fair value through other comprehensive income given as collateral.

The capital gains made are detailed in Note 32.

## 10. Financial assets at amortised cost

### 10.1 Debt Securities

The composition of this heading is as follows:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
Debt instruments		
Insurance activity		
Issued by residents	8,769,775	-
Issued by non-residents	266,066,429	-
Debt instruments		
Non-insurance activity		
Issued by residents	2,075,940,149	2,173,231,851
Issued by non-residents	<u>6,562,228,339</u>	<u>5,310,334,036</u>
	8,913,004,692	7,483,565,888
Interest income receivable	62,768,596	49,869,155
Accumulated impairment	<u>(6,148,108)</u>	<u>(2,822,183)</u>
	8,969,625,181	7,530,612,860
Certified		
Commercial Paper	423,685,498	405,587,443
Commercial Paper - overdue loans	-	-
Commercial Paper interest	132,953	478,946
Deferred commissions received	<u>(3,384,801)</u>	<u>(1,917,795)</u>
	420,433,650	404,148,595
Accumulated impairment	<u>(305,734)</u>	<u>(262,117)</u>
	<u><b>9,389,753,097</b></u>	<u><b>7,934,499,337</b></u>

The movement in debt instruments at amortised cost of the non-insurance activity during 2022 and 2021 are as follows:

Nature	31-Dec-2021		2022				31-Dec-2022			
	Opening Balance		Additions		Disposals/Maturities		Amortisation premium/Intere	Variation hedge adjustment	Closing Balance	
	Quantity	Value	Quantity	Value	Quantity	Value			Quantity	Value
Debt instruments	7,096,387,000	7,483,565,888	2,354,495,000	2,297,052,544	(189,332,000)	(189,332,000)	(96,155,879)	(856,962,065)	9,261,550,000	8,638,168,488
<b>Total - Financial Assets at AC</b>	<b>7,096,387,000</b>	<b>7,483,565,888</b>	<b>2,354,495,000</b>	<b>2,297,052,544</b>	<b>(189,332,000)</b>	<b>(189,332,000)</b>	<b>(96,155,879)</b>	<b>(856,962,065)</b>	<b>9,261,550,000</b>	<b>8,638,168,488</b>

Nature	31-Dec-2020		2021				31-Dec-2021			
	Opening Balance		Additions		Disposals/Maturities		Amortisation premium/Intere	Variation hedge adjustment	Closing Balance	
	Quantity	Value	Quantity	Value	Quantity	Value			Quantity	Value
Debt instruments	5,480,937,000	5,869,460,809	2,675,500,000	2,740,306,438	(1,060,050,000)	(1,105,275,758)	(58,331,668)	37,406,066	7,096,387,000	7,483,565,888
<b>Total - Financial Assets at AC</b>	<b>5,480,937,000</b>	<b>5,869,460,809</b>	<b>2,675,500,000</b>	<b>2,740,306,438</b>	<b>(1,060,050,000)</b>	<b>(1,105,275,758)</b>	<b>(58,331,668)</b>	<b>37,406,066</b>	<b>7,096,387,000</b>	<b>7,483,565,888</b>

The movement in debt instruments at amortised cost of the insurance activity during 2022 is as follows:

Nature	31-Dec-2021		2022				31-Dec-2022		
	Opening Balance		Additions		Disposals/Maturities		Amortisation premium/Interest	Closing Balance	
	Quantity	Value	Quantity	Value	Quantity	Value		Quantity	Value
Debt instruments	-	-	312,800,000	273,173,150	-	-	1,663,054	312,800,000	274,836,204
<b>Total - Financial Assets at AC</b>	<b>-</b>	<b>-</b>	<b>312,800,000</b>	<b>273,173,150</b>	<b>-</b>	<b>-</b>	<b>1,663,054</b>	<b>312,800,000</b>	<b>274,836,204</b>

The nominal value of securities at amortised cost is 9,574 billion euros as at 31 December 2022, and 7,096 billion euros as at 31 December 2021.

The average interest rates obtained on these instruments in 2022 were 1.62% (2021: 1.77%).

The accumulated adjustment relative to the hedge relations at fair value stands at 857 million euros as at 31 December 2022 (37.4 million euros as at 31 December 2021) as presented in Note 11.

The fair value of these assets is disclosed in Note 49.

The CA Group's investment policy determines that maximum limits of 10% should be observed in the annual sales ratios in terms of amount and quantity of securities in the portfolio. During 2022 2021, the disposal of portfolio securities at amortised cost did not exceed the defined limits.

As at 31 December 2022, there are debt instruments at amortised cost given as collateral, of the value of 561,150 thousand euros (2021: 3,512,140 thousand euros). These instruments have not undergone any change in their credit risk stage and remain at stage 1.

Debt instruments at amortised cost, without interest receivable, without impairment and without hedge adjustment, show the following contractual residual maturities as at 31 December 2022 and 2021:

Amounts in euros	31-Dec-2022	31-Dec-2021
On demand	-	-
Up to three months	41,043,539	12,501,178
Three months to one year	357,856,417	839,143,016
One year to three years	1,021,737,323	660,103,401
Three to five years	1,217,611,071	215,497,481
Over five years	7,131,718,407	5,718,914,746
<b>Total</b>	<b>9,769,966,757</b>	<b>7,446,159,822</b>

The exposure by country of the main balances of debt instruments is as shown below (amounts in thousands of euros):

	Insurance Activity	Non-Insurance Activity	Total 31-Dec-2022
<u>Public debt securities</u>			
Portugal	8,770	2,029,561	2,038,331
Spain	16,350	3,977,663	3,994,013
Italy	95,689	889,924	985,613
Other	154,027	62,799	216,826
<b>Book value (gross) without accrued interest</b>	<b>274,836</b>	<b>6,959,948</b>	<b>7,234,784</b>
Interest income receivable	505	53,087	53,592
Impairment	-	(5,295)	(5,295)
<b>Total public debt</b>	<b>275,341</b>	<b>7,007,740</b>	<b>7,283,081</b>
Other issuers	-	1,678,221	1,678,221
Interest income receivable	-	9,177	9,177
Impairment	-	(853)	(853)
<b>Total Other issuers</b>	<b>-</b>	<b>1,686,544</b>	<b>1,686,544</b>
<b>Total Amortised Cost</b>	<b>275,341</b>	<b>8,694,284</b>	<b>8,969,625</b>

Debt instruments issued by residents essentially refer to Portuguese public debt, of the value of 2,038,331 thousand euros.

Debt instruments issued by non-residents refer to Spanish and Italian public debt, of the value of 3,994,013 thousand euros and 985,613 thousand euros, respectively.

All the debt instruments at amortised cost are classified at stage 1 of the Expected Credit Loss (ECL) model.



See disclosure of the fair value of these assets in Note 49, "Fair value of financial assets and liabilities".

See disclosure of the credit quality of financial assets in Note 49.

See also the movement of impairment in Note 19.

## 10.2 Loans and Advances

<u>Loans and advances</u>	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
Investments:		
Loans	29,000,000	22,800,000
Other investments	19,239	16,709
Interest income receivables from loans	127,515	50,036
	<u>29,146,754</u>	<u>22,866,745</u>
Investment impairments	(56,770)	(39,848)
<b>Total Investment</b>	<b><u>29,089,984</u></b>	<b><u>22,826,897</u></b>
Credit Portfolio		
Mortgage Loans	3,584,117,640	3,430,676,081
Loans with and without collateral	6,486,725,927	6,448,398,617
Financial leasing contracts		
Customers	297,230,441	283,621,820
Current account loans and advances		
Customers	407,043,783	375,382,397
Current account overdrafts		
Other residents	5,270,663	6,103,477
Consumer loans and advances	570,086,629	569,189,115
Other credits		
Credit cards	48,313,347	44,053,106
Other loans and advances to customers	8,412,073	9,233,249
Modifications	(6,432,630)	(12,287,948)
	<u>11,400,767,873</u>	<u>11,154,369,913</u>
Interest income receivables	32,086,723	25,299,700
Commissions associated with amortised cost		
Expenses with deferred charges	1,853,606	1,534,770
Revenue with deferred income	(30,414,033)	(28,120,453)
Total loans not immediately due	<u>11,404,294,169</u>	<u>11,153,083,930</u>
Overdue loans and interest		
Overdue loans	149,728,077	159,724,646
Overdue interest	7,727,544	9,373,793
Total overdue loans and interest	<u>157,455,621</u>	<u>169,098,439</u>
Accumulated impairment	(349,535,235)	(332,669,373)
<b>Total Credit Portfolio</b>	<b><u>11,212,214,555</u></b>	<b><u>10,989,512,997</u></b>
<b>Total debt at amortised cost (Note 10.1)</b>	<b><u>9,389,753,097</u></b>	<b><u>7,934,499,337</u></b>
<b>Total Financial Assets at amortised cost</b>	<b><u>20,631,057,636</u></b>	<b><u>18,946,839,231</u></b>

As a result of the change in the rules regarding the cost associated with the TLTRO III financing, namely the decision announced on 27/10/2022 to apply from 23/11/2022 and until the maturity date of the operation a financing cost equivalent to the average of the deposit facility rate verified over the period, the CA Group made the full early repayment on 23/11/2022.

As at 31 December 2022 and 2021, the residual periods of the investments in credit institutions, without impairment, presented the following structure (values in euros):

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
Up to three months	19,239	16,709
Three months to one year	4,000,000	2,800,000
One year to three years	<u>25,000,000</u>	<u>20,000,000</u>
	<u>29,019,239</u>	<u>22,816,709</u>
Interest income receivables	127,515	50,036
	<u>29,146,754</u>	<u>22,866,745</u>

The variation is essentially due to the use of current accounts pledged by customers.

The heading of loans and advances to customers (including Commercial Paper - Note 10.1), according to the type of guarantee, is as follows (in thousand euros):

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
Loans receivable:		
Asset-backed loans	8,778,467	8,772,499
Unsecured loans	1,920,604	1,224,379
Loans with personal guarantees	<u>1,125,656</u>	<u>1,560,355</u>
	11,824,728	11,557,233
Overdue loans:		
Asset-backed loans	126,736	139,425
Unsecured loans	15,635	13,073
Loans with personal guarantees	<u>15,085</u>	<u>16,600</u>
	157,456	169,098
	<u><b>11,982,183</b></u>	<u><b>11,726,331</b></u>
Fair value of asset backed guarantees	<u>14,752,737</u>	<u>14,268,449</u>

As at 31 December 2022 and 2021, there is no loans overdue without impairment, as shown in the table below (values in thousand euros):

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
Overdue loans with impairment	149,728	159,725
Overdue loan with impairment	7,728	9,374
Overdue loans without impairment	-	-
Overdue loans without impairment	<u>-</u>	<u>-</u>
	<u><b>157,456</b></u>	<u><b>169,098</b></u>

As at 31 December 2022 and 2021, the residual periods of loans and advances to customers (including Commercial Paper - Note 10.1) presented the following structure (amounts in thousands of euros):

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
Up to three months	646,410	538,416
Three months to one year	754,296	766,400
One year to three years	795,894	816,742
Three to five years	1,177,410	1,107,372
Over five years	8,607,899	8,500,126
Without term	-	-
	<u>11,981,909</u>	<u>11,729,055</u>
Interest and commissions	274	(2,725)
	<u><b>11,982,183</b></u>	<u><b>11,726,331</b></u>

As at 31 December 2022 and 2021, loans and advances to customers (including Commercial Paper - Note 10.1) was divided between fixed and variable rates, as follows (values in thousand euros):

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
Fixed rate	1,580,253	1,321,171
Variable rate	10,401,930	10,405,160
Not subject to interest rate risk	-	-
	<u><b>11,982,183</b></u>	<u><b>11,726,331</b></u>

It should be noted that most variable rate loans are indexed to Euribor.

The duration of loans overdue balances with impairment for the periods presented is as follows (in thousand euros):

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
Up to three months	14,003	7,426
Three months to one year	27,397	32,243
One year to three years	35,158	14,591
Three to five years	27,638	52,714
Over five years	53,259	62,124
	<u><b>157,456</b></u>	<u><b>169,098</b></u>

Up to this date, the Crédito Agrícola Group has not carried out any operation of securitisation of its credit portfolio.

As at 31 December 2022 and 2021, the CA Group has approximately 924,098 thousand euros and 916,790 thousand euros, respectively, of loan contracts written off from the assets, that, due to their recovery being considered remote, are stated under off-balance sheet headings.

The variation of the heading of "Impairment losses" during the periods of 2022 and 2021 is as presented in Note 19. The remaining impact on profit or loss is described in Note 27.

Also see Note 49 – Disclosures relative to financial instruments: Credit Risk, which details the risk rating associated with the credit portfolio.

## 11. Hedge derivatives

The composition of this heading is as follows:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
Swaps - Interest rate risk	885,429,290	73,485,867
Derivatives - Hedge accounting (Assets)	<b>885,429,290</b>	<b>73,485,867</b>
Swaps - Interest rate risk	(27,415,374)	(126,448,063)
Derivatives - Hedge accounting (Liabilities)	<b>(27,415,374)</b>	<b>(126,448,063)</b>
	<u><b>858,013,916</b></u>	<u><b>(52,962,196)</b></u>

The details of assets recorded in the Balance Sheet are as follows:

31-Dec-2022		<u>Hedging instrument</u>			<u>Hedged instrument</u>		
Derivative instrument	Associated financial assets/liabilities	Notional	Fair value (1)	Fair value variation for the year	Fair value component of the hedged instrument	Fair value variation for the year	Book value
Interest rate swap	Debt instruments	4,389,280,000	858,013,916	910,976,112	(856,962,065)	(894,368,131)	4,637,764,909

1) Includes accrued interest

31-Dec-2021		<u>Hedging instrument</u>			<u>Hedged instrument</u>		
Derivative instrument	Associated financial assets/liabilities	Notional	Fair value (1)	Fair value variation for the year	Fair value component of the hedged instrument	Fair value variation for the year	Book value
Interest rate swap	Debt instruments	4,050,350,000	(52,962,196)	168,319,751	37,406,066	(170,623,756)	4,331,113,735

1) Includes accrued interest

The details of the estimated notional values of effective derivatives, by their maturity in 2022 and 2019, are as follows:

	2024	2025	2026	2027	2028	2029	2030	2031	2033	> 2034 to 2040
Fair value hedge of interest rate risk										
Notional value	29,730,000	10,700,000	545,700,000	230,500,000	681,650,000	87,000,000	275,000,000	240,000,000	584,000,000	1,705,000,000
	<u>29,730,000</u>	<u>10,700,000</u>	<u>545,700,000</u>	<u>230,500,000</u>	<u>681,650,000</u>	<u>87,000,000</u>	<u>275,000,000</u>	<u>240,000,000</u>	<u>584,000,000</u>	<u>1,705,000,000</u>

The details of the estimated notional values of effective derivatives, by their maturity in 2021 and 2019, are as follows:

	2024	2025	2026	2027	2028	2029	2030	2031	2033	> 2034 to 2040
Fair value hedge of interest rate risk										
Notional value	-	-	507,000,000	100,000,000	671,350,000	78,000,000	265,000,000	240,000,000	484,000,000	1,705,000,000
	-	-	507,000,000	100,000,000	671,350,000	78,000,000	265,000,000	240,000,000	484,000,000	1,705,000,000

Under its interest rate risk management, the CA Group entered into a series of interest rate swap contracts aimed at mitigating the impact on the fair value of debt financial instruments arising from interest rate variations, where it is expected that the fair value of the respective interest rate swap should evolve inversely to the fair value of the hedged risk of the hedged instrument. Accordingly, and as all the requirements of IFRS 9 were met, the CA Group applied hedge accounting, namely of the “fair value hedge” type.

The exchanged interest rates of these swaps are Euribor 6 months and Euribor 1 month. The variation in this heading is essentially justified by the difference in Euribor rates. The maturities of these swaps vary between 2 and 18 years (2021: between 6 and 20 years).

## 12. Investments in joint ventures and associates

As at 31 December 2022 and 2021, this heading shows the following composition:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
Rede Nacional de Assistência, SA	2,829,626	2,494,021
	<u>2,829,626</u>	<u>2,494,021</u>

As at 31 December 2022, the most significant data withdrawn from the financial statements of this Company is summarised in Note 4.

## 13. Tangible assets

### 13.1 Property, plant and equipment

The movement which occurred in Property, plant and equipment during 2022 and 2021 was as follows:

Description	12/31/2021			Acquisitions	Depreciations	Impairment (Note 19)	Write-offs, disposals and other	12/31/2022			Net Value
	Gross Value	Accumulated Depreciations	Losses by Impairment					Gross Value	Accumulated Depreciations	Losses by Impairment	
<b>Real estate properties:</b>											
For own use	304,702,429	(110,407,043)	(8,062,917)	1,533,459	(5,347,067)	(84,067)	(459,322)	304,775,834	(114,753,378)	(8,146,984)	181,875,472
Works in rented real estate properties	21,018,963	(12,313,035)	-	543,108	(816,145)	-	(167,777)	21,023,627	(12,758,513)	-	8,265,114
Other real estate properties	503,911	(342,458)	-	-	(9,165)	-	-	490,512	(338,224)	-	152,288
	<u>326,225,303</u>	<u>(123,062,536)</u>	<u>(8,062,917)</u>	<u>2,076,567</u>	<u>(6,172,377)</u>	<u>(84,067)</u>	<u>(627,099)</u>	<u>326,289,973</u>	<u>(127,850,115)</u>	<u>(8,146,984)</u>	<u>190,292,874</u>
<b>Equipment</b>	208,591,545	(184,452,714)	-	9,204,875	(8,016,129)	-	(649,425)	207,555,805	(182,877,653)	-	24,678,152
<b>Rights-of-use:</b>											
Real estate properties	31,564,725	(12,800,696)	-	2,473,651	(4,459,522)	-	4,074,564	34,133,443	(13,280,721)	-	20,852,722
Vehicles	2,704,472	(1,132,117)	-	707,579	(650,457)	-	259,803	3,236,002	(1,346,722)	-	1,889,280
Equipment	2,541,022	(1,721,753)	-	280	(628,632)	-	54,814	2,265,207	(2,019,476)	-	245,731
	<u>36,810,219</u>	<u>(15,654,566)</u>	<u>-</u>	<u>3,181,510</u>	<u>(5,738,611)</u>	<u>-</u>	<u>4,389,181</u>	<u>39,634,652</u>	<u>(16,646,919)</u>	<u>-</u>	<u>22,987,733</u>
<b>Works of art</b>	1,109,087	-	-	552	-	-	-	1,109,639	-	-	1,109,639
<b>Equipment in financial leasing:</b>											
Equipment	731,086	(547,405)	-	52,564	(39,043)	-	(11,573)	703,338	(517,709)	-	185,629
Other assets in finance leases	-	(58,880)	-	-	(18,146)	-	24,140	-	(52,886)	-	(52,886)
	<u>731,086</u>	<u>(606,285)</u>	<u>-</u>	<u>52,564</u>	<u>(57,189)</u>	<u>-</u>	<u>12,567</u>	<u>703,338</u>	<u>(570,595)</u>	<u>-</u>	<u>132,743</u>
<b>Other tangible assets:</b>											
Tangible assets in progress	7,206,604	-	-	3,551,740	-	-	(2,603,739)	8,154,605	-	-	8,154,605
Other	1,132,968	(1,030,355)	-	3,146	(22,362)	-	-	1,136,114	(1,052,717)	-	83,397
	<u>8,339,572</u>	<u>(1,030,355)</u>	<u>-</u>	<u>3,554,886</u>	<u>(22,362)</u>	<u>-</u>	<u>(2,603,739)</u>	<u>9,290,719</u>	<u>(1,052,717)</u>	<u>-</u>	<u>8,238,002</u>
	<u>581,806,812</u>	<u>(324,806,456)</u>	<u>(8,062,917)</u>	<u>18,070,954</u>	<u>(20,006,668)</u>	<u>(84,067)</u>	<u>521,485</u>	<u>584,584,126</u>	<u>(328,997,999)</u>	<u>(8,146,984)</u>	<u>247,439,143</u>

Description	12/31/2020			Acquisitions	Depreciations	Impairment (Note 19)	Write-offs, disposals and other	12/31/2021			Net Value
	Gross Value	Accumulated Depreciations	Losses by Impairment					Gross Value	Accumulated Depreciations	Losses by Impairment	
<b>Real estate properties:</b>											
For own use	301,187,812	(105,628,439)	(8,030,332)	5,244,992	(5,373,880)	(32,585)	(1,135,099)	304,702,429	(110,407,043)	(8,062,917)	186,232,469
Works in rented real estate properties	20,305,309	(11,771,538)	-	492,049	(796,743)	-	476,851	21,018,963	(12,313,035)	-	8,705,928
Other real estate properties	638,036	(336,198)	-	-	(10,954)	-	(129,431)	503,911	(342,458)	-	161,453
	<u>322,131,157</u>	<u>(117,736,175)</u>	<u>(8,030,332)</u>	<u>5,737,041</u>	<u>(6,181,577)</u>	<u>(32,585)</u>	<u>(787,679)</u>	<u>326,225,303</u>	<u>(123,062,536)</u>	<u>(8,062,917)</u>	<u>195,099,850</u>
<b>Equipment</b>	210,233,751	(187,034,406)	-	8,894,089	(7,804,209)	-	(150,394)	208,591,545	(184,452,714)	-	24,138,831
<b>Rights-of-use:</b>											
Real estate properties	30,613,697	(8,685,057)	-	1,414,133	(4,455,569)	-	(123,175)	31,564,725	(12,800,696)	-	18,764,029
Vehicles	2,495,430	(1,102,449)	-	433,589	(699,089)	-	444,874	2,704,472	(1,132,117)	-	1,572,355
Equipment	2,717,103	(1,059,844)	-	101,191	(704,956)	-	(234,225)	2,541,022	(1,721,753)	-	819,269
	<u>35,826,230</u>	<u>(10,847,350)</u>	<u>-</u>	<u>1,948,913</u>	<u>(5,859,614)</u>	<u>-</u>	<u>87,474</u>	<u>36,810,219</u>	<u>(15,654,666)</u>	<u>-</u>	<u>21,155,653</u>
<b>Works of art</b>	1,109,087	-	-	-	-	-	-	1,109,087	-	-	1,109,087
<b>Equipment in financial leasing:</b>											
Equipment	988,435	(741,498)	-	56,923	(60,110)	-	(60,069)	731,086	(547,405)	-	183,681
Other assets in finance leases	-	(98,483)	-	-	(16,557)	-	56,160	-	(58,880)	-	(58,880)
	<u>988,435</u>	<u>(839,981)</u>	<u>-</u>	<u>56,923</u>	<u>(76,667)</u>	<u>-</u>	<u>(3,909)</u>	<u>731,086</u>	<u>(606,285)</u>	<u>-</u>	<u>124,801</u>
<b>Other tangible assets:</b>											
Tangible assets in progress	9,193,179	-	-	4,788,330	-	-	(6,774,905)	7,206,604	-	-	7,206,604
Other	1,131,151	(1,007,927)	-	15,370	(24,503)	-	(11,478)	1,132,968	(1,030,355)	-	102,613
	<u>10,324,330</u>	<u>(1,007,927)</u>	<u>-</u>	<u>4,803,700</u>	<u>(24,503)</u>	<u>-</u>	<u>(6,786,383)</u>	<u>8,339,572</u>	<u>(1,030,355)</u>	<u>-</u>	<u>7,309,217</u>
	<u>580,612,990</u>	<u>(317,465,839)</u>	<u>(8,030,332)</u>	<u>21,440,666</u>	<u>(19,946,570)</u>	<u>(32,585)</u>	<u>(7,640,891)</u>	<u>581,806,812</u>	<u>(324,806,456)</u>	<u>(8,062,917)</u>	<u>248,937,439</u>

During 2022 and 2021, the capital gains and capital losses calculated in the disposal of tangible assets are recorded under the heading of "Gains or losses on derecognition of non-financial assets, net" (Note 38).

Real estate properties for own use are stated at acquisition cost minus accumulated depreciation and any impairment losses. Impairment tests are conducted annually on real estate properties for own use. These analyses are based on the fair value calculated through valuation done by an expert valuator, based on the current use of the property and the value recorded on that date. If impairment exists, it is immediately recorded.



Furthermore, sensitivity analysis was carried out, based on the assumption of a variation of -0.5% and +0.5% in the value of the assumptions used in the valuations (price per m<sup>2</sup> or profitability of the real estate property), with a minor impact having been ascertained of around -0.6 million euros and +1 million euros (+0.5%).

The CA Group has the option to purchase certain equipment at its nominal value at the end of the lease period. The obligations of Caixa Central are guaranteed by the ownership rights of the lessor in relation to the leased assets, for such leases.

### 13.2 Investment properties

With the disposal of the investment fund units and the loss of control that the CA Group held in the Addressza Arrendamento - Fundo de Investimento Imobiliário Fechado para o Arrendamento Habitacional fund, as at 31 December 2022 there are no investment properties held by the CA Group.

The balance existing as at 31 December 2021, of the total value of 22,555,200 euros corresponds to the fair value of the rented real estate properties or held for that purpose.

The movement during 2022 and 2021 was as follows:

	31-Dec-2021						31-Dec-2022
	Fair value	Acquisitions	Disposals	Transfers	Fair value adjustments	Deconsolidation	Fair value
Investment properties							
Real estate properties	22,555,200	-	(22,154,000)	-	(275,502)	(125,698)	-

	31-Dec-2020					31-Dec-2021
	Fair value	Acquisitions	Disposals	Transfers	Fair value adjustments	Fair value
Investment properties						
Real estate properties	47,775,750	4,898	(25,423,900)	-	198,452	22,555,200

In addition, see Note 46 "Profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations", where the amounts recognised in the income statement for the year are disclosed.

## 14. Intangible assets

The movement which occurred in Intangible Assets during 2022 and 2021 was as follows:

Description	12/31/2021				Regularisations and transfers		Write-offs		12/31/2022		
	Gross Value	Accumulated amortisations	Acquisitions	Amortisations	Gross Value	Amortisation	Gross Value	Amortisation	Gross Value	Accumulated amortisations	Net Value
Automatic data treatment system (software)	258,657,617	(177,213,412)	1,286,610	(14,812,785)	15,608,441	(1,518)	(3,356,251)	3,047,517	272,196,417	(188,980,198)	83,216,219
Other intangible assets	36,129,006	(36,045,288)	6,019	(2,006)	-	-	(86,199)	86,199	36,048,826	(35,961,095)	87,731
Intangible assets in progress	23,932,453	-	18,066,263	-	(15,702,168)	-	(371,115)	-	25,925,433	-	25,925,433
	<u>318,719,076</u>	<u>(213,258,700)</u>	<u>19,358,892</u>	<u>(14,814,791)</u>	<u>(93,727)</u>	<u>(1,518)</u>	<u>(3,813,565)</u>	<u>3,133,716</u>	<u>334,170,676</u>	<u>(224,941,293)</u>	<u>109,229,383</u>

Description	12/31/2020				Regularisations and transfers		Write-offs		12/31/2021		
	Gross Value	Accumulated amortisations	Acquisitions	Amortisations	Gross Value	Amortisation	Gross Value	Amortisation	Gross Value	Accumulated amortisations	Net Value
Automatic data treatment system (software)	241,960,047	(166,337,302)	1,546,243	(13,766,840)	18,410,280	(363,618)	(3,258,953)	3,254,348	258,657,617	(177,213,412)	81,444,205
Other intangible assets	36,300,306	(36,216,588)	-	-	-	-	(171,300)	171,300	36,129,006	(36,045,288)	83,718
Intangible assets in progress	17,271,910	-	24,944,187	-	(18,123,010)	-	(160,634)	-	23,932,453	-	23,932,453
	<u>295,532,263</u>	<u>(202,553,890)</u>	<u>26,490,430</u>	<u>(13,766,840)</u>	<u>287,270</u>	<u>(363,618)</u>	<u>(3,590,887)</u>	<u>3,425,648</u>	<u>318,719,076</u>	<u>(213,258,700)</u>	<u>105,460,376</u>

As at 31 December 2022 and 2021, the heading “Automatic data treatment system (software)” includes the amounts of 73,263,754 euros and 70,743,023 euros, respectively, relative to costs incurred with employees allocated to the development of software internally at CA Serviços. The value incurred during 2022 reached 2,520,731 euros (2021: 3,770,983 euros).

As at 31 December 2022 and 2021, the heading of "Intangible assets in progress" essentially refers to costs incurred allocated to software which is under internal development at CA Serviços.

During 2022 and 2021, the capital gains calculated in the disposal of intangible assets are recorded under the heading of “Gains or losses on derecognition of non-financial assets, net” (Note 38).

## 15. Income tax

The balances of income tax assets and liabilities as at 31 December 2022 and 2021 are detailed as follows:

	<u>31-Dec-2021</u>	<u>31-Dec-2022</u>
Deferred tax assets		
Due to temporary differences	71,933,608	59,919,125
Due to tax losses carried forward	<u>8,255,696</u>	<u>5,511,409</u>
	80,189,303	65,430,534
Deferred tax liabilities		
Due to temporary differences	<u>(1,898,495)</u>	<u>(2,719,563)</u>
	(1,898,495)	(2,719,563)
	<u><b>78,290,809</b></u>	<u><b>62,710,971</b></u>
Current tax assets		
Income tax recoverable	<u>3,658,295</u>	<u>1,748,039</u>
	3,658,295	1,748,039
Current tax liabilities		
Income tax payable	<u>(12,913,415)</u>	<u>(14,002,385)</u>
	(12,913,415)	(14,002,385)
	<u><b>(9,255,121)</b></u>	<u><b>(12,254,346)</b></u>

At the end of 2022, the net balance of current tax assets and liabilities amounts to 9,255,121 euros and is influenced (i) by the payments on account and additional payments on account made during 2021, of a total of 21,755,537 euros (credit balance); (ii) withholdings at source incurred in 2022, of a total of 1,411,735 euros (credit balance); and (iii) estimated current tax payable, of a total of 32,422,393 euros (debit balance), determined individually by the various institutions of the CA Group.

Current taxes were calculated based on the rates in force established in the tax legislation, more specifically (i) the general rate of corporate income tax (21%), (ii) the municipal surcharge rates (up to 1.5%) and (iii) the state surcharge rates, which vary according to the calculated taxable profit (between 3% and 9%).

Deferred taxes were calculated using the rates that are expected to be applicable at the time of their realisation, based on the tax rates that have been decreed or substantially decreed on the reporting date. Additionally, an average rate of 25% was calculated in 2022, for the consolidation adjustments to be made in relation to deferred tax assets and liabilities. The average rate was higher in 2022 than in 2021 (a year when the calculated rate was 25%), as a result of the reduction of the average effective tax rate for 2022 of the institutions comprising the CA Group.

The movements occurred in deferred taxes during 2022 and 2021, by nature of temporary difference, are detailed below:

Description	31-Dec-21	Variation in profit or loss		Variation in reserves	31-Dec-22
	Opening Balance	Current	Consolidation adjustment	Current	Closing Balance
. Tangible assets and impairment	1,641,677	(72,891)			1,568,786
. Non-deductible provisions and impairments:					
- Impairment on customer receivables, debtors and other investments and guarantees and commitments given	44,602,309	(6,536,312)			38,065,997
- Impairment on non-current assets held for sale and other assets	726,645	(236,736)	(4,728)		485,181
- Impairment of securities	97,057	37,200			134,257
- Impairment of financial holdings	747,872	(119,616)			628,256
- Funds for general banking risks	-	-			-
- Provisions for other risks and charges	2,749,834	(971,406)			1,778,428
. Pensions					
- Early retirement	1,402,516	303,753			1,706,269
- Pension fund	-	-			-
- Seniority bonus	3,822,954	(512,455)			3,310,499
- Health care charges	13,339	(13,690)			(351)
. Valuation of securities at fair value through profit or loss	(471,002)	1,832,090			1,361,088
. Valuation of securities at fair value through reserves	156,949			19,007,995	19,164,944
. Revaluation of fixed assets non-tax deductible	(229,407)	(246,779)		26,347	(449,838)
. Revaluation of real estate properties - DL 66/2016	166,504	10,175			176,679
Right-of-use assets - IFRS 16	-	455,135			455,135
. Tax benefits	-	-			-
. Tax losses carried forward	5,511,408	(280,641)	110,999	2,913,929	8,255,695
. Consolidated tax - elimination of intra-group sales	1,755,488		(357,308)		1,398,180
. Other	16,828	234,775			251,603
<b>Total</b>	<b>62,710,971</b>	<b>(6,117,398)</b>	<b>(251,036)</b>	<b>21,948,271</b>	<b>78,290,809</b>

Description	31-Dec-20	Variation in profit or loss		Variation in reserves	31-Dec-21
	Opening Balance	Current	Consolidation adjustment	Current	Closing Balance
. Tangible assets and impairment	2,004,832	(363,155)			1,641,677
. Non-deductible provisions and impairments:					
- Impairment on customer receivables, debtors and other investments and guarantees and commitments given	58,897,442	(14,295,132)			44,602,309
- Impairment on non-current assets held for sale and other assets	1,667,472	(811,212)	(129,616)		726,645
- Impairment of securities	496,995	(399,938)			97,057
- Impairment of financial holdings	650,846	97,026			747,872
- Funds for general banking risks	-	-			-
- Provisions for other risks and charges	1,818,632	931,202			2,749,834
. Pensions					
- Early retirement	1,034,749	367,767			1,402,516
- Pension fund	-	-			-
- Seniority bonus	3,798,244	24,710			3,822,954
- Health care charges	14,992	(1,583)			13,339
. Valuation of securities at fair value through profit or loss	(325,241)	(145,761)			(471,002)
. Valuation of securities at fair value through reserves	(2,313,254)	(1,903,030)		4,373,232	156,949
. Revaluation of fixed assets non-tax deductible	(513,489)	257,735		26,347	(229,407)
. Revaluation of real estate properties - DL 66/2016	242,862	(76,358)			166,504
. Tax benefits	-	-			-
. Tax losses carried forward	5,506,469	(228,434)	233,373		5,511,408
. Consolidated tax - elimination of intra-group sales	1,363,679		391,809		1,755,488
. Other	206,308	(189,480)			16,828
<b>Total</b>	<b>74,551,469</b>	<b>(16,735,643)</b>	<b>495,566</b>	<b>4,339,580</b>	<b>62,710,971</b>

As detailed in the tables above, the most significant amount of the deferred tax assets refers to credit impairment, a situation that arises from the application of the tax systems that had been in force up to 31 December 2018, under which part of the impairments recorded in the accounts was not deducted for tax purposes, as well as to utilisations occurred in previous periods that are still pending tax recovery.

In 2019, the publication of Law 98/2019 of 4 September gave rise to the entry into force of the current tax system applicable to credit impairments, which provides for the tax deduction of impairments recorded under the accounting and regulatory rules. In relation to the impairment stock taxed until 31 December 2018, a transitional scheme is established which foresees, in general terms, that the tax recovery of that amount shall occur at the time of the reversal of the impairments and/or realisation of losses.

Accordingly, the stock of impairment taxed under the previous regime, up to 31 December 2018, will continue to generate deferred tax assets until it is fully reversed under Article 3 of the aforementioned Law 98/2019.

Another relevant component of the deferred tax assets refers to the tax losses calculated individually by the CA Group's different institutions to the extent that these tax losses are still within the time limit for carrying them forward established in the tax law and their recoverability is supported by projections of taxable profits enabling their deduction in that period. These tax losses are detailed as follows:

<b>Year</b>	<b>Previous year</b>	<b>Tax losses carried forward</b>	<b>Tax losses with IDA</b>	<b>IDA</b>
2014	2028	5,015,173	453,183	95,168
2015	2029	4,342,802	3,654,886	767,526
2016	2030	2,762,925	1,051,710	220,859
2017	2024	794,401	0	0
2018	2025	1,044,648	969,735	203,644
2019	2026	4,598,175	3,814,743	801,096
2020	2032	13,079,818	8,165,281	1,714,709
2021	2033	5,406,093	1,164,015	244,443
2022	2027	21,035,124	20,039,279	4,208,249
		<b>58,079,161</b>	<b>39,312,834</b>	<b>8,255,695</b>

In accordance with legislation in force on 31 December 2022, tax losses generated are carried forward for a period of 5 years. Under the terms of Law 27-A/2020, of 24 July (Supplementary Budget for 2020): (i) the tax losses ascertained in 2020 and 2021 have a 12-year carry forward period, and may be deducted up to 2032 and 2033, respectively; (ii) the period for using tax losses in force on 1 January 2020 has been suspended during the 2020 and 2021 tax periods.

Under the terms of Law 24-D/2022, of 30 December (State Budget Law for 2023), the time limitation for deduction of tax losses ascertained in a given tax period will be removed, and the deduction of tax losses to be made in each tax period will now correspond to 65% of the respective taxable profit (in 2022, 70%), while the increase of 10 percentage points in the annual limit for deduction is maintained for tax losses ascertained in 2020 and 2021.

As at 31 December 2022, the deferred tax assets, for tax losses, not recorded due to doubts as to the existence of future taxable profits, amount to 3,940,994 euros.

Also noteworthy is the tax impact recognised as a result of the cancellation of transactions carried out between institutions that are consolidated in the CA Group accounts.

The table below details the amounts (costs and/or gains) associated to income taxes recorded through profit or loss as at 31 December 2022 and 2021, as well as the respective effective tax rate in each period, which is measured by the relationship between the net cost related to income tax and the earnings before tax.

	<b>31-Dec-22</b>	<b>31-Dec-21</b>
Current taxes		
Tax on profit for the year	52,981,943	28,849,093
Tax corrections relative to previous years	(593,740)	(4,599,716)
	<u>52,388,203</u>	<u>24,249,377</u>
Deferred taxes		
Recording and reversal of temporary differences	5,700,141	15,843,596
Tax losses carried forward	668,293	396,482
	<u>6,368,434</u>	<u>16,240,078</u>
<b>Total tax recognised through profit or loss</b>	<b><u>58,756,637</u></b>	<b><u>40,489,455</u></b>
Earnings before taxes	203,356,506	199,424,641
<b>Effective tax rate</b>	<b><u>28.89%</u></b>	<b><u>20.30%</u></b>

As indicated in the table above, the CA Group has an effective tax rate of 28.89% in 2022, which is due to the positive performance of the CA Group's activity during the year with impact on its earnings and the impact of the application of the tax regime applicable to loan impairments established in Law 98/2019 of 4 September, by most of the Caixas Agrícolas.

The table below presents the reconciliation of the effective tax rate as at 31 December 2022, and as at 31 December 2021 for comparative purposes:

Description	31-Dec-2022		31-Dec-2021	
	Tax rate	Amount	Tax rate	Amount
Earnings before taxes		203,356,506		199,424,641
IRC - general rate (21%)	21.00%	42,704,866	21.00%	41,879,175
Changes in value - Pension Fund	-0.72%	(1,463,841)	-1.17%	(2,327,399)
Expenses relative to previous years	0.22%	456,243	0.25%	498,935
Non-deductible impairments/provisions	-4.21%	(8,553,615)	-10.25%	(20,437,733)
Employee benefits adjustments	0.11%	233,704	0.05%	90,754
Contribution of the banking sector	1.26%	2,563,000	0.96%	1,916,140
Additional solidarity of the banking sector	0.18%	369,919	0.18%	352,044
Elimination of double taxation	0.00%	-	0.00%	-
Tax benefits	-0.21%	(421,188)	-0.23%	(452,212)
Other deductible adjustments	-0.07%	(151,938)	(0)	(333,509)
Other non-deductible/taxable expenses (net)	3.33%	6,763,192	0.59%	1,179,253
Deduction of tax losses	-0.75%	(1,530,710)	-0.73%	(1,456,233)
Municipal and state surcharges	5.45%	11,077,637	3.31%	6,599,156
Autonomous taxation	0.46%	934,673	0.67%	1,340,723
Impact of current tax on profit or loss	26.05%	52,981,943	14.47%	28,849,093
Impact of deferred tax on profit or loss *	3.13%	6,368,434	8.14%	16,240,078
<b>Tax cost for the year</b>	<b>29.19%</b>	<b>59,350,377</b>	<b>22.61%</b>	<b>45,089,170</b>
Tax corrections relative to previous years	(0.29%)	(593,740)	(2.31%)	(4,599,716)
<b>Total tax cost</b>	<b>28.89%</b>	<b>58,756,637</b>	<b>20.30%</b>	<b>40,489,455</b>

\* See the details of this amount in the table on the movement of deferred taxes in 2022

According to the legislation in force, the tax returns of the CA Group's institutions can be reviewed by the Taxation and Customs Authority (AT), as a rule, for a period of 4 years, unless any tax deduction or credit is made (e.g., deduction of tax losses), in which case the expiry period is the time limit for the exercise of this right. Therefore, the tax returns of the CA Group's institutions relative to 2019 to 2022 can still be reviewed by the AT and are thus subject to possible corrections to the tax base.

Law 12/2022 of 27 June (State Budget Law for 2022) created the Fiscal Recovery Incentive (IFR), a tax benefit corresponding to a deduction from corporate income tax (IRC) assessment of investment expenses in assets allocated to operation, which are made between 1 July 2022 and 31 December 2022, up to a maximum of 70% of the IRC assessment. One of the conditions to benefit from the IFR is the non-distribution of profits for 3 years.

The Supplementary Budget for 2020 approved the Extraordinary Investment Tax II (CFEI II), a tax benefit corresponding to a corporate income tax deduction of the value of 20% of eligible investment made between 1 July 2020 and 30 June 2021. The deduction is made in the settlement of corporate income tax relative the tax period starting in 2020 or 2021, up to the concurrence of 70% of the collection of this tax, according to the relevant dates of the eligible investments. The amount that cannot be deducted in the same year may be deducted, under the same conditions, in the five subsequent taxation periods.

To this extent, the tax payable in 2022 is, in certain institutions that make up the perimeter of the Crédito Agrícola Group, influenced by the tax benefit relating to IFR and CFEI II.

The Supplementary Budget for 2020 also created the Additional Solidarity for the Banking Sector, whose subjective and objective incidence is identical to the Contribution on the Banking Sector, with applicable rates of 0.02% on eligible liabilities and 0.00005% on the notional value of off-balance sheet derivative financial instruments. In 2022 and 2021, the Caixas Agrícolas recognised an expense related to this extraordinary contribution, amounting to 1,532,551 euros and 1,511,971 euros, respectively.

## 16. Other assets

The composition of this heading is as follows (in euros):

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
<u>Other assets</u>		
Other cash balances	196,523	243,219
Gold and other precious metals	633,108	657,117
Pledged account investments	3,376,524	3,338,646
Administrative Public Sector		
VAT receivable	8,669,008	10,427,162
IMT - refunds requested	403,644	473,248
Other receivables	221,614	253,185
Debtors for unpaid capital	794	8,294
Expenses on overdue loans	3,062,301	3,038,436
Expenses om credit litigation	3,150,624	3,390,066
Subsidies receivable	1,201,274	914,066
Other debtors - advancements	2,040,800	2,179,484
Customers with finance lease	108,282	105,182
Other assets due to credit recovery	30,444,458	26,940,448
<i>of which real estate properties</i>	<i>28,180,519</i>	<i>24,451,508</i>
Other real-estate	1,156,558	1,225,988
Other miscellaneous receivables	47,817,455	49,387,936
	<u>102,482,967</u>	<u>102,582,477</u>



Income receivable

From irrevocable commitments undertaken	287,057	299,174
From banking services	3,300,280	2,917,321
Other income receivable	617,670	607,080
	<b>4,205,006</b>	<b>3,823,574</b>

Expenses with deferred charges

Insurance	1,051,668	1,276,210
Rentals and leasing	149,689	146,100
Other	8,453,541	8,470,310
	<b>9,654,898</b>	<b>9,892,620</b>

Amounts to be settled

Transactions of securities to be settled	2,235,743	172,728
Multibanco (ATM clearing)	62,516,939	72,818,663
Off-setting of amounts	32,189	26,830
Margin Call	123,753,892	132,438,179
SIBS invoicing	198,018	57,963
Protocol agreements	3,742,274	1,000,298
Office supplies	672,069	526,418
Other transactions to be settled - electronic transfers	2,378,166	204,662
Other transactions to be settled	15,960,737	78,938,979
	<b>211,678,910</b>	<b>286,204,889</b>
	<b>328,021,781</b>	<b>402,503,560</b>

Liabilities related to pensions and other benefits (Note 48)

Total liabilities	(106,568,109)	-
Equity of the pension fund	108,651,135	-
	<b>2,083,026</b>	-

Impairment - Other assets

Other assets for loan recovery	(5,146,690)	(5,027,662)
<i>of which real estate properties</i>	(4,565,801)	(4,451,461)
Other real-estate	(105,858)	(225,194)
Receivables and other investments	(20,543,084)	(28,514,680)
	<b>(25,795,633)</b>	<b>(33,767,536)</b>
	<b>304,309,174</b>	<b>368,736,024</b>

The value recorded under the heading of “Other assets due to credit recovery” as at 31 December 2022, as was

the case as at 31 December 2021, refers to real estate properties that, although there is an intention to sell, cannot be classified as "Non-current assets held for sale" by application of paragraph 7 of IFRS 5 because they are "encumbered" and thus prevented from sale. The valuation of these assets, and consequently the impairment losses, is based on assessments made by independent expert valuers, being recorded as the lowest figure between the agreed contractual value, which generally corresponds to the value of the existing debt, which is extinguished, and the asset's valuation on the transaction date.

The balances of the heading of "Other miscellaneous receivables" are explained by the recording of outstanding values with debtors due to services rendered by institutions of the Group to third parties, which have not yet been settled. As at 31 December 2022, this amounted to 47,821,088 euros (2021: 49,387,936 euros). The credit risk of balances receivable from third parties is at impairment stage level 3.

The Crédito Agrícola Group assesses the credit risk of receivables from third parties based on an assessment of the customer's track record, such as the fulfilment of its payments to the Group, as well as an analysis of the fulfilment of future payments.

The decrease in Margin Call values is due to the allocation of liquidity to this specific activity, which results from two tranches. On the one hand, an initial margin, calculated according to the value transferred and the maturity of the exposures and, on the other hand, a variation margin, derived from the market value of the outstanding positions. As at 31 December 2022, the counterparty of these credit amounts is Commerzbank (123.8 million euros).

The heading "Multibanco automated teller machines (ATM clearing)" corresponds to the amount immobilised at ATMs, pending settlement by SIBS.

As at 31 December 2022 and 2021, the balance of the heading "Other transactions to be settled" includes the movements of the corresponding demand deposit accounts, namely in foreign currency made by customers of the Crédito Agrícola Group, which remain pending the value date of the movement. These amounts were mostly settled in early January 2023 and 2022, respectively.

The heading of "income receivable - for banking services rendered" is mainly due to placement and marketing commissions of the Funds (not belonging to the CA Group) which were only settled in early 2023.

The movement of the impairment of "Other assets" in 2022 and 2021 is as follows:

Description	31-Dec-2021		2022				31-Dec-2022
	Closing balance	Top-ups	Write-backs & annulments	Uses and write-offs	Transf.	Deconsolidation Addressa	Closing balance
<u>Impairment - other assets</u>							
Assets - loan recovery	5,027,662	1,173,170	(1,710,726)	395,626	260,958	-	5,146,690
Other real estate properties	225,194	109,019	(35,010)	(193,345)	-	-	105,858
Receivables and other investments	28,514,680	436,331	(212,473)	(7,967,170)	-	(228,283)	20,543,084
	<u>33,767,536</u>	<u>1,718,520</u>	<u>(1,958,209)</u>	<u>(7,764,889)</u>	<u>260,958</u>	<u>(228,283)</u>	<u>25,795,633</u>

Description	31-Dec-2020		2021			31-Dec-2021
	Closing balance	Top-ups	Write-backs & annulments	Uses and write-offs	Transf.	Closing balance
<u>Impairment - other assets</u>						
Assets - loan recovery	4,719,245	2,540,979	(1,442,548)	(1,309,928)	519,913	5,027,661
Other real-estate	-	87,380	-	-	137,814	225,194
Receivables and other investments	30,316,504	315,186	(153,112)	(1,963,898)	-	28,514,680
	<u>35,035,749</u>	<u>2,943,545</u>	<u>(1,595,660)</u>	<u>(3,273,826)</u>	<u>657,728</u>	<u>33,767,536</u>

Impairment of debtors refers essentially to litigation, where the stage of impairment is level 3.

The type of real estate properties recorded under Other assets - for loan recovery and their net book value as at 31 December 2022 and 2021 is as follows:

	No. of real estate properties	gross value	impairment	31-Dec-2022
Farm/rural/industrial land	66	5,321,365	(1,830,175)	3,491,189
Land with construction permits	14	3,549,488	(191,270)	3,358,218
Constructed buildings	140	14,402,284	(2,099,295)	12,302,989
Other	25	4,907,383	(445,062)	4,462,322
	<u>245</u>	<u>28,180,519</u>	<u>(4,565,801)</u>	<u>23,614,718</u>

	No. of real estate properties	gross value	impairment	31-Dec-2021
Farm/rural/industrial land	55	4,804,242	(1,940,106)	2,864,136
Land with construction permits	18	4,380,145	(151,029)	4,229,117
Constructed buildings	131	13,103,280	(1,898,483)	11,204,797
Other	134	2,163,841	(461,844)	1,701,996
	<u>338</u>	<u>24,451,508</u>	<u>(4,451,461)</u>	<u>20,000,046</u>

See movement of impairment in Note 19.

## 17. Non-current assets and disposal groups classified as held for sale

The composition of this heading is as follows:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
Real estate properties		
Real estate properties received in loan recovery	373,809,012	436,630,018
Other properties held for sale	3,894,231	4,545,081
Equipment received in loan recovery	793,304	982,525
Other assets	789,711	885,506
	<u><b>379,286,257</b></u>	<u><b>443,043,131</b></u>
Impairment (Note 20)		
Impairment of real estate properties	(118,537,798)	(131,457,057)
Impairment of equipment and other assets	(669,397)	(756,392)
	<u><b>(119,207,195)</b></u>	<u><b>(132,213,449)</b></u>
	<u><b>260,079,062</b></u>	<u><b>310,829,682</b></u>

It can thus be summed up in:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
Real estate properties	259,165,444	309,718,042
Equipment and other assets	913,618	1,111,640
	<u><b>260,079,062</b></u>	<u><b>310,829,682</b></u>

The type of real estate properties (net value) included is as follows:

	No. of real estate properties	31-Dec-2022	No. of real estate properties	31-Dec-2021
Farmland/rural land	495	39,879,426	574	43,713,298
Land with construction permits	692	71,415,085	809	80,998,173
Constructed buildings	1,356	147,295,356	1,772	183,716,158
Other	3	575,577	6	1,290,412
	<u><b>2,546</b></u>	<u><b>259,165,444</b></u>	<u><b>3,161</b></u>	<u><b>309,718,042</b></u>

The change in the heading of other real estate properties held for sale relates mainly to disposals during 2022.

The method used to calculate the impairment of the real estate properties is the result of the lowest amount between their fair value, obtained through valuation minus costs of sale, and the book value of the credit. The valuations are carried out by external expert valuers, registered with the CMVM. The main characteristics of the valuations are related to obtaining the fair value of the real estate property through the market or comparative method. The calculated losses are recognised through profit or loss at the time when they occur.

The fair value hierarchy of IFRS 13 to which corresponds the fair value calculated for the valuation of the assets is level 3.

The movement in non-current assets held for sale during 2022 and 2021 may be presented as follows:

	31-Dec-2021		Inflow /outflow		Impairment (Note 19)			31-Dec-2022		
	Gross value	Impairment	Acquisitions	Disposals	Impairment appropriations	Impairment reversals	Use of impairment	Gross value	Impairment	Net value
Non-current assets held for sale:										
Real estate properties	441,175,100	(131,483,187)	2,826,807	(66,298,664)	(4,274,913)	5,972,730	11,247,571	377,703,243	(118,537,799)	259,165,444
Equipment	982,525	(344,311)	28,480	(217,702)	(43,364)	1,658	76,486	793,303	(309,531)	483,772
Other	885,506	(385,951)	1,277,296	(1,373,091)	(99,913)	236,263	(110,264)	789,711	(359,865)	429,846
	<b>443,043,131</b>	<b>(132,213,449)</b>	<b>4,132,583</b>	<b>(67,889,457)</b>	<b>(4,418,190)</b>	<b>6,210,651</b>	<b>11,213,793</b>	<b>379,286,257</b>	<b>(119,207,195)</b>	<b>260,079,062</b>
	31-Dec-2020		Inflow /outflow		Impairment (Note 19)			31-Dec-2021		
	Gross value	Impairment	Acquisitions	Disposals	Impairment appropriations	Impairment reversals	Use of impairment	Gross value	Impairment	Net value
Non-current assets held for sale:										
Real estate properties	511,992,105	(152,287,888)	7,525,648	(78,342,653)	(7,165,706)	5,686,197	22,284,210	441,175,100	(131,483,187)	309,691,913
Equipment	594,187	(392,975)	947,191	(558,853)	(128,365)	8	177,021	982,525	(344,311)	638,214
Other	900,797	(412,081)	67,953	(83,244)	(6,770)	32,900	-	885,506	(385,951)	499,555
	<b>513,487,089</b>	<b>(153,092,944)</b>	<b>8,540,792</b>	<b>(78,984,750)</b>	<b>(7,300,841)</b>	<b>5,719,105</b>	<b>22,461,231</b>	<b>443,043,131</b>	<b>(132,213,449)</b>	<b>310,829,682</b>

Impairment tests were performed on assets transferred to non-current assets held for sale.

Furthermore, a sensitivity analysis was carried out based on the assumption of a variation of -0.5% and +0.5% in the m2 value of the evaluations:

	<u>-0.5%</u>	<u>+0.5%</u>
Farmland/rural land	39,750,991	39,974,019
Land with construction permits	71,199,301	71,515,115
Constructed buildings	147,110,247	147,658,655
Other	572,903	578,252
	<b><u>258,633,442</u></b>	<b><u>259,726,041</u></b>
Non-current assets held for sale - Real estate properties	<b><u>259,165,444</u></b>	<b><u>259,165,444</u></b>
Impact	<u>(532,002)</u>	<u>560,596</u>

A variation of +/-0.5% has a minor impact on the CA Group's total portfolio of real estate properties.

The age of the properties held in the CA Group portfolio is as follows:

	<u>No. of real estate properties</u>	<u>31-Dec-2022</u>	<u>No. of real estate properties</u>	<u>31-Dec-2021</u>
< 1 year	122	8,607,414	113	16,001,472
Between 1 and 2 years old	221	19,524,914	349	28,188,097
Between 3 and 4 years old	225	17,039,469	311	20,821,131
Over 5 years	1,978	213,993,646	2,388	244,707,341
	<b><u>2,546</u></b>	<b><u>259,165,444</u></b>	<b><u>3,161</u></b>	<b><u>309,718,042</u></b>

## 18. Financial liabilities measured at amortised cost

As at 31 December 2022 and 2021, this heading is detailed as follows:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
<u>Deposits</u>		
Loans - Banco de Portugal	28,167,692	3,052,860,183
Loans to Other credit institutions	41,271,334	78,612,218
Customer deposits		
Demand	10,379,550,112	9,308,640,890
Term	4,596,873,958	5,087,120,593
Other customers' funds	5,407,278,498	4,829,604,890
Cheques and orders payable	10,302,293	6,022,616
Other customers' funds	81,876	138,312
Other	-	45,773
Interest - Banco de Portugal	35,914	(46,807,047)
Interest payable	3,887,541	4,154,139
<i>of which to Other credit institutions</i>	<i>4,057</i>	<i>6,589</i>
	<u>20,467,449,216</u>	<u>22,320,392,567</u>
<u>Debt securities issued</u>		
Investment securities	-	-
Debt issued	300,000,000	300,000,000
Interest	1,171,233	1,171,233
	<u>301,171,233</u>	<u>301,171,233</u>
<u>Other financial liabilities</u>		
Loans	36,078,298	138,750,000
Subordinated loans granted by FGCAM	-	-
Interest payable	21,040	21,250
	<u>36,099,338</u>	<u>138,771,250</u>
	<u>20,804,719,787</u>	<u>22,760,335,050</u>

### 18.1 Deposits

#### Loans - Banco de Portugal

The table below details the loans granted by Banco de Portugal which are included in this heading, as at 31 December 2022:

Institution	Original currency amount	Currency	Amount in euros	Start date	Repayment date	Rate
Banco de Portugal	30,000,000	USD	28,167,692	12/22/2022	1/5/2023	4.59%
<b>Total</b>			<b>28,167,692</b>			

The details of the loans granted by Banco de Portugal as at 31 December 2021 are as follows:

Institution	Original currency amount	Currency	Amount in euros	Start date	Repayment date	Rate
Banco de Portugal	3,030,790,000	Euros	3,030,790,000	6/24/2020	6/28/2023	-1.00%
Banco de Portugal	25,000,000	USD	22,070,183	12/23/2021	1/6/2022	0.33%
<b>Total</b>			<b>3,052,860,183</b>			

The European Central Bank launched the second series of targeted longer-term refinancing operations (TLTRO) aimed at strengthening the accommodative monetary policy of the Eurosystem and increasing the incentive to grant bank credit to the real economy. During 2022 this loan was fully repaid.

The securities pledged as collateral to Bank of Portugal to cover financing operations with the Eurosystem, at 31 of December 2021, are valued at 3,346 million euros. In 2022, in the absence of this loan, there are no securities given as guarantee.

At 31 December 2022 and 2021, the residual maturity of the remaining deposits (excluding Banco de Portugal) and Other financial liabilities) presented the following structure:

	<b>31-Dec-2022</b>	<b>31-Dec-2021</b>
Up to three months	14,024,297,171	12,884,758,947
Three months to one year	6,094,704,582	6,095,814,717
One year to three years	136,099,424	156,752,517
Three to five years	58,664,624	54,496,461
Over five years	121,577,877	118,343,071
Indefinite period	14,392	19,579
	<u>20,435,358,070</u>	<u>19,310,185,292</u>
Interest payable	3,887,541	4,154,139
	<u><b>20,439,245,610</b></u>	<u><b>19,314,339,431</b></u>

Term deposits and customers' savings are remunerated in the range from 0.00% to 5.86% (2021: 0.00%-5.86%).

Additionally, see the contracted values tiered by repricing periods of the interest rate in Note 49.



## 18.2 Debt securities issued

At the end of October 2021, the CA Group placed its first debt issue in the international market, specifically senior preferred debt securities linked to Social Sustainability. The issue, amounting to 300 million euros, has a maturity of 5 years, with an early repayment option at the end of the fourth year and an issue price of 99.906%, with an annual coupon rate of 2.50% in the first 4 years, and bearing interest at the 3M Euribor rate plus a spread of 260 basis points thereafter. The settlement occurred on 5 November 2021. Moody's Investor Services assigned a rating of "Ba2", with a stable Outlook for this issue.

Original currency amount	Currency	Amount in euros	Start date	Anticipated repayment date	Repayment date	Coupon rate over 4 years	5th year rate
300,000,000	Euros	300,000,000	11/5/2021	4 years	5 years	2.50%	Euribor 3M
		300,000,000					

## 18.3 Other financial liabilities

In this heading of loans, a value of 36.1 million euros is recorded, whose operation is incorporated in credit lines of the European Investment Bank (EIB), aimed at financing medium, and long-term investments for small and medium-sized enterprises operating in Portugal. The average rate of this loan is 0.02% and the maturity is between 1 months to 1 year.

## 19. Provisions and impairments

The movement in provisions and impairment of the Crédito Agrícola Group during 2022 and 2021 is shown in the tables below.

Description	31-12-2021		2022				Deconsolidation Addressa	31-12-2022
	Closing Balance	Top-ups	Write-backs & annulments	Uses and write-offs	Transf.	Technical provisions of insurance activity		
<b>Impairments</b>								
Impairment of Assets at FVTOCI (Note 24)	103,714	166,403	(156,824)	(2,826)	-	-	-	110,466
Impairment of Assets at amortised cost (Note 10)	335,753,673	340,679,498	(294,147,082)	(26,297,012)	-	-	-	355,989,077
Other impairments:								
- Non-current assets held for sale (Note 17)	132,213,449	4,418,190	(6,210,651)	(10,952,835)	(260,958)	-	-	119,207,195
- Other assets (Note 16)	33,767,536	1,718,520	(1,958,209)	(7,764,889)	260,958	-	(228,283)	25,795,633
- Property, plant and equipment (Note 13)	8,062,917	1,507,519	(1,308,240)	(115,213)	-	-	-	8,146,984
	<u>509,901,289</u>	<u>348,490,130</u>	<u>(303,781,005)</u>	<u>(45,132,776)</u>	-	-	<u>(228,283)</u>	<u>509,249,355</u>
<b>Provisions</b>								
- Pensions and other defined post-employment benefit obligation:	-	-	-	-	-	-	-	-
- Guarantees provided and irrevocable commitments	11,170,434	17,804,027	(17,482,457)	4	-	-	-	11,492,006
- Other provisions	734,551,008	20,150,429	(10,376,920)	(3,280,775)	-	70,927,284	-	811,971,027
	<u>745,721,442</u>	<u>37,954,456</u>	<u>(27,859,377)</u>	<u>(3,280,771)</u>	-	<u>70,927,284</u>	-	<u>823,463,033</u>
<b>Total</b>	<b>1,255,622,731</b>	<b>386,444,586</b>	<b>(331,640,382)</b>	<b>(48,413,546)</b>	-	<b>70,927,284</b>	<b>(228,283)</b>	<b>1,332,712,388</b>

Description	31-Dec-20		2021			Transf.	31-Dec-21
	Closing balance	Top-ups	Write-backs & annulments	Uses and write-offs	Closing balance		
<b>Impairments</b>							
Impairment of Assets at FVTOCI (Note 24)		335,186	683,330	(925,217)	10,415	-	103,714
Impairment of Assets at amortised cost (Note 10)		391,228,789	276,508,519	(276,503,547)	(55,480,088)	-	335,753,673
Other impairments:							
- Non-Current Assets Held for Sale (Note 17)		153,092,945	7,300,841	(5,719,105)	(21,803,503)	(657,728)	132,213,451
- Other assets (Note 16)		35,035,749	2,943,545	(1,595,660)	(3,273,826)	657,728	33,767,535
- Property, Plant and Equipment (Note 13)		8,030,333	1,082,029	(1,000,013)	(49,432)	-	8,062,917
		<u>587,723,002</u>	<u>288,518,265</u>	<u>(285,743,543)</u>	<u>(80,596,434)</u>	-	<u>509,901,290</u>
<b>Provisions</b>							
- Pensions and other benefit obligations defined post-employment		391,979	-	(254,262)	(67,717)	-	-
- Guarantees provided and irrevocable commitments		15,377,820	21,397,036	(25,604,422)	-	-	11,170,434
- Other provisions		750,272,313	13,468,043	(14,097,940)	(15,091,407)	-	734,551,008
		<u>765,972,112</u>	<u>34,865,079</u>	<u>(39,956,624)</u>	<u>(15,159,124)</u>	-	<u>745,721,442</u>
<b>Total</b>		<b>1,353,695,114</b>	<b>323,383,344</b>	<b>(325,700,167)</b>	<b>(95,755,558)</b>	-	<b>1,255,622,732</b>

As shown in the table above, in 2022 there was an increase in impairment for assets at amortised cost of about 20.4 million euros. Of this amount, 16.8 million euros of variation refer to loans and advances to customers, which essentially resulted from write-offs and the evolution of the risk associated to the loan portfolio, whose valuation was based on application of the criteria of the Crédito Agrícola Group's impairment model, as described in Note 2.3 c) of this document. The remaining value, which amounts to approximately 3.3 million euros, refers to the reinforcement of impairment on debt securities.

During 2022, the assessment of impairment for guarantees given and irrevocable commitments recorded under off-balance sheet items resulted in an increase in impairment of 0.3 million euros.

In 2022 there was a net decrease of -8 million euros in impairment of non-current assets held for sale, mainly due to the disposal of real estate properties (see Note 46).

As at 31 December 2022 and 2021, the heading of "other provisions" includes technical provisions from insurance activity (782 million euros) and provisions set up to cover specific risks arising from the activity of the Crédito Agrícola Group.

### Technical provisions of insurance activity

The composition of technical provisions is as follows:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
Life Insurance Business		
Mathematical provision	596,781,957	454,934,679
Provision for claims	13,039,177	12,932,010
Other technical provisions:		
Provision for profit-sharing	2,445,651	12,264,530
Provisions for portfolio stabilisation	3,923,183	4,562,687
Provision for rate commitments	<u>13,989,252</u>	<u>79,765,458</u>
	<u>630,179,220</u>	<u>564,459,364</u>
Provisions Non-Life Sector:		
Provision for unearned premiums	16,654,739	15,482,164
Provisions for claims	133,255,610	131,391,759
Other technical provisions:		
Provision for profit-sharing	(1,781,817)	(1,793,520)
Provision for risks in progress	449,298	-
Provision for claim rate deviations	<u>3,563,314</u>	<u>3,153,466</u>
	<u>152,141,145</u>	<u>148,233,869</u>
	<u>782,320,364</u>	<u>712,693,233</u>

### Life Insurance Business

The increase in the mathematical provision during 2022 is explained by the marketing of capitalisation products.

Between 2022 and 2021, the evolution of the provision for claims recorded a slight increase, which is explained by a greater decrease in the provision for assigned reinsurance claims compared to the provision for direct insurance claims.

The provision for profit-sharing is divided into provision for profit-sharing attributed and to be attributed. In the former, it corresponds to the amount attributed to the insurers or beneficiaries of insurance contracts, in the form of profit-sharing, which have not yet been distributed or incorporated in the mathematical provision. In the latter, it corresponds to the net value of the fair value adjustments of the investments allocated to life insurance with profit-sharing, in the estimated proportion beneficiary of the contract. The variation corresponds to the updating of these provisions. In 2022, the provision evolved as follows (which includes shadow accounting):

Modality	Provision at the beginning of the year	Increases (+) / Decreases (-)	Provision at the end of the year
Investment Savings Protection	5,812,665	(4,660,927)	1,151,738
Pension Savings Protection - PPR	2,479,906	(2,479,906)	-
Education Savings Protection - PPE	512,584	(512,584)	-
CA PPR +6	417,915	(417,915)	-
CA PPR +6	476,308	(476,308)	-
CA PPR (Capital)	-	-	-
CA Poupança Activa	1,216,345	(1,216,345)	-
CA Universitário (Savings)	496,843	(496,843)	-
CA Poupança Activa (Capital)	-	-	-
CA Universitário (Capital)	-	-	-
CA Protecção Fundo de Pensões	851,966	441,947	1,293,913
	12,264,530	(9,818,881)	2,445,651

The provision for portfolio stabilisation was constituted for renewable annual group insurance contracts, whose main coverage guarantees the risk of death, with a view to coping with the increased risk inherent to the progressively higher average age of the insured group, whenever the pricing for this group has been based on a single rate which must be kept for a certain period due to contractual commitment.

On each reporting date, an evaluation is made of the adequacy of the liabilities arising from insurance contracts and investment contracts with discretionary participation features. The evaluation of the adequacy of responsibilities is based on the projection of future cash flows associated to each contract, discounted at rates determined based on the time structure of interest rates provided by the European Insurance and Occupational Pensions Authority (EIOPA). This evaluation is done individually for each product or aggregated when the risks are similar or managed jointly. In the event of gaps, these are recorded in profit or loss against the heading of "Provision for rate commitments".

The methodology used for calculating the provision for rate commitments takes into account the present value of future cash flows associated with capital guaranteed products. The calculation of the present value of future cash flows is based on the interest rates provided by EIOPA, which recorded a significant upward movement during the year 2022, thus justifying the reduction in the value of this provision. In relation to the remaining assumptions considered in the respective calculation, there were no changes compared to the previous year.

### Non-life insurance business

The year 2022 was marked by the context of recovery after the Covid-19 pandemic, which was evident in the upturn in economic and social life, justifying an increase in claims reports and costs. The CA Group ensures a prudent and rigorous provisioning of the claims in course, through a policy of analysis, calculation and thorough budgeting of all claims, enabling the stabilisation and consolidation of this indicator, with a high degree of reliability and confidence.

The movement that occurred in the technical provisions during 2022 and 2021 was as follows:

	Balance at 31-Dec-2020	Provision change	Uses / Adjustm.	Balance at 31-Dec-2021	Provision change	Uses / Adjustm.	Balance at 31-Dec-2022
<b>Life Insurance Business</b>							
Mathematical provision	457,067,967	(5,518,192)	3,384,904	454,934,679	140,883,872	963,406	596,781,957
Provision for claims	15,965,996	(3,033,987)	-	12,932,009	107,168	-	13,039,177
Other technical provisions:							
Provision for profit-sharing	32,686,979	4,236,870	(24,659,319)	12,264,530	2,257,319	(12,076,198)	2,445,650
Provisions for portfolio stabilisation	5,094,985	(532,298)	-	4,562,687	(639,504)	-	3,923,183
Provision for rate commitments	78,955,419	810,040	-	79,765,459	(65,776,206)	-	13,989,253
	<u>589,771,346</u>	<u>(4,037,566)</u>	<u>(21,274,415)</u>	<u>564,459,364</u>	<u>76,832,648</u>	<u>(11,112,793)</u>	<u>630,179,220</u>
<b>Provisions Non-Life Sector:</b>							
Provision for unearned premiums	15,107,560	343,939	30,665	15,482,164	302,472	870,103	16,654,739
Provisions for claims	120,648,340	9,613,432	1,129,987	131,391,759	777,428	1,086,424	133,255,610
Other technical provisions:							
Provision for profit-sharing	(1,861,623)	-	68,103	(1,793,520)	-	11,703	(1,781,817)
Provision for risks in progress	-	-	-	-	449,298	-	449,298
Provision for claim rate deviations	2,765,272	388,194	-	3,153,466	409,849	-	3,563,314
	<u>136,659,549</u>	<u>10,345,565</u>	<u>1,228,754</u>	<u>148,233,869</u>	<u>1,939,047</u>	<u>1,968,229</u>	<u>152,141,145</u>
	<u>726,430,896</u>	<u>6,307,999</u>	<u>(20,045,661)</u>	<u>712,693,233</u>	<u>78,771,695</u>	<u>(9,144,564)</u>	<u>782,320,364</u>

The calculation of payments for future claims is related to the provision for premiums. The best estimate of the provision for premiums considers various assumptions that could influence its calculation, such as for example: the rates of annulment of future premiums (Type I and Type II premiums), the rhythm of receiving future premiums, the estimated costs associated to the contracts as well as their rhythm. The profit or loss of the application of statistical methods in calculating the provisions always have an implicit degree of uncertainty due to random factors, structural changes not yet reflected in the CA Group's information system and perhaps in the market, as well as legal, judicial, and political changes with impact on the applied models. On the other hand, it must be borne in mind that it is not only necessary to assume standards for some macro and microeconomic variables, but also that the methods used have some implicit assumptions. All this could undergo significant changes as time moves forward, so the ongoing monitoring of these situations is crucial and indispensable for the permanent updating of the conclusions reached.

The evolution of technical provisions illustrated above, in 2022, is mainly due to the subscription of capitalisation products by CA Vida customers.

As at 31 December 2022 and 2021, the mathematical provision is detailed as follows:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
Investment Savings Protection	22,632,768	24,547,206
Pension Savings Protection	74,752,356	78,350,242
Education Savings Protection	15,962,047	16,194,573
CA PPR +6	1,908,286	2,061,975
CA Poupança Activa	20,618,237	47,292,128
Protecção Super-Crédito	521,033	453,520
CA PPR +6	58,597,307	63,696,645
CA Protecção Livre	41,651	84,224
CA Vida Plena	22,598	26,397
CA Mulher	24,206	25,645
CA Pessoa-Chave	107,660	82,081
CA Pessoa-Chave Crédito	58,896	65,676
CA Universitário (Savings)	18,636,510	19,315,907
CA Premium	479	579
CA PPR Capital	245,292,303	121,698,739
CA Poupança Activa Capital	124,564,069	67,386,862
CA Universitário [Capital]	11,926,964	12,733,712
Protecção Super Crédito	32,545	26,445
CA Protecção Hospitalar	14,052	15,048
CA Corporate	232,540	201,485
CA Express Vida	740,705	592,677
Family	94,745	82,912
	<u>596,781,957</u>	<u>454,934,679</u>

The evolution of the mathematical provision reflects the life cycle of the capitalisation products, with the effect of the increase in production in CA PPR Capital and CA Poupança Activa Capital being noted.

## 20. Share capital repayable on demand

This heading is detailed as follows:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
CCAM Nordeste Alentejano, CRL	310,990	355,395
CCAM do Sotavento Algarvio, CRL	-	-
CCAM Ribatejo Norte e Tramagal, CRL	15,220	17,350
CCAM de Trás-os-Montes e Alto Douro, CRL	74,305	83,450
CCAM do Guadiana Interior, CRL	-	-
CCAM Médio Ave, CRL	29,790	29,790
CCAM do Baixo Vouga, CRL	-	-
CCAM Costa Azul, CRL	-	-
	<u>430,305</u>	<u>485,985</u>

Pursuant to IAS 32, securities representing share capital are equity instruments if the institution has the unconditional right to refuse their reimbursement. The introduction of the IAS/IFRS implied an adjustment with reference to 1 January 2006 of the value of 41,447,495 euros, derived from the classification of special securities of share capital as liabilities (Note 23).

The reductions of securities representing share capital refer to repayments made to the Associates.

## 21. Other liabilities

This heading is detailed as follows:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
<u>Payables and other funds</u>		
Funds - captive account	2,175,632	1,786,390
Funds - escrow account	9,981,263	8,315,970
Other funds	5,304,587	4,325,467
Administrative Public Sector		
Tax withholdings at source	8,397,536	8,456,805
Social Security Contributions	4,070,190	3,841,499
IVA payable	1,240,818	1,085,291
Other taxes	3,240,807	3,252,383
Collections on behalf of third parties	333,482	273,098
Contributions to other health systems	743,114	722,660
Financial liabilities from insurance contracts	4,151,773	28,481,919
Liabilities in investment funds, included in the consolidation perimeter	101,536	104,031
Miscellaneous payables		
Payables due to supply of goods and services	20,085,043	16,456,911
Miscellaneous payables - amounts to be paid on securities subscrib	-	-
Payables - Credit cards	1,188,888	1,130,958
Other payables	38,202,384	32,026,210
Advancements received	6,962,548	8,446,578
Lease liabilities	23,204,093	21,113,564
	<u>129,383,696</u>	<u>139,819,733</u>
<u>Liabilities related to pensions and other benefits (Note 48)</u>		
Total liabilities	-	130,860,597
Equity of the pension fund	-	(128,188,607)
	-	<u>2,671,991</u>
<u>Charges payable</u>		
Staff expenses		
Provisions for holidays and holiday allowance	23,520,828	23,511,677
Seniority bonus (Note 48)	16,120,164	17,946,586
Other	4,375,057	4,371,736
For other administrative expenses	147,229	95,557
Other	6,126,859	7,845,100
	<u>50,290,137</u>	<u>53,770,656</u>
<u>Revenue with deferred income</u>		
Commissions on guarantees provided and irrevocable letters of cred	2,708,374	2,431,140
Rents	49,783	99,995
Other	419,426	297,835
	<u>3,177,583</u>	<u>2,828,969</u>
<u>Amounts to be settled</u>		
Foreign Exchange position	-	-
Interest - swaps	-	-
Margin call	879,760,098	-
Multibanco (ATM) clearing house - real-time traffic	6,096,319	14,450,590
Transactions of securities to be settled	2,235,015	172,257
Off-setting of amounts	3,987,759	3,208,154
Other transactions to be settled - electronic transfers	100,415	114,127
Other transactions to be settled - protocol agreements	2,745,281	-
Other transactions to be settled	99,257,346	115,831,728
	<u>994,182,232</u>	<u>133,776,856</u>
	<u>1,177,033,648</u>	<u>332,868,204</u>



The Group recognises under "Other liabilities", the participation units of investment funds which are included in the consolidation perimeter, held by institutions outside the Group, due to being a liability, pursuant to AG29A and BC68 of IAS 32, and no longer recognises them under non-controlling interests.

As at 31 December 2022, the heading of "Creditors and other funds – Financial liabilities of insurance contracts" refers to CA Vida contracts, with guaranteed rates, without discretionary profit-sharing, valued at amortised cost. The evolution between 31 December 2021 and 31 December 2022 was as follows:

	Amount managed as at	Amounts		Changes in gains and losses (technical interest)	Amount managed as at
	31.12.2021	Inflow	Departures		31.12.2022
Measured at amortised cost	24,649,580	-	(24,416,605)	(164,318)	68,657
Measured at fair value through profit and loss	3,832,339	1,125,740	(317,720)	(557,244)	4,083,116
<b>Total</b>	<b>28,481,919</b>	<b>1,125,740</b>	<b>(24,734,325)</b>	<b>(721,562)</b>	<b>4,151,773</b>

The maturity of the financial liabilities of insurance contracts is as follows:

	On demand	Up to 3 months	3 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Financial liabilities of the deposit part of insurance contracts taken into consideration for accounting purposes as investment contracts valued at amortised cost	-	68,657	-	-	-	-	68,657
Financial liabilities of the deposit part of insurance contracts taken into consideration for accounting purposes as investment contracts valued at fair value through profit or loss	-	-	-	2,273,898	702,934	1,106,284	4,083,116
	-	68,657	0	2,273,898	702,934	1,106,284	4,151,773

The fair value of the assets at amortised cost is 68,657 euros.

The most significant amount under "Other liabilities" is related to the heading "Margin Call". The increased margin call values were due to the allocation of liquidity to this specific activity, which arises from two spheres. On the one hand, an initial margin, calculated according to the value transferred and the maturity of the exposures and, on the other hand, a variation margin, derived from the market value of the outstanding positions. As at 31 December 2022, the counterparties to these credit amounts are Commerzbank (635.9 million euros), Santander (0.9 million euros), BBVA (242.8 million euros) and Citibank Europe (0.2 million euros). The market context changed significantly in 2022. In effect, the sharp rise in inflation rates in the world economy, to which the eurozone was not immune, forced the ECB to reverse the course of the accommodative monetary policy followed until then, initiating a rapid rate hike from its July meeting. For reference, the deposit facility rate, which stood at -0.50% at the beginning of 2022, ended the year at 2.00%. The increase in interest rates had a favourable effect on the market value of swaps from Caixa Central's point of view. The increase in the market value of the derivatives portfolio had a direct impact on the amount of the maintenance margin, which now has a materially relevant positive value.

As at 31 December 2022 and 2021, the balance of the heading of "Other transactions to be settled" includes the Nostro accounts, namely in foreign currency, which continue awaiting the value date of the movement. The majority corresponds to transactions with value date in early January 2023 and 2022, respectively, with the transactions being settled at that time.

The amount in the ATM clearing house shows a decrease compared with the previous year and is essentially due to transactions made with ATM cards at the end of the year, with clearing taking place on the following business day.

The amounts to be settled presented under "Other transactions to be settled – protocol agreements", whose balances refer to amounts charged to Caixa Central customers under the protocol agreements concluded between Caixa Central and other institutions, were settled in the first days of January 2023 and 2022, respectively.

The maturity of the lease liabilities (buildings, equipment and vehicles) is broken down as follows:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
Less than 12 months	3,058,874	667,280
More than 12 months	20,145,219	20,446,284
	<u>23,204,093</u>	<u>21,113,564</u>

## 22. Contingent liabilities and commitments

The off-balance-sheet items associated with guarantees provided, irrevocable commitments and other liabilities due to services rendered are shown in the table below:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
Guarantees provided and any other possible liabilities		
Guarantees granted	213,816,855	223,009,399
Opened documentary credits	1,814,320	2,191,096
Assets given as guarantee - securities	3,385,966,172	3,673,800,225
Other possible liabilities	5,316,911	8,517,627
Commitments to third parties		
Due to credit lines		
Irrevocable commitments	1,241,397,227	1,281,662,153
Revocable commitments	415,744,292	389,288,536
Irrevocable commitments for buying and selling securities	1,945,960	25,398,359
Due to securities underwritten	71,500,000	84,699,535
Potential liability in relation to the System of indemnity of investors	1,469,370	1,305,866
Liabilities due to services rendered		
Deposit and custody of values	1,754,606,527	1,770,252,952
Amounts managed by the institution	1,383,954,171	1,426,356,041
Amounts received for collection	29,161,029	25,137,426
Other	407,069	1,040,025
	<u>8,507,099,906</u>	<u>8,912,659,241</u>

In 31 December 2022 and 2021, the off-balance-sheet heading of "Assets given as guarantee - securities" includes the value of the securities included in the pool of collateral at Banco de Portugal to back financing operations from

the Eurosystem. This heading also includes securities given as guarantee to cover repos contracted with other non-resident financial institutions.

The entirety of the balance of the heading of “Commitments to third parties – Due to subscription of securities” corresponds to the underwriting of commercial paper.

Although this is not recorded in the off-balance sheet accounts under the legal system of Crédito Agrícola Mútuo, the Group is jointly liable for the non-financed amount of the pension funds of the Caixas Agrícolas which do not belong to SICAM (Note 48), which comes to 5,697,909 euros. It should be noted that the process of splitting up these responsibilities regarding the Crédito Agrícola Mútuo Pension Fund is under way.

## 23. Capital

The statutory share capital of the Crédito Agrícola Group, divided and represented by registered securities, with unit nominal value of 5 euros is 1,443,426,537 euros as at 31 December 2022.

Of the total amount of underwritten capital, the amount of 430,305 euros was transferred to the liability heading “Share capital repayable on demand”, by application of IAS 32 – Financial Instruments (Note 20).

The publication of the new Legal Framework for Crédito Agrícola Mútuo, in Diário da República (Decree-Law 142/2009 of 16 June), as mentioned in the Introduction implied the adaptation of the Articles of Association of the Caixas de Crédito Agrícola to the new Legal Framework which, at the limit, had to be amended by the date of the first mandatory general meeting held in 2010, as stipulated in the transitory provisions in Article 5 of Decree-Law 142/2009 of 16 June. Therefore, during 2009 and in early 2010, the Articles of Association of the Associated Caixas were amended and approved at the General Meeting, in order to assure the General Meeting's decision on the exoneration of the members. This is the reason why the registered securities of the Caixas Agrícolas underwritten by their members continued under the same classification of equity, under the terms of IAS 32, with the exception of those classifiable under liabilities, also as defined in IAS 32.

Pursuant to the Articles of Association of the Caixas Agrícolas, the conditions of exoneration of the members are as follows:

- Up to 31 October of each year, the Members may either present their exoneration or request a reduction of their participation, by letter addressed to the Board of Directors, in accordance with the following conditions:
  - At least three years must have elapsed after the equity securities have been paid;
  - The reimbursement must not lead to a reduction of share capital to a figure below the minimum amount stipulated in the Articles of Association nor imply default or the worsening of default in any relationship or prudential limits established by the law or Banco de Portugal in relation to Caixa Agrícola.
- The exoneration takes effect after approval by the General Meeting that deliberates on the annual report for the year in which the request is submitted;
- Members that are exonerated or have reduced their participation are entitled to the reimbursement of their equity securities, under the terms of Article 8(7) of the Articles of Association, although the Board of Directors may order suspension of the reimbursement as established in Article 8(8);

- The reimbursement may be made in three annual instalments unless a shorter time frame is decided by the Board of Directors.

Share capital increases took place during 2022 (incorporation of reserves and entries of new members) of the value of 48,778 thousand euros and movement in the opposite direction, corresponding to the leaving of members, of the value of -6,384 thousand euros.

Following the General Meetings held by the different Associated Caixas, share capital increases are made by incorporation of reserves, which leads to movements of transfer of balances of reserves to carry out share capital increases.

As at 31 December 2022 and 2021, the statutory capital corresponded to the associates of the following Caixas Agrícolas:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
CCAM de Pombal, CRL	56,240,565	56,217,770
CCAM Batalha, CRL	54,009,610	52,731,365
CCAM Costa Azul, CRL	63,331,390	61,290,565
CCAM Alto Douro, CRL	58,281,570	54,336,530
CCAM de Vale de Sousa e Baixo Tâmega, CRL	53,861,570	50,139,720
CCAM Açores, CRL	43,226,185	41,099,865
CCAM do Noroeste, CRL	45,305,940	45,236,550
CCAM da Serra da Estrela, CRL	41,572,815	39,584,195
CCAM Alto Cávado e Basto, CRL	37,696,470	35,865,815
CCAM Terras Sousa, Ave, Basto e Tâmega, CRL	33,692,120	31,792,270
CCAM do Vale do Távora e Douro, CRL	32,426,135	30,991,660
CCAM de Alcobaça, Cartaxo, Nazaré, Rio Maior e Santarém, CRL	29,641,180	28,052,825
CCAM de Trás-os-Montes e Alto Douro, CRL	24,738,580	24,241,320
CCAM P. Varzim, V. Conde e Esposende, CRL	26,438,030	25,403,750
CCAM C. da Rainha, Óbidos e Peniche, CRL	29,769,235	26,760,725
CCAM do Baixo Mondego, CRL	23,326,750	22,710,865
CCAM Beira Douro e Lafões, CRL	37,020,285	33,434,940
CCAM do Sotavento Algarvio, CRL	19,756,555	19,715,600
CCAM Vale do Dão e Alto Vouga, CRL	18,899,980	18,995,385
CCAM de São Teotónio, CRL	18,157,975	18,163,915
CCAM de Terras de Viriato, CRL	23,552,330	22,551,425
CCAM Lourinhã, CRL	20,083,185	19,177,465
CCAM Alenquer, CRL	16,664,985	16,263,675
CCAM Coimbra, CRL	14,634,730	14,616,760
CCAM Vila Verde e Terras do Bouro, CRL	15,137,485	14,947,530
CCAM Terras do Arade, CRL	28,832,095	27,545,005
CCAM Douro e Côa, CRL	15,113,080	15,122,640
CCAM da Terra Quente, CRL	14,088,370	14,133,135
CCAM de Pernes e Alcanhões, CRL	13,095,970	13,190,960
CCAM da Bairrada e Aguiieira, CRL	13,236,680	13,186,860
CCAM da Zona do Pinhal, CRL	13,135,955	13,109,760
CCAM do Baixo Vouga, CRL	13,524,825	13,074,685
CCAM Ribatejo Norte e Tramagal, CRL	12,854,190	12,291,415

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
CCAM do Guadiana Interior, CRL	13,538,415	13,571,000
CCAM Região do Fundão e Sabugal, CRL	11,633,190	11,627,890
CCAM Alentejo Sul, CRL	21,062,030	20,032,010
CCAM Albufeira, CRL	10,641,905	11,075,350
CCAM Cadaval, CRL	11,182,140	11,186,740
CCAM Área Metropolitana do Porto, CRL	12,491,435	12,012,055
CCAM Salvaterra de Magos, CRL	12,120,630	11,528,465
CCAM Coruche, CRL	10,537,560	10,524,880
CCAM Costa Verde, CRL	10,224,595	10,454,230
CCAM Médio Ave, CRL	10,564,075	10,493,090
CCAM Loures, Sintra e Litoral, CRL	10,523,290	10,455,065
CCAM Aljustrel e Almodovar, CRL	11,310,885	11,206,625
CCAM de Cantanhede e Mira, CRL	15,056,930	15,034,815
CCAM Paredes, CRL	10,929,410	10,260,130
CCAM Estremoz, CRL	9,127,495	9,130,710
CCAM Nordeste Alentejano, CRL	9,493,040	9,496,950
CCAM do Ribatejo Sul, CRL	9,632,410	9,119,650
CCAM Douro e Sabor, CRL	15,923,825	15,848,805
CCAM Arruda dos Vinhos, CRL	8,752,255	8,511,440
CCAM da Beira Baixa (Sul), CRL	12,846,435	11,178,795
CCAM Oliveira de Azeméis e Estarreja, CRL	7,958,250	7,956,800
CCAM Alentejo Central, CRL	14,844,120	14,719,310
CCAM Beira Centro, CRL	8,760,885	8,659,095
CCAM de Moravis, CRL	7,815,215	7,816,895
CCAM Vila Franca de Xira, CRL	8,232,255	7,990,245
CCAM Terras de Santa Maria, CRL	13,282,200	13,142,835
CCAM do Algarve, CRL	7,518,026	7,474,061
CCAM Porto de Mós, CRL	7,934,315	7,807,135
CCAM Oliveira do Hospital, CRL	8,323,830	8,315,365
CCAM Alcácer-Sal e Montemor-Novo, CRL	6,768,290	6,812,105
CCAM Sobral de Monte Agraço, CRL	6,688,280	6,684,235
CCAM do Norte Alentejano, CRL	7,951,740	7,519,480
CCAM Azambuja, CRL	6,383,910	6,181,610
CCAM Serras de Ansião, CRL	6,320,430	6,125,985
CCAM Entre Tejo e Sado, CRL	5,633,760	5,627,465
CCAM Elvas, Campo Maior e Borba, CRL	13,430,270	13,188,160
CCAM Oliveira do Bairro, Albergaria e Sever, CRL	17,238,410	16,883,440
CCAM Vagos, CRL	5,185,535	5,184,280
FACAM	84,218,046	84,218,046
	<u>1,443,426,537</u>	<u>1,401,032,187</u>

## 24. Other accumulated comprehensive income, retained earnings and reserves

As at 31 December 2022 and 31 December 2021, the headings of other accumulated comprehensive income, retained earnings and reserves are broken down as follows:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
Reserves derived from measurement at fair value		
Fair value changes of financial assets at FVTOCI (IFRS 9)		
Potential gains	(22,328,580)	176,102
Impairment	110,466	103,714
Fair value changes of financial assets at FVTOCI (IAS 39)	(137,952,406)	(1,753,147)
Deferred taxes	41,845,815	330,447
<b>Fair value changes of financial assets at FVTOCI</b>	<b>(118,324,705)</b>	<b>(1,142,884)</b>
Fixed asset revaluation reserves	-162,032	1,712,294
Other reserves	625,455,534	549,730,658
Actuarial gains or (-) loss on defined benefit pension plans (Note 48)	(27,233,679)	(30,653,395)
Retained earnings	(27,294,053)	(62,773,437)
Profit or loss attributable to Owners of the parent	144,295,502	158,776,307
	<u><b>596,736,568</b></u>	<u><b>615,649,542</b></u>

The movement of "Other accumulated comprehensive income" in 2022 and 2021 is as follows:

	31-Dec-2021	Increases / (decreases) in valuations	Disposals	Impairments	Taxes	Other	31-Dec-2022
<b>Items that will not be reclassified to profit and loss</b>							
Actuarial gains or (-) loss on defined benefit pension plans	(30,653,395)	3,419,716	-	-	-	-	(27,233,679)
Fair value changes of equity instruments measured at fair value through other comprehensive income (Insurance Activity - IAS 39)	1,003,425	777,279	-	-	-	-	1,780,704
<b>Items that can be reclassified to profit or loss</b>							
Fair value changes of debt instruments measured at fair value through other comprehensive income	(2,146,308)	(109,606,635)	(49,864,889)	6,752	41,515,368	(9,697)	(120,105,409)
<b>Other accumulated comprehensive income</b>	<u><b>(31,796,279)</b></u>						<u><b>(145,558,384)</b></u>
	31-Dec-2020	Increases / (decreases) in valuations	Disposals	Impairments	Taxes	Other	31-Dec-2021
<b>Items that will not be reclassified to profit and loss</b>							
Actuarial gains or (-) loss on defined benefit pension plans	(19,887,448)	(10,785,947)	-	-	-	-	(30,653,395)
Fair value changes of equity instruments measured at fair value through other comprehensive income (Insurance Activity - IAS 39)	1,283,003	(279,578)	-	-	-	-	1,003,425
<b>Items that can be reclassified to profit or loss</b>							
Fair value changes of debt instruments measured at fair value through other comprehensive income	14,017,946	(8,613,861)	(13,885,546)	(231,472)	5,123,093	1,443,532	(2,146,308)
<b>Other accumulated comprehensive income</b>	<u><b>(4,586,500)</b></u>						<u><b>(31,796,279)</b></u>

The value indicated in “Other reserves” is distributed among the following statutory reserves:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
Legal reserve	439,134,697	409,415,651
Statutory reserve	2,042,058	2,016,164
Special reserve	40,928,187	40,663,587
Free reserve	71,957,856	34,924,962
Reserve for cooperative training and education	7,227,241	6,689,600
Reserve for mutualism	5,423,745	5,110,439
Reserves for differences in capital reimbursement	7,191	7,191
Reserves for payment of capital securities in the following years	2,231,494	1,930,733
Reserves for associates' capital rights	581,052	535,330
Other reserves	<u>55,922,012</u>	<u>48,437,001</u>
	<u>625,455,534</u>	<u>549,730,658</u>

The heading of “Other reserves” refers to the reserves of surpluses, which do not have any restrictions concerning their use.

#### Legal reserve

The legal reserve is intended to cover any losses for the year. Pursuant to Article 33 of the Articles of Association of the Caixas, the legal reserve is annually credited with 20% of the net annual surplus and any other amounts paid in by the Members to this end, until its amount is equal to the capital.

#### Reserve for cooperative training and education

The reserve for cooperative training and education is intended to finance expenses with technical, cultural, and cooperative training programmes for members, management, and employees of the CA Group, and is reinforced by a maximum of 2.5% of net annual surpluses and also with the amounts that, for any reason, are obtained for that purpose.

#### Reserve for mutualism

The reserve for mutualism is intended to cover the cost of mutual assistance required by Members or employees, being credited with the maximum of 2.5% of the net annual surplus.

#### Revaluation reserves

This heading includes the fixed assets revaluation reserve. This reserve cannot be used to increase the share capital or cover losses, according to their use (depreciation) or disposal of the assets to which it refers.

## 25. Consolidated profit

During 2022 and 2021, the determination of the consolidated profit can be summarised as follows:

(amounts in euros)	31-Dec-2022
Profit for the year of the Caixas de Crédito Agrícola Mútuo e FACAM <sup>(1)</sup>	86,954,220
Profit for the year of the Caixa Central de Crédito Agrícola Mútuo	22,342,698
	<u>109,296,918</u>
Impact on net income of the reconciliation of common balances at SICAM	(11,186,651)
Net income of SICAM	<u>98,110,267</u>
<i>Crédito Agrícola Vida, Companhia de Seguros S.A.</i>	47,733,337
<i>Crédito Agrícola Seguros – Companhia de Seguros de Ramos Reais, S.A.</i>	10,965,721
<i>Crédito Agrícola SGPS S.A.</i>	(958,968)
<i>Fenacam - Federação Nacional das Caixas de Crédito Agrícola Mútuo FCRL</i>	211,774
<i>Crédito Agrícola Informática - Serviços de Informática S.A.</i>	597,099
<i>Crédito Agrícola Serviços - ACE <sup>(2)</sup></i>	-
<i>Crédito Agrícola Gest – SGOIC, S.A</i>	78,731
<i>CA Capital - Sociedade de Capital de Risco S.A.</i>	(144,799)
<i>CCCAM Gestão de Investimentos e Consultoria, Unipessoal, Lda</i>	(348,633)
<i>Crédito Agrícola Seguros e Pensões SGPS S.A.</i>	5,659,430
<i>FII ImoValor CA</i>	(1,680,503)
<i>CA Imóveis, Unipessoal Lda</i>	(1,818,045)
<i>FII CA Imobiliário</i>	(5,037,878)
<i>FIM CA Institucionais</i>	<u>(1,701,817)</u>
Net income of all the other Group companies	<u>53,555,447</u>
Annulment of the devaluation of the PUs of the Real Estate Investment Funds recorded in the year	12,794,471
Earnings from application of the equity method to associated companies	224,686
	<u>13,019,157</u>
Adjustment of intergroup relations and annulment of common balances:	
<i>Adjustment of provisions for additional paid-in capital of CA SGPS in CCCAM GI and CA Imóveis</i>	2,223,757
<i>Annulment of impairment on financial holdings</i>	(3,193,045)
<i>Annulment of insurance premiums charged to CA Group companies</i>	987,932
<i>Annulment of invoices issued between CA Group institutions</i>	268,828
<i>Annulment of dividends</i>	(7,417,242)
<i>Adjustment to fixed assets sold intergroup - annulment of capital gains and correction of amortisations</i>	353,508
<i>Adjustment of properties of Real Estate Investment Funds</i>	696,640
<i>Adjustment of taxes in the consolidation</i>	(362,036)
<i>Derived from Caixa Central and Addressa adjustments</i>	(4,013,946)
<i>Overlay Provision IFRS 9</i>	(9,368,330)
Other consolidation adjustments	(261,069)
	<u>(20,085,001)</u>
	<u>144,599,869</u>
Profit or loss attributable to non-controlling interests	<u>(304,367)</u>
<b>Consolidated profit for the year of Crédito Agrícola Group</b>	<b><u>144,295,502</u></b>

<sup>(1)</sup> This value derives from the sum of the net income of all the Caixas belonging to SICAM

<sup>(2)</sup> At the end of each year, the profit or loss of the ACE is divided in the invoicing to the Group's institutions, in proportion to the total invoiced in that same year



(amounts in euros)	<b>31-Dec-2021</b>
Profit for the year of the Caixas de Crédito Agrícola Mútuo e FACAM <sup>(1)(2)</sup>	97,001,307
Profit for the year of the Caixa Central de Crédito Agrícola Mútuo	42,769,389
	<u>139,770,697</u>
Impact on net income of the reconciliation of common balances at SICAM	3,532,137
Net income of SICAM	<u>143,302,834</u>
Net income of all the other Group companies	
Crédito Agrícola Vida, Companhia de Seguros S.A.	60,666,641
Crédito Agrícola Seguros – Companhia de Seguros de Ramos Reais, S.A.	5,846,606
Crédito Agrícola SGPS S.A.	(2,202,359)
Fenacam - Federação Nacional das Caixas de Crédito Agrícola Mútuo FCRL	520,838
Crédito Agrícola Informática - Serviços de Informática S.A.	652,559
Crédito Agrícola Serviços - ACE <sup>(2)</sup>	-
Crédito Agrícola Gest – Sociedade Gestora de Fundos de Investimento Mobiliário S.A.	140,065
CA Capital - Sociedade de Capital de Risco S.A.	(84,852)
CCCAM Gestão de Investimentos e Consultoria, Unipessoal, Lda	177,651
Crédito Agrícola Seguros e Pensões SGPS S.A.	(188,496)
FII ImoValor CA	(950,129)
CA Imóveis, Unipessoal Lda	(3,785,235)
FII CA Arrendamento Habitacional	(2,643,983)
FII CA Imobiliário	(4,376,256)
FIM CA Institucionais	(165,405)
Rústicodivinal, Lda	(212,184)
	<u>(1,231,539)</u>
Annulment of the devaluation of the PUs of the Real Estate Investment Funds recorded in the year	7,804,091
Earnings from application of the equity method to associated companies	645,607
	<u>8,449,697</u>
Adjustment of intergroup relations and annulment of common balances:	
<i>Adjustment of provisions for additional paid-in capital of CA SGPS in CCCAM GI and CA Imóveis</i>	3,609,322
<i>Annulment of the provision on Caixa Central stake in CA SGPS</i>	3,337,844
<i>Annulment of insurance intermediation commissions paid to CCAMs and CCCAM</i>	55,044
<i>Annulment of insurance premiums charged to CA Group companies</i>	1,001,308
<i>Annulment of intergroup dividends</i>	(525,445)
<i>Adjustment to fixed assets sold intergroup by CA Informática - annulment of capital gains and correction of amortisations</i>	(115,850)
<i>Annulment of invoices issued between CA Group institutions</i>	77,912
<i>Adjustment of properties of Real Estate Investment Funds</i>	3,501,871
<i>Adjustment of taxes in the consolidation</i>	262,193
<i>Adjustment of CAAH operation</i>	(2,644,839)
<i>Consolidation adjustment of Pension Fund (CA Serviços)</i>	(197,703)
<i>Other consolidation adjustments</i>	52,536
	<u>8,414,195</u>
	<u>158,935,186</u>
Profit or loss attributable to non-controlling interests	(158,880)
	<u>(158,880)</u>
<b>Consolidated profit for the year of Crédito Agrícola Group</b>	<b><u>158,776,306</u></b>

<sup>(1)</sup> This value derives from the sum of the net income of all the Caixas belonging to SICAM

<sup>(2)</sup> At the end of each year, the profit or loss of the ACE is divided in the invoicing to the Group's institutions, in proportion to the total invoiced in that same year

## 26. Non-controlling interests

The value of third-party stakes in companies of the Crédito Agrícola Group, in 2022 and 2021, is distributed by institution as follows:

	31-Dec-2022			31-Dec-2021		
	Effective %	Balance Sheet	Income statement	Effective %	Balance Sheet	Income statement
Crédito Agrícola Seguros	2.62%	1,147,474	(287,263)	2.62%	1,476,344	(153,150)
Alternative FIM Institucional CA	1.21%	219,813	20,594	1.21%	240,407	2,002
Crédito Agrícola Informática	0.55%	47,445	(3,284)	0.55%	44,512	(3,441)
Crédito Agrícola Vida	0.07%	57,913	(33,240)	0.07%	81,824	(4,225)
Crédito Agrícola Seguros e Pensões	0.02%	27,244	(1,132)	0.02%	26,112	38
Fenacam	0.02%	1,414	(42)	0.02%	1,362	(104)
		<u>1,501,302</u>	<u>(304,367)</u>		<u>1,870,560</u>	<u>(158,880)</u>

The movement in non-controlling interests during the years ended on 31 December 2022 and 2021 was as follows:

Non-controlling interests as at 31 December 2020	<u>1,809,421</u>
Net income for the year attributable to non-controlling interests:	
Crédito Agrícola Seguros	153,150
Alternative FIM Institucional CA	(2,002)
Crédito Agrícola Informática	3,441
Crédito Agrícola Vida	4,225
Crédito Agrícola Seguros e Pensões	(38)
Fenacam	104
	<u>158,880</u>
Change in the equity (revaluation reserves) of insurers:	(97,741)
Non-controlling interests as at 31 December 2021	<u>1,870,560</u>
Net income for the year attributable to non-controlling interests:	
Crédito Agrícola Seguros	287,263
Alternative FIM Institucional CA	(20,594)
Crédito Agrícola Informática	3,284
Crédito Agrícola Vida	33,240
Crédito Agrícola Seguros e Pensões	1,132
Fenacam	42
	<u>304,367</u>
Change in the equity (revaluation reserves) of insurers:	(673,625)
Non-controlling interests as at 31 December 2022	<u>1,501,302</u>

## 27. Interest income

The composition of this heading is as follows:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
<u>Interest of financial assets held for trading</u>		
Debt securities issued by residents	162,189	158,483
Debt securities issued by non-residents	122,174	117,370
Interest rate Swaps	402,491	140,239
	<b><u>686,854</u></b>	<b><u>416,092</u></b>
<u>Interest on financial assets at fair value through profit or loss</u>		
Debt securities issued by residents	100,244	130,661
	<b><u>100,244</u></b>	<b><u>130,661</u></b>
<u>Interest of financial assets at fair value through other comprehensive income</u>		
Debt securities issued by residents	57,829,425	16,926,486
Debt securities issued by non-residents	846,793	690,588
	<b><u>58,676,218</u></b>	<b><u>17,617,075</u></b>

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
<u>Interest of financial assets at amortised cost</u>		
Interest of securities at amortised cost		
Debt securities issued by residents	54,705,636	52,715,196
Debt securities issued by non-residents	100,434,182	65,399,861
Interest of investments at other credit institutions		
Investments in domestic credit institutions	370,879	88,019
Interest on loans and advances to customers		
Loans and advances not represented by securities		
Domestic loans and advances		
Companies and public administration		
Discounts and other certified receivables	357,281	422,164
Loans	139,262,450	132,171,132
Current account loans and advances	11,829,404	10,870,752
Current account overdrafts	1,397,820	1,577,790
Finance lease operations		
Movables	2,916,641	2,587,364
Real estate	2,632,034	2,192,969
Credit card	87,122	77,166
Commercial paper	7,045,177	5,779,289
Individuals		
Mortgage	46,013,256	36,289,427
Consumer	28,474,565	27,188,656
Other purposes		
Loans	27,521,979	28,450,234
Current account loans and advances	1,140,239	1,219,588
Current account overdrafts	495,710	698,175
Finance lease operations	488,987	488,651
Other credits	38,404	28,100
Credit abroad		
Companies and public administration		
Loans	17,113	8,818
Commercial paper	284,472	84,445
Individuals		
Mortgage	3,088,118	2,395,235
Consumer		
Credit card	62,723	53,342
Other credits	773,928	658,920
Other purposes		
Loans	240,286	231,868
Current account overdrafts	4,555	6,491
Interest on overdue loans	9,280,250	9,228,608
	<b><u>438,963,212</u></b>	<b><u>380,912,260</u></b>
Interest of cash balances at Banco de Portugal	19,523,153	38,768,855
Interest of derivatives	10,509,532	942,059
Other interest and similar income	33,999,843	2,241,903
	<b><u>562,459,056</u></b>	<b><u>441,028,904</u></b>

The variation in the heading of "Interest income" is essentially explained by two opposite effects: on the one hand, increase in interest from debt securities at amortised cost and at fair value through other comprehensive income, of 37 million euros and 41.1 million euros, respectively. On the other hand, interest receivable on cash balances at Banco de Portugal decreased by 19.2 million euros. Of less significance, but still contributing to the evolution of interest revenue, are the interest on mortgage loans, with a growth of 9.7 million euros compared to 2021, and interest revenue from derivatives, which grew by 9.6 million euros.

## 28. Interest expenses

The composition of this heading is as follows:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
<u>Interest of financial liabilities held for trading</u>		
Interest of securities held for trading	303,922	56,795
	<b>303,922</b>	<b>56,795</b>
<u>Interest of financial liabilities measured at amortised cost</u>		
Interest of funds of central banks	38,431	4,407
Interest of funds of other credit institutions		
Domestic	399,567	33,890
Abroad	168,378	223,243
Interest on customer funds and other loans	5,952,481	7,217,699
Interest of bond loans	7,500,000	1,453,233
Other subordinated debts	-	57,155
	<b>14,058,857</b>	<b>8,989,626</b>
<u>Interest of hedge derivatives</u>		
Interest rate swaps - hedge	26,924,910	36,203,734
	<b>26,924,910</b>	<b>36,203,734</b>
<u>Other liabilities</u>		
Interest of leases	383,578	428,620
Other interest and charges	35,775,598	16,352,252
	<b>36,159,177</b>	<b>16,780,872</b>
<u>Interest expense on assets</u>		
Amortisation of the premium on bond transactions		
in the capital market	116,505,742	65,904,763
Other interest and charges	82,540	139,317
	<b>116,588,282</b>	<b>66,044,079</b>
	<b>194,035,148</b>	<b>128,075,107</b>

The variation in the heading of "Interest expenses" is essentially explained by the heading of amortisation of the

premium paid for the acquisition of bonds in the capital markets, showing approximately 116.5 million euros, representing an increase of 50.6 million euros compared to 2021.

## 29. Dividend income

The composition of this heading is as follows:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
<u>Dividends of non-trading financial assets stated at fair value through profit or loss</u>		
Equity instruments issued by residents	364,063	266,488
Equity instruments issued by non-residents	361,671	154,102
	<u><b>725,734</b></u>	<u><b>420,590</b></u>

As at 31 December 2022 and 2021, the value relative to dividends receivable from securities issued by residents refers to equity instruments.

The value of dividends from securities issued by residents is related to Unicre and SIBS securities, held by Caixa Central, of the value of 63,205 euros and 121,980 euros, respectively and to dividends received by CA Vida for its holdings in investment funds, of the value of 95,612 euros.

The value of dividends from securities issued by non-residents relates mainly to the securities of Corretaje e Información Monetária Y De Divisas, SA and Banco de Credito Social Cooperativo SA held by CA SGPS, of the value of 200,758 euros and 87,770 euros, respectively.

### 30. Fee and commission income

The composition of this heading is as follows:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
<u>From guarantees</u>		
Guarantees and sureties	3,886,154	3,946,958
Opened documentary credits	54,718	56,212
	<u>3,940,872</u>	<u>4,003,170</u>
 <u>For commitments assumed before third parties</u>		
Irrevocable commitments		
Irrevocable credit lines	9,229,476	8,624,917
Other irrevocable commitments	53,424	33,588
	<u>9,282,900</u>	<u>8,658,505</u>
 <u>For services rendered</u>		
Deposit and custody of values	3,354,982	2,917,108
Collection of values	502,672	499,465
Collective investment undertakings in securities		
Management commission	-	-
Transfer of amounts	5,108,636	4,073,413
Management of cards	181,738	160,916
Annuities	11,214,288	5,382,153
Assembly of operations	3,536,348	2,764,046
Credit operations		
Other credit operations	35,595,623	30,573,614
Other services rendered		
Other interbank commissions	1,821,289	1,611,725
Intermediation commissions	174,016	465
Placement	8,294,156	7,383,417
Interbank commissions - cards	41,242,651	34,952,841
Other	5,176,829	4,669,781
	<u>116,203,228</u>	<u>94,988,947</u>
 <u>For transactions conducted on account of third parties</u>		
For securities		
In Stock Exchange transactions	158,273	131,486
In transactions outside the Stock Exchange	67,611	12,681
	<u>225,884</u>	<u>144,167</u>
 <u>Other commissions received</u>	45,086,951	41,345,796
<i>of which Account maintenance</i>	19,967,403	19,019,167
	<u>174,739,835</u>	<u>149,140,585</u>

The variation of the heading of “Fee and commission income” is mainly explained by commissions for services rendered, with a greater impact on annuities and interchange commissions - cards and other commissions related with other credit operations, most notably processing, study and annual management fees.

### 31. Fee and commission expenses

The composition of this heading is as follows:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
<u>From guarantees</u>	64,663	138
<u>From banking services</u>		
Deposit and custody of values	1,078,969	1,346,628
Collection of values	5,764	8,274
Administration of values	88,013	87,863
Cards	18,505,271	14,619,223
Other	432,056	400,580
	<u>20,174,736</u>	<u>16,462,706</u>
<u>For transactions by third parties</u>	6,088,900	5,435,504
	<u>6,088,900</u>	<u>5,435,504</u>
<u>Other commissions paid</u>		
Intermediation commissions	111,723	277
Other	2,140,310	3,854,326
	<u>2,252,033</u>	<u>3,854,603</u>
	<u><b>28,515,669</b></u>	<u><b>25,752,812</b></u>

The expenses of card fees and commissions are those that most contribute to the total of this heading, with a positive variation of 3.9 million euros, justified primarily by the "one-off" effect of changing the time of collection in the case of card cancellations.



## 32. Gains or losses on financial assets and liabilities not measured at fair value through profit or loss, net

The composition of this heading is as follows:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
<u>Financial assets at fair value through other comprehensive income</u>		
Securities		
Equity instruments (insurance activity)	1,423,053	-
Issued by residents		
Debt instruments (non-insurance activity)	450,438	-
Debt instruments (insurance activity)	(6,123,420)	7,758,803
Issued by non-residents		
Debt instruments (non-insurance activity)	(113,467)	1,420,826
Debt instruments (insurance activity)	379,025	-
	<u>(3,984,371)</u>	<u>9,179,629</u>
<u>Financial assets at amortised cost</u>		
Securities		
Issued by residents (non-insurance activity)		
Debt instruments	-	20,449,628
Issued by non-residents (non-insurance activity)		
Debt instruments	-	28,997,827
Other	80,289	68,389
	<u>80,289</u>	<u>49,515,844</u>
	<u>(3,904,082)</u>	<u>58,695,471</u>

During 2022 no portfolio securities were disposed of at amortised cost. Portfolio securities at amortised cost were sold during 2021, within the limit defined in the investment policy of the CA Group. As regards the losses in the FVTOCI portfolio, they are related to the rise in interest rates that deteriorated the fair value of the investments held and consequently sold.

### 33. Gains or losses on financial assets held for trading

The composition of this heading is as follows:

Description	31-Dec-2022			31-Dec-2021		
	Gains	Losses	Net	Gains	Losses	Net
Financial assets and liabilities held for trading						
Debt instruments	14,830,032	(15,335,770)	(505,738)	14,807,520	(13,418,190)	1,389,330
Trading derivatives	5,189,800	(5,084,038)	105,762	1,623,865	(911,444)	712,420
<b>Total</b>	<b>20,019,832</b>	<b>(20,419,808)</b>	<b>(399,976)</b>	<b>16,431,385</b>	<b>(14,329,635)</b>	<b>2,101,750</b>

Gains and losses on debt instruments refer to capital gains and losses on the disposal of foreign public debt securities.

The net value of debt instruments includes gains of 391 thousand euros related to disposals and a potential unrealised loss of 897 thousand euros.

### 34. Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss, net

The composition of this heading is as follows:

Description	31-Dec-2022			31-Dec-2021		
	Gains	Losses	Net	Gains	Losses	Net
Financial assets and liabilities not held for trading						
Equity instruments	6,089,124	(8,273,572)	(2,184,448)	4,595,116	(3,664,680)	930,437
Investment fund units	309,445	(1,205,454)	(896,010)	1,405,507	(540,279)	865,228
<b>Total</b>	<b>6,398,569</b>	<b>(9,479,026)</b>	<b>(3,080,458)</b>	<b>6,000,624</b>	<b>(4,204,959)</b>	<b>1,795,665</b>

The net value includes 47 thousand euros of gains related to changes in fair value.

### 35. Gains or losses on financial assets and liabilities designated at fair value through profit or loss, net

The composition of this heading is as follows:

Description	31-Dec-2022			31-Dec-2021		
	Gains	Losses	Net	Gains	Losses	Net
Financial assets and liabilities at fair value through profit or loss						
Bonds - Portuguese public debt	830,249	(838,393)	(8,144)	221,952	(281,363)	(59,410)
Bonds - Other residents	1,158,095	(1,170,480)	(12,385)	1,622,394	(1,339,761)	282,633
<b>Total</b>	<b>1,988,343</b>	<b>(2,008,873)</b>	<b>(20,529)</b>	<b>1,844,346</b>	<b>(1,621,124)</b>	<b>223,223</b>

Gains and losses recorded under this heading relate essentially to bonds issued by other residents.

### 36. Gains or losses from hedge accounting, net

The composition of this heading is as follows:

Description	31-Dec-2022			31-Dec-2021		
	Gains	Losses	Net	Gains	Losses	Net
Swaps - Interest rate risk hedge	1,019,999,368	(1,020,696,715)	(697,347)	383,806,651	(386,110,656)	(2,304,005)
<b>Total</b>	<b>1,019,999,368</b>	<b>(1,020,696,715)</b>	<b>(697,347)</b>	<b>383,806,651</b>	<b>(386,110,656)</b>	<b>(2,304,005)</b>

The gains and losses recorded under this heading relate to interest rate risk swaps (see Note 11 - Derivatives and hedging).

### 37. Foreign exchange differences (gains or losses), net

The composition of this heading is as follows:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
<u>Earnings from currency revaluation</u>		
Spot foreign exchange transactions	2,296,958	1,989,474
	<u><b>2,296,958</b></u>	<u><b>1,989,474</b></u>

The earnings recorded in this heading refer to the currency revaluation of monetary assets and liabilities expressed in foreign currency, of foreign exchange spot transactions.

Being spot transactions, they are settled within two business days or less.

### 38. Gains or losses on derecognition of non-financial assets and liabilities, net

The composition of this heading is as follows:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
Gains or (-) losses on non-financial assets		
Other tangible assets	217,056	86,155
Investment properties	1,579,590	(246,040)
Other assets	21,354	211,371
	<u><b>1,817,999</b></u>	<u><b>51,485</b></u>

The variation is mainly explained by the disposal of Investment Properties (see Note 13). Despite the deconsolidation of the Addressza Arrendamento - Fundo de Investimento Imobiliário Fechado para o Arrendamento Habitacional fund, by its disposal as explained in Note 13, the gains and losses that the fund recorded up to the date of disposal belong to the CA Group perimeter.

### 39. Technical margin of insurance activity

The composition of this heading is as follows:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
Technical margin of insurance activity	144,533,969	66,251,879
	<u>144,533,969</u>	<u>66,251,879</u>

The technical margin of insurance activity reached about 144.5 million euros, 78.3 million euros more than the previous year, with the following breakdown:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
<u>Premiums net of reinsurance</u>		
Life business		
Gross written premiums	245,749,017	140,064,485
Assigned reinsurance premiums	<u>(10,304,483)</u>	<u>(9,478,060)</u>
	<u>235,444,534</u>	<u>130,586,424</u>
Non-life insurance business		
Gross written premiums	149,536,595	141,256,072
Assigned reinsurance premiums	<u>(34,788,943)</u>	<u>(32,470,540)</u>
	<u>114,747,652</u>	<u>108,785,532</u>
	<u>350,192,186</u>	<u>239,371,956</u>
<u>Costs related to claims</u>		
Amounts paid		
Gross amounts	146,235,362	184,920,411
Portion of the reinsurers	<u>(19,348,839)</u>	<u>(18,108,333)</u>
	<u>126,886,523</u>	<u>166,812,078</u>
Change in technical provisions net of reinsurance	(78,771,694)	(6,307,999)
	<u>144,533,969</u>	<u>66,251,879</u>

The variation in gross premiums issued in the life business essentially relates to the capitalisation segment which, excluding retirement savings products, grew by approximately 59.5 million euros, as a result of the reopening of the commercialisation of production of this nature with a product with guarantee of invested capital. Products offering complementary retirement solutions also registered a growth of around 46%.

The costs of claims relating to insurance contracts and compensation in investment contracts show a decrease of 21.6 million euros compared to the previous year, due to the lower volume of maturities occurring in the portfolio of capitalisation products not linked to investment funds. The costs of non-life claims also show a decrease of approximately 4.6 million euros compared to 2021.

#### 40. Other operating income

The composition of this heading is as follows:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
Rents	1,882,026	2,807,501
Reimbursement of expenses	1,598,375	1,063,746
Recovery of credit, interest and expenses		
Recovery of bad debts	18,705,811	20,732,732
Recovery of interest and expenses of overdue loans	3,214,948	3,028,940
Income from miscellaneous services rendered	7,661,800	7,913,498
Gains relative to previous years	2,861,815	3,470,973
Other	8,098,381	6,956,610
	<u><b>44,023,157</b></u>	<u><b>45,974,000</b></u>

During 2022, the Crédito Agrícola Group recovered 18.7 million euros of uncollectible loans, a decrease of about 2 million euros over the previous year.

## 41. Other operating expenses

The composition of this heading is as follows:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
Levies and donations	(1,831,377)	(1,461,873)
Annulment of overdue interest	(838,191)	(1,761,204)
Contribution of the banking sector	(8,091,580)	(7,311,383)
Additional for Solidarity of the Banking Sector	(1,538,590)	(1,511,971)
Other taxes	(3,114,934)	(3,541,905)
Other operating charges and costs relative to previous years	(1,295,075)	(892,186)
Other operating charges and expenses	<u>(21,533,976)</u>	<u>(18,610,985)</u>
	<u><b>(38,243,724)</b></u>	<u><b>(35,091,506)</b></u>

The most relevant value under the heading of "Other operating costs and expenses" relates to expenses to be reimbursed to SIBS/SBE of the value of 9.2 million euros (2021: 8.8 million euros).

## 42. Staff expenses

The composition of this heading is as follows:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
<u>Salaries and wages</u>		
Management and Supervisory Bodies	25,626,216	24,282,679
Employees	158,297,729	150,555,823
	<u>183,923,945</u>	<u>174,838,503</u>
<u>Mandatory social security charges</u>		
Pension Funds (Note 48)	5,995,015	2,792,400
Charges relative to remunerations		
Social Security	36,517,507	35,323,392
SAMS	6,479,965	6,819,373
Other	141,890	125,389
Occupational accident insurance	627,583	620,927
Other compulsory charges	459,229	466,597
	<u>50,221,189</u>	<u>46,148,078</u>
<u>Other staff expenses</u>		
Contractual indemnities	363,158	673,848
Other	1,931,678	1,610,975
	<u>2,294,836</u>	<u>2,284,824</u>
	<u><b>236,439,970</b></u>	<u><b>223,271,404</b></u>

The average number of employees of the Crédito Agrícola Group as at 31 December 2022 is 4118, corresponding to 23 more than as at 31 December 2021, which represents an increase of 0.6%.



### 43. Other administrative expenses

The composition of this heading is as follows:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
<u>Related to supplies</u>		
Water, energy and fuel	4,232,750	5,162,116
Consumables	755,702	771,700
Hygiene and cleaning material	260,384	301,621
Publications	126,762	100,774
Material for assistance and repair	46,652	39,166
Other third party supplies	<u>1,357,853</u>	<u>1,211,995</u>
	<u>6,780,103</u>	<u>7,587,371</u>
<u>Related to services</u>		
Rentals and leasing	1,958,515	1,613,040
Maintenance and related services	6,852,793	6,875,329
Communications	6,865,422	6,583,209
Advertising and publishing	9,018,060	6,773,225
Travel, hotel and representation	3,026,299	2,615,015
Insurance	1,066,233	1,306,881
Staff training	583,808	640,690
Transportation	4,147,211	3,733,239
Specialised services:		
IT	26,470,974	22,733,909
Retainers and fees	8,687,954	6,053,759
Security, surveillance and cleaning	4,489,742	4,353,267
Information	3,705,882	3,197,327
Occasional manpower	244,193	132,648
Legal and notary expenses	1,829,368	1,912,145
Database	175,209	186,555
Other specialised services:		
Multibanco services	1,787,601	1,754,880
External valuators	2,755,797	3,000,916
Other third party services	39,205,819	34,678,373
	<u>122,870,882</u>	<u>108,144,406</u>
	<u><b>129,650,984</b></u>	<u><b>115,731,777</b></u>

Description	2022	2021
Statutory Audit	2,168,230	2,353,212
Non-audit services required by law	1,349,809	1,190,072
Non-audit services not required by law	232,986	574,871
<b>Total</b>	<b>3,751,025</b>	<b>4,118,155</b>

The heading “Other specialised services – other third-party services” includes the value of 2,168,230 euros relative to the total fees invoiced by the Statutory Auditors during 2022, disclosed for the purpose of compliance with the amendment introduced by Decree-Law 185/2009 of 12 August to Article 66-A of the Commercial Companies Code.

The fees for non-audit services required by the applicable legislation refer to the work relating to the impairment of the loan portfolio, the services within the scope of the issue of the Opinion on the system of internal control and safeguarding of customer assets.

The fees for non-audit services, which are not required by the applicable legislation, essentially include the limited assurance services on compliance with legal and regulatory standards carried out at SICAM, the assurance services performed at the insurance institutions of the Crédito Agrícola Group, within the scope of reports issued for the Portuguese Insurance and Pension Funds Supervision Authority (ASF), and training services.

The costs related to hire and rental charges presented under this heading refer to leases with duration not exceeding 12 months (short term) or where the underlying asset has a value, as new, of less than 5,000 euros (low value).

#### 44. Cash contributions to resolution funds and deposit guarantee schemes

The composition of this heading is as follows:

	31-Dec-2022	31-Dec-2021
Contributions to the Single Resolution Fund	6,182,102	3,896,278
Contributions to the Resolution Fund	3,278,422	2,658,361
Contributions to the Deposit Guarantee Fund	214,588	33,216
	<b>9,675,111</b>	<b>6,587,856</b>

## 45. Modification gains or losses, net

The composition of this heading is detailed as follows:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
<u>Modified</u>		
Financial assets at amortised cost	5,855,318	(1,146,860)
	<u>5,855,318</u>	<u>(1,146,860)</u>

As a result of contractual modifications made to credit contracts in 2022 and the accrual of the amounts calculated in the previous year, an amount of 5.9 million euros was determined to be recognised as gains for the year.

## 46. Profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations

The composition of this heading is as follows:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
<u>Gains or losses on non-current assets held for sale</u>		
Realised gains and losses	1,401,102	752,416
Impairment top-ups and reversals	1,794,561	(123,286)
	<u>3,195,663</u>	<u>629,130</u>

The positive result of non-current assets held for sale results from the divestment of properties acquired through credit recovery, as well as from the reversal of impairments constituted, following the valuations carried out during the year.

## 47. Related institutions

As at 31 December 2022, the amount of credit granted to members of the governing bodies relative to the Caixas Agrícolas incorporated in Crédito Agrícola Group reached 17,441,867 euros (13,632,599 euros as at 31 December 2021).

The total amount of remunerations received by the members of the governing bodies of the entities comprising Crédito Agrícola Group, relative to 2022, stood at 26,638,218 euros (24,523,213 euros in 2021), distributed as follows:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
General Supervisory Boards	883,755	826,898
Boards of Directors	24,332,277	22,585,903
Superior Councils	365,315	215,233
Supervisory Boards	1,020,731	859,184
Boards of the General Meeting	11,223	15,650
Strategic committee	24,917	20,345
	<u><b>26,638,218</b></u>	<u><b>24,523,213</b></u>

The benefits attributed to the Governing Bodies (executive and non-executive members) are included in the respective Remuneration Policy (see the corresponding chapter in this Annual Report).

All transactions conducted between related parties are done according to market conditions.

## 48. Retirement pensions and healthcare

In order to determine the liabilities of the CA Group institutions participating in the pension fund due to past services of active and retired employees/pensioners, actuarial studies were conducted by Companhia de Seguros Crédito Agrícola Vida, S.A.

The impact on net income is recognised under the heading of “Staff expenses”, which refers to value of costs related to pre-retirement, current service, net interest and insurance premiums paid by the Crédito Agrícola Group to employees, of the value of 5,995,015 euros (2,792,400 euros in December 2021) (see Note 42).

The actuarial and financial assumptions used in the calculation of the liabilities as at 31 December 2022 and 2021 were as follows:

	31-Dec-2022	31-Dec-2021
<u>Demographic assumptions</u>		
Mortality table	TV – 88/90	TV – 88/90
Disability table	EVK 80	EVK 80
Retirement age	(*)	(*)
Assessment methods	“Projected Unit Credit”	“Projected Unit Credit”
<u>Financial assumptions</u>		
Discount rate:		
- Active workers and Leave with actuarial age < 55 years old	3.55%	1.40%
- Active workers and Leave with actuarial age ≥ 55 years old	3.50%	1.05%
- Pre-retired, retired and pensioners	3.45%	0.85%
Growth rate of wages and other benefits	1.8%	1.2%
Pension growth rate	1.4%	0.8%
Total wage for Social Security purposes	2.3%	1.2%
<u>Wage revaluation rate for Social Security:</u>		
- pursuant to Decree-Law 187/2007 27(2)	2.08%	1.2%
- pursuant to Decree-Law 187/2007 27(1)	2.08%	1.2%
(*) Pursuant to Decree-Law 167-E/2013		

The participants of pension plans financed by the pension fund are detailed below:

	31-Dec-2022	31-Dec-2021
Active workers and those on unpaid leave	4,064	4,059
Pre-retired	246	258
Former participants	1	1
Retired and pensioners	943	868
<b>Total</b>	<b>5,254</b>	<b>5,186</b>

The liabilities related to retirement pensions, healthcare and seniority bonus, as at 31 December 2022 and 2021, as well as their coverage, present the following details:

	31-Dec-2022	31-Dec-2021
Active and former employees	50,528,458	69,147,088
Unpaid leave	3,641,381	4,533,383
Pre-retired	17,337,842	19,859,120
Retired and pensioners	35,099,637	37,357,653
<b>Total</b>	<b>106,607,318</b>	<b>130,897,244</b>

In 2022 and 2021, liabilities related to past services of the Crédito Agrícola Pension Fund according to actuarial studies conducted and the respective assets allocated to their coverage, are detailed as follows:

	31-Dec-22	31-Dec-21
Total liabilities for past services	(106,607,318)	(130,897,244)
Equity of the Pension Fund	108,651,135	128,188,607
(Excess)/(Shortfall) of coverage	2,043,817	(2,708,637)
Liability funding level	101.92%	97.93%

Pursuant to Bank of Portugal Notice 12/2001, which establishes the minimum solvency level (with past services of active staff financed at a minimum level of 95%, without prejudice to compliance with the minimum solvency levels determined by the Insurance and Pension Funds Supervisory Authority), the present value of liabilities for past services to be recognised as at 31 December 2022 was 109,436,926 euros (as at 31 December 2021 it was 133,887,484 euros).

Banco de Portugal Notice 4/2005 determines that it is compulsory for pension funds to assure the full financing of pension liabilities under current payment and a minimum level of 95% of liabilities related to past service of current personnel.

The SICAM Pension Fund covers the Caixas de Crédito Agrícola Mútuo of Leiria, Torres Vedras and Mafra. However, they are not part of the consolidation perimeter of the Crédito Agrícola Group. As at 31 December 2022, the CA Group's balances do not include the values of these Caixas Agrícolas (Note 16/21).

The liabilities of these Caixas Agrícolas calculated under the terms of IAS 19, and the respective share in the value of the Fund as at 31 December 2022 and 2021, are broken down as follows:

	<u>31-Dec-22</u>	<u>31-Dec-21</u>
Total liabilities for past services	(5,697,909)	(6,887,460)
Equity of the Pension Fund	<u>5,755,327</u>	<u>6,701,109</u>
(Excess)/(Shortfall) of coverage	57,418	(186,351)
Liability funding level	101.01%	97.29%

Pursuant to Banco de Portugal Circular Letter 106/08/DSBDR of 18 December, from 2008 onwards, the cost of current service and net interest were recorded in the heading of “Staff expenses”.

The book value of the liabilities related to the pension fund, apart from the value relative to the Crédito Agrícola Mútuo Pension Fund – FPCAM (2022: 106,607,318 euros; 2021: 130,897,244 euros), includes liabilities undertaken by other institutions of the Group. These liabilities also include the net value of financing the autonomous pension fund of the insurers, corresponding to a defined contribution plan, rather than a defined benefit plan as is the case of FPCAM, comprising the total value of 39,210 euros in 2022 (2021: 40,277 euros).

The value of liabilities due to past services evolved as follows during the year:

<b>Liabilities as at 31 December 2020</b>	<b><u>121,375,720</u></b>
Cost of current service:	
Of institutions of CA Group	1,332,022
Of the contribution of the participants (employees)	2,038,776
Net interest	1,306,559
Costs due to past services (charges on pre-retirement pensions)	-
Remeasurements	
Change of demographic estimates and experience of gains and losses; financial assumptions (discount rate)	7,602,061
Increase of liabilities arising from early retirements	1,429,156
Pensions paid by the pension fund	(1,360,850)
Contributions paid to SAMS	(767,841)
Benefits paid to pre-retired	(2,058,360)
<b>Liabilities as at 31 December 2021</b>	<b><u>130,897,244</u></b>
Cost of current service:	
Of institutions of CA Group	1,301,139
Of the contribution of the participants (employees)	2,218,538
Net interest	1,427,332
Costs due to past services (charges on pre-retirement pensions)	2,344,400
Remeasurements	
Change of demographic estimates and experience of gains and losses; financial assumptions (discount rate)	(28,354,952)
Increase of liabilities arising from early retirements	2,290,192
Pensions paid by the pension fund	(1,573,897)
Contributions paid to SAMS	(958,192)
Benefits paid to pre-retired	(2,984,486)
<b>Liabilities as at 31 December 2022</b>	<b><u>106,607,318</u></b>



The reconciliation of remeasurement recognised in Equity is as follows (See Comprehensive income statement):

<b>Actuarial deviations as at 31 December 2020</b>	<b><u>(19,887,448)</u></b>
Insurance premium payment	(1,552,102)
Change of demographic estimates and experience of gains and losses; financial assumptions (discount rate)	(10,594,325)
Capital insurance received	562,550
Profit-sharing in insurance	817,931
	<b><u>(10,765,946)</u></b>
<b>Actuarial deviations as at 31 December 2021</b>	<b><u>(30,653,395)</u></b>
Insurance premium payment	(2,167,957)
Change of demographic estimates and experience of gains and losses; financial assumptions (discount rate)	3,614,914
Capital insurance received	725,546
Profit-sharing in insurance	1,247,212
	<b><u>3,419,716</u></b>
<b>Actuarial deviations as at 31 December 2022</b>	<b><u>(27,233,679)</u></b>

The movement during 2022 relative to the present value of past service liabilities and in the employees' pension fund was as follows:

	Total liabilities for past services	Equity situation of the Pension Fund	Net asset/(liability) related to pensions and other benefits
<b>Amount as at 31 December 2021</b>	<b>(130,897,244)</b>	<b>128,188,607</b>	<b>(2,708,636)</b>
<b>Recognised through profit or loss (note 42)</b>			
Cost of current service	(1,301,139)		(1,301,139)
Interest cost related to liabilities	(54,704)		(54,704)
Cost of early retirement	(2,290,192)		(2,290,192)
Pre-retirement	(2,344,400)		(2,344,400)
Payment of ASF supervision fee		(4,580)	(4,580)
<b>Recognised in equity (note 24)</b>			
Change of demographic estimates and experience of gains and losses; financial assumptions (discount rate)		3,614,914	3,614,914
Insurance premiums paid		(2,167,957)	(2,167,957)
Insurance capital received		725,546	725,546
Profit-sharing in insurance		1,247,212	1,247,212
<b>Other</b>			
Contributions made to the Fund by the Crédito Agrícola Group		7,325,355	7,325,355
Contributions made to the Fund by the employees	(2,218,538)	2,218,538	-
Interest costs	(1,427,332)		(1,427,332)
Retirement and survivor's pensions paid	1,573,897	(1,573,897)	-
Contributions paid by the Pension Fund to SAMS	958,192	(958,192)	-
Benefits paid to pre-retired	2,984,486	(2,984,486)	-
Change of assumptions	28,409,656	(26,979,927)	1,429,730
<b>Amount as at 31 December 2022</b>	<b>(106,607,318)</b>	<b>108,651,135</b>	<b>2,043,817</b>

The value of the expected payment of benefits by maturity period for the entire fund is as follows:

	Amounts in euros
<b>Analysis of maturity of the expected benefits</b>	
Benefits payment expected within the next 12 months	5,960,767
Benefits payment expected over a period of 1 to 3 years	11,016,964
Benefits payment expected over a period of 3 to 5 years	9,949,524
Benefits payment expected over a period above 5 years	173,050,494
	<u>199,977,749</u>

The estimated contributions to be made in 2022 depend on the amount of liabilities that will be calculated at the end of that year.

For the purposes of the expected contribution for 2022, the normal cost of the plan is calculated based on the actuarial method used in actuarial valuation (Projected Unit Credit method). On this basis, the value of the expected contribution for the Group in 2022 is 2,601,800 euros.

This value does not take into consideration any estimated possible actuarial deviations arising either from differences between the assumptions undertaken and the real values (for example in terms of yield of the fund) or change of assumptions.

The average duration of the liabilities related to pensions, considering the created population groups, was as follows (in years):

	2022	2021
Average duration of the liabilities:		
Active workers and those on unpaid leave aged < 55 years old	23.2	26.4
Active workers and those on unpaid leave aged ≥ 55 years old	13.9	16.6
Pre-retired, Retired and Pensioners	9.1	10.8

The movement in the Pension Fund (assets of the plan) during 2022 and 2021 was as follows:

<b>Balance as at 31 December 2020</b>	<b><u>118,439,613</u></b>
Contributions of Crédito Agrícola Group	13,774,019
Contributions of the employees	2,038,776
Insurance capital received	562,550
Net income from Fund assets	(1,697,543)
Insurance premiums paid	(1,552,102)
Profit-sharing in insurance	817,931
Retirement and survivor's pensions paid	(1,360,850)
Contributions paid by the pension fund to SAMS	(767,841)
Payment of ASF fee	(7,590)
Benefits paid to pre-retired	(2,058,360)
<b>Balance as at 31 December 2021</b>	<b><u>128,188,607</u></b>
Contributions of Crédito Agrícola Group	7,325,355
Contributions of the employees	2,218,538
Insurance capital received	725,546
Net income from Fund assets	(23,365,012)
Insurance premiums paid	(2,167,957)
Profit-sharing in insurance	1,247,212
Retirement and survivor's pensions paid	(1,573,897)
Contributions paid by the pension fund to SAMS	(958,192)
Payment of ASF fee	(4,580)
Benefits paid to pre-retired	(2,984,486)
<b>Balance as at 31 December 2022</b>	<b><u>108,651,135</u></b>

- a) As at 31 December 2022 and 2021, the assets incorporated in the Crédito Agrícola Pension Fund, valued at fair value, are composed of:

	2022		2021		Listed / Unlisted
	amount	%	amount	%	
Public debt	54,835,020	48%	64,986,478	48%	Listed
Corporate bonds	28,269,838	25%	31,779,370	24%	Listed
Other investment assets	24,082,561	21%	28,437,841	21%	Listed
Shares	5,800,408	5%	8,333,378	6%	Listed
Assets related to inv. Real estate	1,418,640	1%	1,352,653	1%	Unlisted
Total assets of the CAM Pension Plan	114,406,467	100%	134,889,720	100%	

- b) According to the actuarial report of the Crédito Agrícola Mútuo Pension Fund, the yield of the asset portfolio in 2022 and 2021 was:

Asset Classes	Profitability	
	2022	2021
Public debt bonds	-28.50%	-6.74%
Corporate bonds	-10.10%	0.28%
Shares	-13.60%	26.33%
Absolute-return investments	-6.60%	3.42%
Assets related to real estate investment	4.50%	4.42%

The effective income of the Crédito Agrícola Pension Fund can be broken down into the heading of “share of net interest” and the respective actuarial deviation. Therefore, the fund’s effective income is -24,604,886 euros, the share of net interest amounts to 1,448,093 euros, with the difference being used in the determination of the remeasurement (actuarial deviations).

- c) Risks associated with the benefits of the plan:

The plan guarantees pensions for old age, disability, early retirement, and survivors, as defined in the Collective Labour Agreement for the Crédito Agrícola Mútuo institutions. The payment of pension refers to a supplementary scheme beyond the pensions paid by Social Security. The plan also foresees the payment of contributions for medical and social support after retirement.

Hence, the risks associated with the benefits of the plan are as follows:

- Risk of dependency on the benefits provided by the public Social Security schemes.
- Risk of mortality during the period of formation of the benefit and risk of longevity during the retirement period.

- Risk of disability of the participants. Currently, this risk is mitigated as the pension fund has taken out risk insurance to cover the increased liabilities related to the death and disability of active participants.
- Risk relative to early retirement.

d) Furthermore, Crédito Agrícola Group is committed to the payment of seniority bonuses to its employees. As at 31 December 2022 and 2021, these liabilities are detailed as follows (see Note 21):

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
Seniority bonus:		
Active and former employees	14,816,875	17,039,996
Unpaid leave	1,303,289	906,590
Total liabilities related to seniority bonus	<u>16,120,164</u>	<u>17,946,586</u>

The reconciliation of seniority bonus movements is as follows:

	<u>31-Dec-2021</u>	<u>Increases</u>	<u>Reversals</u>	<u>Uses</u>	<u>31-Dec-2022</u>
Seniority bonus	17,946,586	1,631,140	(1,905,072)	(1,552,489)	16,120,164

e) Presentation of sensitivity analyses on each significant actuarial assumption:

	Amounts in euros		
	Value of the liabilities	Change relative to Central Scenario	
<b>DISCOUNT RATE</b>			
Increase by 25 basis points	108,442,178	(3,863,049)	-3.44%
Decrease by 25 basis points	116,376,364	4,071,137	3.63%
<b>PENSION GROWTH RATE</b>			
Increase by 25 basis points	114,994,593	2,689,365	2.39%
Decrease by 25 basis points	109,473,555	(2,831,673)	-2.52%
<b>MORTALITY TABLE</b>			
Adjustment of -1 year	115,364,412	3,059,184	2.72%
<b>GROWTH RATE OF WAGES</b>			
Increase by 25 basis points	113,829,767	1,524,540	1.36%
Decrease by 25 basis points	110,987,999	(1,317,228)	-1.17%

The scenario of adjustment of the mortality table consisted in considering an age for the covered population of 1 year less than the actual age of the participants and beneficiaries.

For the scenario of the wage growth rate, sensitivity analysis was conducted on the assumption of growth of the wage tables of the Collective Labour Agreement as well as on the wage subject to Social Security contributions.

## 49. Disclosure relative to financial instruments

### 49.1 Financial Risks

As a result of its activity, the CA Group is exposed to risks arising from financial assets and liabilities held in its portfolios. The main risks refer to market risks, foreign exchange risk, interest rate risks, credit risk and liquidity risk.

#### Market Risk

Market risk represents any potential losses derived from an adverse change in the market value of a financial instrument because of variations in interest rates, exchange rates, share prices, commodity prices, credit spreads or other equivalent variables.

The market risk management rules established for each portfolio include limits of market risk regarding exposure to credit and liquidity risk, required yield, types of authorised instruments and permissible maximum loss levels.

To mitigate the risks associated with an assessment of the risks incurred, a policy has been implemented of separation of duties between the execution of market transactions and the control of the risk incurred at any time during this execution.

Any hedge operations can be proposed by the portfolio managers or those responsible for risk control, considering the risk limits and authorised instruments.

In the case of CA Vida, the securities portfolio is entirely managed by CA Gest, with investment policies being defined according to the risk that is intended to be taken and the desired yield, which stipulates limits of distribution by asset categories, by geographic areas and by credit risk, among others.

The Insurer's portfolio is valued monthly based on inputs of the Management Institution.

With respect to the management of credit and market risk of the securities portfolio, CA Vida carries out the following controls:

- Permanent contact is ensured with the Management Institution, in order to assess the evolution of the portfolio;
- Monthly risk analysis reports are prepared by the Management Institution, with the respective analysis being made; and
- Regular meetings are held with the Management Institution, every month and whenever recommended by market outlook and evolution, with the re-definition of the portfolio risk profiles where necessary.

The value at risk (VaR) of the portfolio as at 31 December 2022 and 2021 may be presented as follows:

	Market value	Duration	Monte Carlo VaR
Portfolio position as at 31.12.2022	7,347,835,354.20	3.26	4 090 962.23
Change relative to 31.12.2021	- 216,647,052.07	0.26	3 110 085.10

- Only the VaR of the portfolio of financial assets at fair value through profit or loss and fair value through other comprehensive income is considered, as the portfolio at amortised cost is not affected by the impact of price variations in the securities market.
- The VaR of the portfolio is calculated based on the Monte Carlo methodology, with a confidence level of 99% and a time horizon of 1 month (22 days).

## Foreign Exchange Risk

Foreign exchange risk arises in connection with changes in exchange rates for currencies whenever there is an open position in one of them.

Control and assessment of foreign exchange risk are carried out daily, individually for each branch and in consolidated terms. Amounts and compliance with limits in terms of total position are calculated.

At the Crédito Agrícola Group, foreign exchange risk management is the responsibility of the Financial Department, within the limits approved by the Executive Board Directors.

The Crédito Agrícola Group has low exposure to this type of risk. Effectively, the profile defined for foreign exchange risk is very conservative and embodied in the coverage policy followed.

## Interest Rate Risk

The Crédito Agrícola Group incurs interest rate risk whenever, during the course of its activity, it contracts operations with future financial flows whose present value is sensitive to interest rate variations.

The overall interest rate risk incurred derives from various factors, namely:

- different periods regarding maturity or review of the rates of assets, liabilities, and off-balance sheet items (repricing risk);
- alterations of the slope of the interest rate curve (curve risk).
- asymmetric variations of the different market curves which affect the different balance sheet and off-balance sheet values (base risk); and
- existence of explicit or implicit options in many banking products (option risk).

The interest rate risk management policy has been defined and monitored by the Risk Committee since July and until then by the Assets, Liabilities and Capital Committee (ALCCO), both of which are bodies of Caixa Central's Executive Board of Directors.

The Crédito Agrícola Group conducts monthly assessments of its exposure to this type of risk, using a methodology based on grouping various assets and liabilities sensitive to interest rate changes at intervals of time in line with their rate review dates. For each interval, the active and passive cash flows are calculated and the corresponding gap sensitive to interest rate risk is measured. The impact of the mentioned gaps on the evolution of the net interest income and on the institution's economic value is then assessed in various interest rate evolution scenarios.

The risk/yield relationship is defined within limits and monitored every month by ALCCO and since July by the Risk Committee in terms of the exposure of net interest income and the economic impact of adverse interest rate changes.

At CA Vida, this risk is monitored on a daily basis, with observation of the differential between the amount of assets and liabilities that will be subject to interest rate repricing based on predefined intervals of time.

The Crédito Agrícola Group can trade derivative financial instruments, namely, by selling futures on interest rates,



strictly for the purpose of hedging against the risk of asset variation. The use of futures only contemplates contracts that can be traded on the Stock Exchange or in regulated markets.

The Crédito Agrícola Group also trades interest rate swaps over the counter, aimed at assuring a suitable model for the financial flows generated by closed portfolios, traded, and contracted with financial institutions whose rating is preferentially investment grade, in order to minimise the credit and/or counterparty risk in portfolios.

As at 31 December 2022, the Crédito Agrícola Group hedges interest rate risk arising from investment activities, aimed at maintaining a stable net interest income, both in the short term and medium term, affecting its economic value from a long-term perspective. These hedges follow the fair value hedge principle in accordance with the defined policy indicated in Note 2.2. In the investment portfolio risk is low as the management of these positions is done by a specific Department of the Group, with this risk being controlled on a daily basis through indicators and limits defined for control of market risks.

As at 31 December 2022 and 2021, the exposure to interest rate risk can be summarised as follows (values in thousand euros):

#### Insurance activity (IAS 39)

	31-12-2022			in thousand euros	
	Fixed Rate	Variable rate	Sub-total	Not subject to interest rate risk	Total
<u>Assets</u>					
Financial assets designated at fair value through profit or loss	3,637	-	3,637	118	3,755
Financial assets at fair value through other comprehensive income	577,322	46,422	623,744	28,868	652,612
Financial assets at amortised cost	275,341	-	275,341	-	275,341
Derivatives - Hedge accounting	-	-	-	-	-
	<u>856,301</u>	<u>46,422</u>	<u>902,723</u>	<u>28,985</u>	<u>931,708</u>
<u>Liabilities</u>					
Financial liabilities from insurance contracts	4,152	-	4,152	-	4,152
	<u>4,152</u>	<u>-</u>	<u>4,152</u>	<u>-</u>	<u>4,152</u>
Net exposure	<u>852,149</u>	<u>46,422</u>	<u>898,571</u>	<u>28,985</u>	<u>927,556</u>
	31-12-2021			in thousand euros	
	Fixed Rate	Variable rate	Sub-total	Not subject to interest rate risk	Total
<u>Assets</u>					
Financial assets designated at fair value through profit or loss	10,104	-	10,104	7	10,111
Financial assets at fair value through other comprehensive income	874,010	304	874,314	20,785	895,099
	<u>884,114</u>	<u>304</u>	<u>884,418</u>	<u>20,792</u>	<u>905,210</u>
<u>Liabilities</u>					
Financial liabilities from insurance contracts	24,650	-	24,650	3,832	28,482
	<u>24,650</u>	<u>-</u>	<u>24,650</u>	<u>3,832</u>	<u>28,482</u>
Net exposure	<u>859,464</u>	<u>304</u>	<u>859,768</u>	<u>16,960</u>	<u>876,728</u>

### Non-insurance activity (IFRS 9)

	31-12-2022			in thousand euros	
	Fixed Rate	Variable rate	Sub-total	Not subject to interest rate risk	Total
<b>Assets</b>					
Cash, cash balances at central banks and other demand deposits	1,000,000	291,746	1,291,746	64,637	1,356,383
Financial assets held for trading	168,503	10,942	179,445	-	179,445
Non-trading financial assets mandatorily at fair value through profit or loss	-	-	-	49,231	49,231
Financial assets at fair value through other comprehensive income	108,573	20,535	129,108	-	129,108
Financial assets at amortised cost	10,324,525	10,141,456	20,465,981	-	20,465,981
Derivatives - Hedge accounting	-	4,473,897	4,473,897	-	4,473,897
	<u>11,601,600</u>	<u>14,938,576</u>	<u>26,540,177</u>	<u>113,868</u>	<u>26,654,045</u>
<b>Liabilities</b>					
Financial liabilities held for trading	-	5,216	5,216	-	5,216
Financial liabilities measured at amortised cost	10,532,663	61,115	10,593,778	10,210,942	20,804,720
Derivatives - Hedge accounting	-	4,653,161	4,653,161	-	4,653,161
	<u>10,532,663</u>	<u>4,719,492</u>	<u>15,252,155</u>	<u>10,210,942</u>	<u>25,463,096</u>
Net exposure	<u>1,068,937</u>	<u>10,219,085</u>	<u>11,288,022</u>	<u>(10,097,074)</u>	<u>1,190,948</u>
	31-12-2021			in thousand euros	
	Fixed Rate	Variable rate	Sub-total	Not subject to interest rate risk	Total
<b>Assets</b>					
Cash, cash balances at central banks and other demand deposits	3,719,172	-	-	251,920	3,971,092
Financial assets held for trading	10,841	7,411	18,252	713	18,965
Non-trading financial assets mandatorily at fair value through profit or loss	-	-	-	49,714	49,714
Financial assets at fair value through other comprehensive income	855,164	54,206	909,370	652	910,022
Financial assets at amortised cost	8,989,722	9,920,778	18,910,499	(1,066)	18,909,433
Derivatives - Hedge accounting	100,793	213,252	314,045	-	314,045
	<u>13,675,962</u>	<u>10,195,647</u>	<u>20,152,166</u>	<u>301,933</u>	<u>24,173,271</u>
<b>Liabilities</b>					
Financial liabilities measured at amortised cost	10,263,551	26,662	10,290,213	12,470,122	22,760,335
Derivatives - Hedge accounting	391,528	728,625	1,120,153	-	1,120,153
	<u>10,655,079</u>	<u>755,287</u>	<u>11,410,366</u>	<u>12,470,122</u>	<u>23,880,488</u>
Net exposure	<u>3,020,613</u>	<u>9,440,359</u>	<u>8,741,800</u>	<u>(12,168,189)</u>	<u>(3,426,389)</u>

As at 31 December 2022 and 2021, the distribution of the financial instruments with exposure to interest rate risk according to the interest rate refixing date is presented in the following table (values in thousand euros):

## Insurance activity (IAS 39)

	31-12-2022						
	in thousand euros						
	Repricing Dates					Not subject to interest rate risk	Total
On demand	Up to 3 months	3 months to 1 year	1 to 5 years	Over 5 years			
<b>Assets</b>							
Financial assets at FVTPL	-	83	-	1,838	1,716	118	3,755
Financial assets at fair value through other comprehensive income	-	21,710	53,300	158,633	390,100	28,868	652,612
Financial assets at amortised cost	-	9,458	-	14,191	251,693	-	275,341
Derivatives - Hedge accounting	-	-	-	-	-	-	-
	-	31,251	53,300	174,662	643,509	28,985	931,708
<b>Liabilities</b>							
Financial liabilities from insurance contracts	-	69	-	2,977	1,106	-	4,152
	-	69	-	2,977	1,106	-	4,152
Net exposure	-	31,182	53,300	171,685	642,403	28,985	927,556
<b>31-12-2021</b>							
in thousand euros							
Repricing Dates					Not subject to interest rate risk	Total	
On demand	Up to 3 months	3 months to 1 year	1 to 5 years	Over 5 years			
<b>Assets</b>							
Financial assets at FVTPL	-	100	535	8,288	1,180	7	10,111
Financial assets at fair value through other comprehensive income	-	72,095	59,735	224,641	517,844	20,785	895,099
	-	72,195	60,270	232,929	519,024	20,792	905,210
<b>Liabilities</b>							
Financial liabilities from insurance contracts	-	32	24,618	2,696	1,136	-	28,482
Net exposure	-	72,163	35,652	232,929	519,024	20,792	876,728

## Non-insurance activity (IFRS 9)

	31-12-2022						
	in thousand euros						
	Repricing Dates					Not subject to interest rate risk	Total
On demand	Up to 3 months	3 months to 1 year	1 to 5 years	Over 5 years			
<b>Assets</b>							
Cash, cash balances at central banks and other demand deposits	72,982	1,163,891	103,082	30,654	51,337	-	1,421,945
Financial assets held for trading	-	159,007	2,788	10,595	7,055	-	179,445
Non-trading financial assets mandatorily at fair value through profit or loss	-	-	-	-	-	49,231	49,231
Financial assets at fair value through other comprehensive income	-	2,494	13,831	33,641	79,141	-	129,108
Financial assets at amortised cost	25,177	4,111,136	7,416,405	3,684,522	8,014,605	-	23,251,846
Derivatives - Hedge accounting	-	1,536,179	2,841,526	73,904	22,288	-	4,473,897
	98,159	6,972,708	10,377,631	3,833,317	8,174,426	49,231	29,505,472
<b>Liabilities</b>							
Financial liabilities held for trading	-	-	-	852	4,363	-	5,216
Financial liabilities measured at amortised cost	7,059,066	2,001,060	3,716,055	2,796,107	4,872,030	-	20,444,319
Derivatives - Hedge accounting	-	29,011	93,212	1,003,715	3,527,223	-	4,653,161
	7,059,066	2,030,070	3,809,267	3,800,675	8,403,617	-	25,102,695
Net exposure	(6,960,907)	4,942,637	6,568,364	32,642	(229,191)	49,231	4,402,777

	31-12-2021					in thousand euros	
	Repricing Dates					Not subject to interest rate risk	Total
	On demand	Up to 3 months	3 months to 1 year	1 to 5 years	Over 5 years		
<b>Assets</b>							
Cash, cash balances at central banks and other demand deposits	3,720,185	-	-	-	-	239	3,720,424
Financial assets held for trading	-	-	4,461	10,700	3,100	714	18,975
Non-trading financial assets mandatorily at fair value through profit or loss	-	-	-	-	-	49,714	49,714
Financial assets at fair value through other comprehensive income	-	20,930	49,767	17,992	39,817	781,516	910,022
Financial assets at amortised cost	4,225,904	3,737,216	6,520,114	5,779,551	2,685,921	(4,039,272)	18,909,433
Derivatives - Hedge accounting	-	-	-	-	98,007	-	98,007
	<u>7,946,089</u>	<u>3,758,146</u>	<u>6,574,342</u>	<u>5,808,243</u>	<u>2,826,845</u>	<u>(3,207,089)</u>	<u>23,706,575</u>
<b>Liabilities</b>							
Financial liabilities at amortised cost	4,225,904	3,737,216	6,520,114	5,779,551	2,685,921	(188,370)	22,760,335
Derivatives - Hedge accounting	-	-	-	-	126,448	-	126,448
	<u>4,225,904</u>	<u>3,737,216</u>	<u>6,520,114</u>	<u>5,779,551</u>	<u>2,812,369</u>	<u>(188,370)</u>	<u>22,886,783</u>
Net exposure	<u>3,720,185</u>	<u>20,930</u>	<u>54,228</u>	<u>28,692</u>	<u>14,476</u>	<u>(3,018,719)</u>	<u>819,792</u>

Considering the values presented above, there is relevant exposure to interest rate risk, both in terms of net interest income and the economic value of the capital. This risk measures the impact of a variation of interest rates, positive or negative, on these indicators according to net exposure in the different time intervals.

The table below presents the analysis of the sensitivity of the economic involving both assets and liabilities, to interest rate risk to which the CA Group was exposed as at 31 December 2022 and 2021. This analysis was based on a simulation involving assets and liabilities sensitive to a 200 basis point variation in the reference rate (values in thousand euros):

### Insurance activity (IAS 39)

	31-12-2022				in thousand euros	
	-200 bp	-100 bp	-50 bp	+50 bp	+100 bp	+200 bp
<b>Assets</b>						
Financial assets at FVTPL	498	231	111	(104)	(202)	(379)
Financial assets at fair value through other comprehensive income	112,659	51,178	24,516	(22,676)	(43,755)	(81,859)
	<u>113,157</u>	<u>51,409</u>	<u>24,627</u>	<u>(22,780)</u>	<u>(43,957)</u>	<u>(82,238)</u>
<b>Liabilities</b>						
Financial liabilities from insurance contracts	(497)	(231)	(111)	104	202	379
	<u>(497)</u>	<u>(231)</u>	<u>(111)</u>	<u>104</u>	<u>202</u>	<u>379</u>
Net exposure	<u>113,654</u>	<u>51,640</u>	<u>24,738</u>	<u>(22,884)</u>	<u>(44,159)</u>	<u>(82,617)</u>
	31-12-2021				in thousand euros	
	-200 bp	-100 bp	-50 bp	+50 bp	+100 bp	+200 bp
<b>Assets</b>						
Financial assets at FVTPL	329	156	76	(73)	(142)	(271)
Financial assets at fair value through other comprehensive income	200,075	89,034	42,273	(38,494)	(73,759)	(37,258)
	<u>200,404</u>	<u>89,190</u>	<u>42,349</u>	<u>(38,566)</u>	<u>(73,901)</u>	<u>(37,529)</u>
<b>Liabilities</b>						
Financial liabilities from insurance contracts	(563)	(272)	(134)	130	256	497
	<u>(563)</u>	<u>(272)</u>	<u>(134)</u>	<u>130</u>	<u>256</u>	<u>497</u>
Net exposure	<u>200,967</u>	<u>89,462</u>	<u>42,483</u>	<u>(38,696)</u>	<u>(74,156)</u>	<u>(38,025)</u>

## Non-insurance activity (IFRS 9)

	31-12-2022				in thousand euros	
	-200 bp	-100 bp	-50 bp	+50 bp	+100 bp	+200 bp
<b>Assets</b>						
Cash, cash balances at central banks and other demand deposits	10,387	3,614	415	499	(1,600)	(5,595)
Financial assets at fair value through other comprehensive income	15,727	7,516	3,676	(3,521)	(6,895)	(13,231)
Financial assets at amortised cost	<u>1,912,354</u>	<u>851,109</u>	<u>365,121</u>	<u>(320,297)</u>	<u>(715,834)</u>	<u>(1,450,760)</u>
	<u>1,938,467</u>	<u>862,239</u>	<u>369,212</u>	<u>(323,319)</u>	<u>(724,329)</u>	<u>(1,469,586)</u>
<b>Liabilities</b>						
Financial liabilities measured at amortised cost	<u>(995,702)</u>	<u>(350,571)</u>	<u>(46,403)</u>	<u>(42,484)</u>	<u>154,155</u>	<u>527,704</u>
	<u>(995,702)</u>	<u>(350,571)</u>	<u>(46,403)</u>	<u>(42,484)</u>	<u>154,155</u>	<u>527,704</u>
Net exposure	<u>2,934,169</u>	<u>1,212,810</u>	<u>415,615</u>	<u>(280,835)</u>	<u>(878,484)</u>	<u>(1,997,290)</u>
	31-12-2021				in thousand euros	
	-200 bp	-100 bp	-50 bp	+50 bp	+100 bp	+200 bp
<b>Assets</b>						
Cash, cash balances at central banks and other demand deposits	207	103	51	(51)	(102)	(203)
Financial assets held for trading	-	-	-	-	-	-
Financial assets at FVTPL	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	8,861	4,269	2,086	(1,941)	(3,781)	(7,280)
Financial assets at amortised cost	<u>2,136,518</u>	<u>962,718</u>	<u>442,877</u>	<u>(371,525)</u>	<u>(704,943)</u>	<u>(1,316,989)</u>
	<u>2,145,586</u>	<u>967,090</u>	<u>445,014</u>	<u>(373,516)</u>	<u>(708,826)</u>	<u>(1,324,472)</u>
<b>Liabilities</b>						
Financial liabilities measured at amortised cost	<u>825,293</u>	<u>399,142</u>	<u>196,345</u>	<u>(190,175)</u>	<u>(374,446)</u>	<u>(726,278)</u>
	<u>825,293</u>	<u>399,142</u>	<u>196,345</u>	<u>(190,175)</u>	<u>(374,446)</u>	<u>(726,278)</u>
Net exposure	<u>1,320,293</u>	<u>567,948</u>	<u>248,669</u>	<u>(183,341)</u>	<u>(334,379)</u>	<u>(598,193)</u>

Considering the stability of Customer funds, a maturity transformation effect is achieved. Considering an upward yield curve as the norm, this transformation effect positions the financial assets portfolio along the yield curve, translating into a positive differential between the duration of Assets and the duration of Liabilities. In this context, a rise in interest rates is reflected in a sharper devaluation of Assets vis-à-vis Liabilities, with an effect on the Capital position. The relative projections, presented in the table above, fall within the limits of the impact on Own Funds as a consequence of significant rises in interest rates.

## Liquidity risk

Liquidity risk is associated with the inability of the Crédito Agrícola Group to meet its contractual and contingent liabilities, and with the potential inability of the Crédito Agrícola Group to finance its assets.

The liquidity management policy is defined and monitored by ALCCO and the Risk Committee, and its daily management is entrusted to the Financial Department.

To assess the overall exposure to this type of risk in the short, medium, and long-term, reports are prepared which not only enable identifying negative mismatches but assessment of their dynamic coverage. The Group and Caixa Central also monitor the liquidity ratios from a prudential perspective, calculated according to the rules required by Banco de Portugal.

In terms of liquidity, the Crédito Agrícola Group pursues a conservative policy reflected in a loan-to-deposit ratio in each of its areas which is clearly below the average ratio in the national banking system.

Surplus funds from the Crédito Agrícola Group are channelled to Caixa Central, where they are centrally invested in assets of high credit and liquidity quality, namely public debt of eurozone countries and investments in bonds of companies or renowned credit institutions, both domestic and international.

The Crédito Agrícola Group has a solid position in the retail market, distributed evenly over the entire country, reflected in its network of 618 branches and a funding base that is dispersed, stable and with a high degree of permanence.

From the perspective of prevention and management of liquidity risk contingency, the following points are especially considered and monitored:

- Control and containment of any possible concentration of commercial funds which, if this were to develop, could lead to a more permeable portfolio, thus reducing its stability and permanence. Regular simulations are carried out to assess impact, using conservative hypotheses regarding the stability of retail funds and without considering tenders of additional sources of funding.
- Albeit without depending on these supplementary sources of funding, in view of the structural treasury position of the Crédito Agrícola Group, maintenance of financing lines with domestic and international credit institutions, which are regularly tested.
- Regular launch of liability products to enable maintaining the standards of permanence of the projected funds.
- Maintenance of a cushion of assets with immediate liquidity to cope with any unexpected increased cash outflow.

CA Vida's treasury situation is monitored on a daily basis, with controls on bank balances and the necessary guidelines to maintain liquidity. The prudential management of liquidity risk requires the maintenance of sufficient cash or liquid financial instruments and the possibility to close market positions. The Management monitors updated forecasts on the liquidity reserve, considering the expected cash flow. This is based on an analysis of the residual contractual maturity of the financial liabilities and obligations related to insurance contracts, and the expected date of inflows of financial assets. Specifically with regard to investment portfolios, the Management Institution conducts the daily treasury management, taking into consideration cash inflow and outflow, and the settlement of transactions on securities. Moreover, the investment policy gives priority to the acquisition of securities traded in regulated markets.

As at 31 December 2022 and 2021, the contractual residual periods of the financial instruments according to the inherent undiscounted cash flows (nominal value and undiscounted interest), are detailed as follows (values in thousand euros):

## Insurance activity (IAS 39)

	31-12-2022						
	in thousand euros						
	Contractual residual periods					Not subject to interest rate risk	Total
On demand	Up to 3 months	3 months to 1 year	1 to 5 years	Over 5 years			
<b>Assets</b>							
Financial assets at FVTPL	-	83	-	1,838	1,716	118	3,755
Financial assets at fair value through other comprehensive income	-	21,710	53,300	158,633	390,100	28,868	652,612
Financial assets at amortised cost	-	9,458	-	14,191	251,693	-	275,341
	-	31,251	53,300	174,662	643,509	28,985	931,708
Net exposure	-	31,251	53,300	174,662	643,509	28,985	931,708

	31-12-2021						
	in thousand euros						
	Contractual residual periods					Not subject to interest rate risk	Total
On demand	Up to 3 months	3 months to 1 year	1 to 5 years	Over 5 years			
<b>Assets</b>							
Financial assets at FVTPL	-	100	535	8,288	1,180	7	10,111
Financial assets at fair value through other comprehensive income	-	72,095	59,735	224,641	517,844	20,785	895,099
	-	72,195	60,270	232,929	519,024	20,782	905,210
Net exposure	-	72,195	60,270	232,929	519,024	20,782	905,210

## Non-insurance activity (IFRS 9)

	31-12-2022						
	in thousand euros						
	Contractual residual periods					Not subject to interest rate risk	Total
On demand	Up to 3 months	3 months to 1 year	1 to 5 years	Over 5 years			
<b>Assets</b>							
Cash, cash balances at central banks and other demand deposits	72,982	1,059,326	104,674	39,114	204,842	-	1,480,938
Financial assets held for trading	-	159,007	2,788	10,595	7,055	-	179,445
Non-trading financial assets mandatorily at fair value through profit or loss	-	-	-	-	-	49,231	49,231
Financial assets at fair value through other comprehensive income	-	168	2,588	34,845	105,025	-	142,625
Financial assets at amortised cost	2,211,502	2,110,210	4,233,984	4,703,382	8,788,400	-	22,047,479
Hedge derivatives	-	5,812	93,540	487,967	616,453	-	1,203,772
	2,284,484	3,334,523	4,437,573	5,275,903	9,721,775	49,231	25,103,490
<b>Liabilities</b>							
Financial liabilities held for trading	-	-	-	(852)	(4,363)	-	(5,216)
Financial liabilities measured at amortised cost	(7,059,067)	(2,005,975)	(3,746,931)	(2,818,399)	(4,880,284)	-	(20,510,656)
Hedge derivatives	-	(4,255)	(29,829)	(114,474)	(86,054)	-	(234,612)
	(7,059,067)	(2,010,230)	(3,776,759)	(2,933,725)	(4,970,702)	-	(20,750,483)
Net exposure	(4,774,582)	1,324,293	660,814	2,342,177	4,751,073	49,231	4,353,006

	31-12-2021					in thousand euros	
	Contractual residual periods						Total
	On demand	Up to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Not subject to interest rate risk	
<b>Assets</b>							
Cash, cash balances at central banks and other demand deposits	3,719,172	-	-	-	-	251,920	3,971,092
Financial assets held for trading	713	-	4,461	10,700	3,100	-	18,974
Non-trading financial assets mandatorily at fair value through profit or loss	-	-	-	-	-	49,714	49,714
Financial assets at fair value through other comprehensive income	10,000	52,531	14,492	11,666	39,817	-	128,506
Financial assets at amortised cost	407,141	2,458,906	2,983,101	2,251,720	11,200,741	-	19,301,608
Hedge derivatives	867	6,071	51,426	1,493,767	8,059,979	-	9,612,110
	<u>4,137,893</u>	<u>2,517,508</u>	<u>3,053,480</u>	<u>3,767,853</u>	<u>19,303,637</u>	<u>301,634</u>	<u>33,082,004</u>
<b>Liabilities</b>							
Financial liabilities measured at amortised cost	2,284,077	6,523,972	4,287,647	1,493,936	2,685,921	-	17,275,553
Hedge derivatives	-	-	-	-	200,184	-	200,184
	<u>2,284,077</u>	<u>6,523,972</u>	<u>4,287,647</u>	<u>1,493,936</u>	<u>2,886,105</u>	-	<u>17,475,737</u>
Net exposure	<u>1,853,816</u>	<u>(4,006,464)</u>	<u>(1,234,167)</u>	<u>2,273,917</u>	<u>16,417,532</u>	<u>301,634</u>	<u>15,606,267</u>

As at 31 December 2022, the potential cash flows associated with loan commitments are as follows (values in thousand euros):

	2023	2024	2025	Total
<b>Assets</b>				
Total financial assets at amortised cost:				
Debt securities (Commercial paper)	5,122	-	-	5,122
Loans and advances	458,765	463,556	400,558	1,322,880
	<u>463,887</u>	<u>463,556</u>	<u>400,558</u>	<u>1,328,002</u>
<b>Liabilities</b>				
Financial liabilities at amortised cost:				
Deposits	5,171	3,397	2,356	10,924
	<u>5,171</u>	<u>3,397</u>	<u>2,356</u>	<u>10,924</u>

## Credit Risk

The activities developed concerning risk and capital management seek to endow the Crédito Agrícola Group with capacity for credit risk management in line with best market practices, through a series of initiatives which include strong coordination with technological aspects and require the development of specific in-house skills and also ensure the necessary framework for the demanding regulatory challenges currently being experienced.



Credit risk is associated with the risk of loss arising from the inability of customers, debtors, or other counterparties to meet their contractual obligations to pay on the maturity date and in full the principal, interest, collateral, and other amounts receivable.

In 2022, the inter-stage transfer related to financial assets at amortised cost (excluding insurance activity) is presented as follows:

(thousand euros)

	Financial assets at amortised cost				Impairment			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Balance as at 31/12/2021</b>	19,720,430	1,646,296	853,829	22,220,555	27,604	46,563	272,901	347,068
Transfers:				0				0
Stage 1 to 2	-857,331	779,160	0	-78,171	-2,194	15,149	0	12,955
Stage 1 to 3	-62,818	0	54,536	-8,283	-323	0	12,683	12,360
Stage 2 to 1	518,234	-560,698	0	-42,464	9,148	-12,398	0	-3,249
Stage 2 to 3	0	-92,219	81,389	-10,830	0	-4,562	21,467	16,905
Stage 3 to 2	0	162,409	-177,676	-15,267	0	18,824	-55,420	-36,596
Stage 3 to 1	48,963	0	-54,280	-5,316	677	0	-7,759	-7,082
Annulments/credit sales	-11	-38	-26,034	-26,083	0	-1	-24,924	-24,925
Net origination of amortisations	4,370,531	178,213	7,835	4,556,579	8,870	4,140	2,203	15,213
<b>Balance as at 31/12/2022</b>	<b>21,112,002</b>	<b>1,895,523</b>	<b>618,940</b>	<b>23,626,465</b>	<b>50,019</b>	<b>75,652</b>	<b>241,948</b>	<b>367,618</b>

Credit quality for cash balances at credit institutions – “Cash, cash balances at central banks and other demand deposits - Other demand deposits” (Note 5) and “Loans and advances - Funds” without impairment (Note 10).

The table below shows the breakdown of the balance sheet value of investments in credit institutions, in euros, with reference to 31 December 2022 and 2021, considering aggregated risk classes (low, medium, and high) associated with external ratings:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
<i>Ratings</i>		
Low	10,208,127	4,857,320
Medium	1,226,328	7,452,061
High	266,387	885,093
Without rating	<u>52,935,902</u>	<u>35,399,171</u>
	<u>64,636,745</u>	<u>48,593,645</u>

The ratings of credit institutions in the table above are considered as follows: A/AA/AAA as low risk, BBB as medium risk and BB/CCC as high risk.

Credit quality of forbore exposures

31-Dec-2022

*amounts in thousands of euros*

	Gross carrying amount / Nominal amount of exposures with forbearance measures				Accumulated impairments, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forbore exposures	
	Performing forbore	Non-performing forbore			On performing forbore exposures	On non-performing forbore exposures		Of which, collateral and financial guarantees received on non-performing exposures with forbearance measures
		Of which, in default	Of which, in impairment					
<b>Loans and advances</b>	<b>311,594</b>	<b>374,645</b>	<b>374,090</b>	<b>374,090</b>	<b>-30,339</b>	<b>-158,150</b>	<b>479,831</b>	<b>210,066</b>
Central banks	0	0	0	0	0	0	0	0
Central governments	0	0	0	0	0	0	0	0
Credit Institutions	0	0	0	0	0	0	0	0
Other financial corporations	1,356	0	0	0	-37	0	1,320	0
Non-financial corporations	244,321	304,064	303,881	303,881	-25,683	-125,533	384,964	173,777
Individuals	65,917	70,581	70,209	70,209	-4,619	-32,616	93,547	36,290
<b>Debt securities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Signature credit (Off-balance sheet)</b>	<b>4,351</b>	<b>1,848</b>	<b>1,848</b>	<b>1,848</b>	<b>37</b>	<b>100</b>	<b>4,526</b>	<b>1,690</b>
<b>Total</b>	<b>315,945</b>	<b>376,493</b>	<b>375,938</b>	<b>375,938</b>	<b>-30,303</b>	<b>-158,050</b>	<b>484,357</b>	<b>211,757</b>

31-Dec-2021

*amounts in thousands of euros*

	Gross carrying amount / Nominal amount of exposures with forbearance measures				Accumulated impairments, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forbore exposures	
	Performing forbore	Non-performing forbore			On performing forbore exposures	On non-performing forbore exposures		Of which, collateral and financial guarantees received on non-performing exposures with forbearance measures
		Of which, in default	Of which, in impairment					
<b>Loans and advances</b>	<b>297,603</b>	<b>527,493</b>	<b>521,820</b>	<b>521,820</b>	<b>-16,786</b>	<b>-188,173</b>	<b>591,479</b>	<b>329,139</b>
Central banks	0	0	0	0	0	0	0	0
Central governments	0	0	0	0	0	0	0	0
Credit Institutions	0	0	0	0	0	0	0	0
Other financial corporations	3	0	0	0	0	0	3	0
Non-financial corporations	233,662	428,582	423,869	423,869	-13,003	-150,212	477,810	271,021
Individuals	63,938	98,911	97,951	97,951	-3,783	-37,961	113,667	58,118
<b>Debt securities</b>	<b>0</b>	<b>754</b>	<b>754</b>	<b>754</b>	<b>0</b>	<b>-5</b>	<b>0</b>	<b>0</b>
<b>Signature credit (Off-balance sheet)</b>	<b>6,218</b>	<b>4,447</b>	<b>4,447</b>	<b>4,447</b>	<b>125</b>	<b>782</b>	<b>9,229</b>	<b>2,614</b>
<b>Total</b>	<b>303,821</b>	<b>532,695</b>	<b>527,022</b>	<b>527,022</b>	<b>-16,661</b>	<b>-187,397</b>	<b>600,709</b>	<b>331,753</b>

Credit quality of performing and non-performing exposures by days in arrears

31-Dec-2022

amounts in thousands of euros

	Gross carrying amount / Nominal amount											
	Performing exposures			Non-performing exposures								
	No arrears or arrears <= 30 days	In arrears > 30 days <= 90 days		Reduced probability of payment in no arrears or in arrears for <= 90 days	In arrears > 90 days <= 180 days	In arrears > 180 days <= 1 year	In arrears > 1 year <= 2 years	In arrears > 2 years <= 5 years	In arrears > 5 years <= 7 years	In arrears > 7 years		
<b>Loans and advances</b>	<b>11,004,969</b>	<b>10,976,302</b>	<b>28,667</b>	<b>585,927</b>	<b>368,177</b>	<b>48,232</b>	<b>39,269</b>	<b>27,221</b>	<b>48,237</b>	<b>17,416</b>	<b>37,375</b>	<b>583,242</b>
Central banks	0	0	0	0	0	0	0	0	0	0	0	0
Central governments	654,663	654,663	0	0	0	0	0	0	0	0	0	0
Credit Institutions	29,419	29,419	0	0	0	0	0	0	0	0	0	0
Other financial corporations	142,396	142,396	0	0	0	0	0	0	0	0	0	0
Non-financial corporations	6,080,824	6,065,906	14,917	454,852	300,439	35,271	28,779	20,261	36,063	13,278	20,760	453,618
Of which, SME	5,858,476	5,843,582	14,895	449,921	296,197	35,271	28,779	19,698	36,062	13,278	20,636	448,688
Individuals	4,097,667	4,083,918	13,749	131,075	67,738	12,961	10,490	6,960	12,174	4,137	16,615	129,623
<b>Debt securities</b>	<b>9,249,973</b>	<b>9,249,973</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Central banks	0	0	0	0	0	0	0	0	0	0	0	0
Central governments	7,039,706	7,039,706	0	0	0	0	0	0	0	0	0	0
Credit Institutions	1,659,642	1,659,642	0	0	0	0	0	0	0	0	0	0
Other financial corporations	47,643	47,643	0	0	0	0	0	0	0	0	0	0
Non-financial corporations	502,983	502,983	0	0	0	0	0	0	0	0	0	0
<b>Signature credit (Off-balance sheet)</b>	<b>2,158,523</b>			<b>36,157</b>								<b>34,493</b>
Central banks	0			0								0
Central governments	62,986			0								0
Credit Institutions	201,625			0								0
Other financial corporations	25,661			0								0
Non-financial corporations	1,408,649			32,586								31,319
Individuals	459,601			3,571								3,174
<b>Total</b>	<b>22,413,465</b>	<b>20,226,275</b>	<b>28,667</b>	<b>622,085</b>	<b>368,177</b>	<b>48,232</b>	<b>39,269</b>	<b>27,221</b>	<b>48,237</b>	<b>17,416</b>	<b>37,375</b>	<b>617,735</b>

31-Dec-2021

amounts in thousands of euros

	Gross carrying amount / Nominal amount											
	Performing exposures			Non-performing exposures								
	No arrears or arrears <= 30 days	In arrears > 30 days <= 90 days		Reduced probability of payment in no arrears or in arrears for <= 90 days	In arrears > 90 days <= 180 days	In arrears > 180 days <= 1 year	In arrears > 1 year <= 2 years	In arrears > 2 years <= 5 years	In arrears > 5 years <= 7 years	In arrears > 7 years		
<b>Loans and advances</b>	<b>10,525,953</b>	<b>10,506,031</b>	<b>19,922</b>	<b>819,096</b>	<b>592,712</b>	<b>28,524</b>	<b>26,208</b>	<b>35,977</b>	<b>71,431</b>	<b>21,719</b>	<b>42,525</b>	<b>801,437</b>
Central banks	0	0	0	0	0	0	0	0	0	0	0	0
Central governments	591,424	591,413	11	0	0	0	0	0	0	0	0	0
Credit Institutions	23,161	23,161	0	0	0	0	0	0	0	0	0	0
Other financial corporations	137,464	137,464	0	0	0	0	0	0	0	0	0	0
Non-financial corporations	5,816,714	5,807,741	8,973	639,085	483,494	19,311	17,160	26,674	52,590	15,466	24,389	626,379
Of which, SME	5,604,256	5,595,284	8,973	632,233	477,333	18,748	17,159	26,674	52,589	15,341	24,389	619,527
Individuals	3,957,191	3,946,253	10,938	180,010	109,218	9,213	9,047	9,303	18,841	6,253	18,136	175,057
<b>Debt securities</b>	<b>8,849,582</b>	<b>8,849,582</b>	<b>0</b>	<b>754</b>	<b>754</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>754</b>
Central banks	0	0	0	0	0	0	0	0	0	0	0	0
Central governments	7,665,992	7,665,992	0	0	0	0	0	0	0	0	0	0
Credit Institutions	653,716	653,716	0	0	0	0	0	0	0	0	0	0
Other financial corporations	64,485	64,485	0	0	0	0	0	0	0	0	0	0
Non-financial corporations	465,389	465,389	0	754	754	0	0	0	0	0	0	754
<b>Signature credit (Off-balance sheet)</b>	<b>6,001,411</b>			<b>50,381</b>								<b>48,368</b>
Central banks	3,850,994			0								0
Central governments	74,514			0								0
Credit Institutions	74,297			0								0
Other financial corporations	3,026			0								0
Non-financial corporations	1,543,487			46,573								45,370
Individuals	455,094			3,808								2,997
<b>Total</b>	<b>25,376,947</b>	<b>19,355,614</b>	<b>19,922</b>	<b>870,231</b>	<b>593,467</b>	<b>28,524</b>	<b>26,208</b>	<b>35,977</b>	<b>71,431</b>	<b>21,719</b>	<b>42,525</b>	<b>850,559</b>

Performing and non-performing exposures and their provisions

31-Dec-2022

amounts in thousands of euros

	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 impairments and provisions			Non-performing exposures - accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On Performing overexposures	On non-performing overexposures
	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 3	Of which, stage 2	Of which, stage 3				
<b>Loans and advances</b>	<b>11,004,969</b>	<b>9,304,187</b>	<b>1,604,356</b>	<b>585,527</b>	<b>2,384</b>	<b>518,359</b>	<b>-113,391</b>	<b>-40,254</b>	<b>-62,970</b>	<b>-236,201</b>	<b>-289</b>	<b>-205,427</b>	<b>0</b>	<b>9,357,196</b>	<b>331,980</b>
Central banks	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Central governments	654,663	646,002	6,225	0	0	0	-310	-306	-3	0	0	0	0	193,564	0
Credit Institutions	29,419	29,419	0	0	0	0	-57	-57	0	0	0	0	0	0	0
Other financial corporations	142,396	141,033	1,362	0	0	0	-622	-585	-37	0	0	0	0	137,799	0
Non-financial corporations	6,080,824	5,071,272	935,641	454,852	1,233	400,146	-88,491	-34,940	-44,993	-178,813	-154	-154,319	0	5,295,844	263,975
Of which, SME	5,858,476	4,897,140	887,426	449,921	1,233	395,216	-87,757	-34,386	-44,813	-178,477	-154	-153,983	0	5,140,294	259,392
Individuals	4,097,667	3,416,461	661,128	131,075	1,151	118,212	-23,912	-4,366	-17,938	-57,388	-135	-51,108	0	3,729,989	68,004
<b>Debt securities</b>	<b>9,249,973</b>	<b>9,249,973</b>	<b>6,467</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-6,334</b>	<b>-6,531</b>	<b>-4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Central banks	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Central governments	7,039,706	7,039,706	0	0	0	0	-5,334	-5,334	0	0	0	0	0	0	0
Credit Institutions	1,659,642	1,659,642	0	0	0	0	-843	-843	0	0	0	0	0	0	0
Other financial corporations	47,643	47,643	0	0	0	0	-22	-22	0	0	0	0	0	0	0
Non-financial corporations	502,983	502,983	6,467	0	0	0	-335	-331	-4	0	0	0	0	0	0
<b>Signature credit (Off-balance sheet)</b>	<b>2,158,523</b>	<b>1,967,733</b>	<b>186,999</b>	<b>36,157</b>	<b>1,657</b>	<b>34,364</b>	<b>5,822</b>	<b>3,550</b>	<b>2,199</b>	<b>5,670</b>	<b>15</b>	<b>5,601</b>	<b>0</b>	<b>1,137,602</b>	<b>20,357</b>
Central banks	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Central governments	62,986	62,320	667	0	0	0	14	14	0	0	0	0	0	7,945	0
Credit Institutions	201,625	201,625	0	0	0	0	11	11	0	0	0	0	0	0	0
Other financial corporations	25,861	25,599	63	0	0	0	33	33	0	0	0	0	0	694	0
Non-financial corporations	1,408,649	1,265,423	139,518	32,586	1,266	31,190	5,235	3,200	1,995	5,257	12	5,191	0	1,011,482	19,119
Individuals	459,601	412,766	46,752	3,571	390	3,374	528	292	204	413	3	410	0	117,481	1,238
<b>Total</b>	<b>22,413,465</b>	<b>20,521,893</b>	<b>1,797,823</b>	<b>622,085</b>	<b>4,041</b>	<b>552,722</b>	<b>-114,103</b>	<b>-43,234</b>	<b>-60,774</b>	<b>-230,531</b>	<b>274</b>	<b>-199,826</b>	<b>0</b>	<b>10,494,798</b>	<b>352,336</b>

31-Dec-2021

amounts in thousands of euros

	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 impairments and provisions			Non-performing exposures - accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On Performing overexposures	On non-performing overexposures
	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 3	Of which, stage 2	Of which, stage 3				
<b>Loans and advances</b>	<b>10,525,953</b>	<b>9,035,006</b>	<b>1,422,623</b>	<b>819,096</b>	<b>11,941</b>	<b>676,114</b>	<b>-65,509</b>	<b>-22,082</b>	<b>-39,457</b>	<b>-267,200</b>	<b>-1,397</b>	<b>-216,355</b>	<b>0</b>	<b>8,940,377</b>	<b>523,997</b>
Central banks	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Central governments	591,424	581,877	6,963	0	0	0	-317	-312	-3	0	0	0	0	143,837	0
Credit Institutions	23,161	23,161	0	0	0	0	-40	-40	0	0	0	0	0	0	0
Other financial corporations	137,464	137,461	3	0	0	0	-288	-288	0	0	0	0	0	134,383	0
Non-financial corporations	5,816,714	4,869,014	897,385	639,085	7,277	521,820	-52,092	-19,121	-30,700	-205,680	-1,175	-163,711	0	5,060,263	412,837
Of which, SME	5,604,256	4,671,166	882,775	632,233	7,277	514,968	-49,133	-16,283	-30,580	-204,283	-1,175	-162,314	0	4,938,559	408,188
Individuals	3,957,191	3,423,494	518,272	180,010	4,664	154,294	-12,774	-2,321	-8,754	-61,520	-222	-52,644	0	3,601,893	111,160
<b>Debt securities</b>	<b>8,849,582</b>	<b>8,849,582</b>	<b>0</b>	<b>754</b>	<b>0</b>	<b>754</b>	<b>-3,132</b>	<b>-3,132</b>	<b>0</b>	<b>-56</b>	<b>0</b>	<b>-56</b>	<b>0</b>	<b>0</b>	<b>0</b>
Central banks	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Central governments	7,665,992	7,665,992	0	0	0	0	-2,434	-2,434	0	0	0	0	0	0	0
Credit Institutions	653,716	653,716	0	0	0	0	-306	-306	0	0	0	0	0	0	0
Other financial corporations	64,485	64,485	0	0	0	0	-10	-10	0	0	0	0	0	0	0
Non-financial corporations	465,389	465,389	0	754	0	754	-382	-382	0	-56	0	-56	0	0	0
<b>Signature credit (Off-balance sheet)</b>	<b>6,001,411</b>	<b>5,857,464</b>	<b>141,150</b>	<b>50,381</b>	<b>1,986</b>	<b>46,717</b>	<b>3,813</b>	<b>2,245</b>	<b>1,515</b>	<b>7,358</b>	<b>21</b>	<b>7,099</b>	<b>0</b>	<b>1,202,945</b>	<b>35,843</b>
Central banks	3,850,994	3,850,994	0	0	0	0	0	0	0	0	0	0	0	0	0
Central governments	74,514	73,086	1,427	0	0	0	20	20	0	0	0	0	0	18,266	0
Credit Institutions	74,297	74,297	0	0	0	0	23	23	0	0	0	0	0	92	0
Other financial corporations	3,026	3,024	2	0	0	0	23	23	0	0	0	0	0	695	0
Non-financial corporations	1,543,487	1,436,382	104,355	46,573	1,195	43,720	3,405	2,008	1,364	6,838	8	6,592	0	1,053,248	33,932
Individuals	455,094	419,680	35,366	3,808	792	2,997	342	171	150	519	13	506	0	130,644	1,910
<b>Total</b>	<b>25,376,947</b>	<b>23,742,052</b>	<b>1,563,773</b>	<b>870,231</b>	<b>13,927</b>	<b>723,585</b>	<b>-64,829</b>	<b>-22,969</b>	<b>-37,942</b>	<b>-259,898</b>	<b>-1,376</b>	<b>-209,312</b>	<b>0</b>	<b>10,143,322</b>	<b>559,840</b>

## Credit quality of loans and advances by sector of activity

31-Dec-2022

amounts in thousands of euros

	Gross carrying amount				Accumulated impairments	Accumulated negative changes in fair value due to credit risk in non-performing exposures
		Of which, non-performing		Of which, loans and advances subject to impairment		
			Of which, in default			
Agriculture, forestry and fisheries	1,065,080	64,854	64,719	1,065,080	-37,272	0
Mining	22,680	2,955	2,954	22,680	-1,984	0
Manufacturing Industries	806,724	73,321	73,235	806,724	-44,788	0
Production and distribution of electricity, gas, steam and air conditioning	27,541	287	287	27,541	-308	0
Water supply	100,843	903	903	100,843	-940	0
Construction	486,811	47,085	47,056	486,811	-28,463	0
Wholesale and retail trade	1,050,135	66,727	66,657	1,050,135	-39,935	0
Transport and storage	117,520	7,945	7,940	117,520	-5,127	0
Accommodation and catering activities	672,660	62,832	62,740	672,660	-37,009	0
Information and communication	17,041	890	883	17,041	-1,041	0
Financial and insurance activities	157,231	2,181	2,081	157,231	-3,625	0
Real estate activities	993,187	60,901	60,897	993,187	-28,522	0
Consulting, scientific and technical activities	176,352	11,932	11,925	176,352	-6,765	0
Administrative and support service activities	119,173	8,783	8,779	119,173	-4,519	0
Public administration and defence, mandatory social security	924	222	119	924	-44	0
Education	78,520	5,885	5,884	78,520	-3,896	0
Health services and social work	187,844	5,876	5,873	187,844	-4,373	0
Artistic, entertainment and recreational activities	66,145	9,623	9,621	66,145	-4,648	0
Other services	389,266	21,651	21,065	389,266	-14,045	0
<b>Total</b>	<b>6,535,676</b>	<b>454,852</b>	<b>453,618</b>	<b>6,535,676</b>	<b>-267,304</b>	<b>0</b>

31-Dec-2021

*amounts in thousands of euros*

	Gross carrying amount				Accumulated impairments	Accumulated negative changes in fair value due to credit risk in non-performing exposures
		Of which, non-performing		Of which, loans and advances subject to impairment		
			Of which, in default			
Agriculture, forestry and fisheries	1,093,049	102,345	101,881	1,093,049	-39,332	0
Mining	23,060	3,692	3,691	23,060	-1,095	0
Manufacturing Industries	804,941	93,868	89,764	804,941	-39,468	0
Production and distribution of electricity, gas, steam and air conditioning	36,060	714	714	36,060	-140	0
Water supply	101,017	3,482	3,482	101,017	-1,397	0
Construction	513,646	70,698	68,575	513,646	-27,102	0
Wholesale and retail trade	1,039,983	82,327	80,145	1,039,983	-40,556	0
Transport and storage	103,656	10,675	10,479	103,656	-4,553	0
Accommodation and catering activities	682,115	94,203	92,954	682,115	-32,865	0
Information and communication	17,622	1,967	1,966	17,622	-1,573	0
Financial and insurance activities	77,613	5,694	5,591	77,613	-4,679	0
Real estate activities	969,660	85,376	85,117	969,660	-27,870	0
Consulting, scientific and technical activities	170,182	13,624	13,469	170,182	-5,678	0
Administrative and support service activities	121,360	10,545	9,900	121,360	-8,014	0
Public administration and defence, mandatory social security	566	0	0	566	-3	0
Education	78,206	5,523	5,464	78,206	-2,318	0
Health services and social work	175,788	15,109	15,100	175,788	-3,623	0
Artistic, entertainment and recreational activities	62,329	8,054	8,053	62,329	-4,487	0
Other services	384,945	31,191	30,035	384,945	-13,017	0
<b>Total</b>	<b>6,455,799</b>	<b>639,085</b>	<b>626,379</b>	<b>6,455,799</b>	<b>-257,771</b>	<b>0</b>

Exposure and impairment by segment and type of analysis

31-Dec-2022

*amounts in thousands of euros*

Segment	Maximum				Impairment				Coverage ratio						
	Collective analysis		Individual Analysis		Total	%	Collective analysis		Individual Analysis		Total	%			
	Value	%	Value	%			Value	%	Value	%					
<b>Companies</b>	<b>7,257,423</b>	<b>82.8%</b>	<b>571,258</b>	<b>86.0%</b>	<b>7,828,680</b>	<b>84.3%</b>	<b>97,262</b>	<b>54.2%</b>	<b>156,015</b>	<b>82.8%</b>	<b>253,276</b>	<b>68.9%</b>	<b>1.3%</b>	<b>27.3%</b>	<b>3.2%</b>
Business	1,979,465	8.9%	115,652	17.4%	2,095,117	9.2%	45,461	25.3%	37,588	20.0%	83,049	22.6%	2.3%	32.5%	2.3%
Large and SME	3,592,583	16.2%	303,271	46.6%	3,895,854	17.1%	30,788	17.2%	81,081	43.1%	111,569	30.4%	0.9%	26.2%	0.9%
Construction and Real Estate Activities	1,687,374	7.6%	146,335	22.0%	1,833,709	8.0%	21,033	11.7%	37,346	19.8%	58,379	15.9%	1.2%	25.5%	1.2%
<b>Individuals, of which:</b>	<b>5,331,635</b>	<b>24.1%</b>	<b>90,362</b>	<b>13.6%</b>	<b>5,421,997</b>	<b>23.8%</b>	<b>75,483</b>	<b>42.1%</b>	<b>32,285</b>	<b>17.1%</b>	<b>107,777</b>	<b>29.3%</b>	<b>1.4%</b>	<b>35.7%</b>	<b>2.0%</b>
Mortgage	3,779,942	17.1%	20,635	3.1%	3,800,577	16.7%	30,421	17.0%	6,249	3.3%	36,670	10.0%	0.8%	30.3%	0.8%
Consumer	748,264	3.4%	43,973	6.6%	792,237	3.5%	27,023	15.1%	17,516	9.3%	44,540	12.1%	3.6%	39.8%	3.6%
Other	737,756	3.3%	2,437	0.4%	740,193	3.2%	335	0.2%	1	0.0%	336	0.1%	0.0%	0.0%	0.0%
<b>Sub-total</b>	<b>13,326,814</b>	<b>60.1%</b>	<b>664,057</b>	<b>100.0%</b>	<b>13,990,871</b>	<b>61.3%</b>	<b>173,079</b>	<b>96.5%</b>	<b>188,311</b>	<b>100.0%</b>	<b>361,390</b>	<b>98.3%</b>	<b>1.3%</b>	<b>28.4%</b>	<b>2.6%</b>
Investments in securities	8,829,540	39.9%	0	0.0%	8,829,540	38.7%	6,259	3.5%	0	0.0%	6,259	1.7%	0.1%	0.0%	0.1%
<b>Total</b>	<b>22,156,354</b>	<b>100.0%</b>	<b>664,057</b>	<b>100.0%</b>	<b>22,820,411</b>	<b>100.0%</b>	<b>179,338</b>	<b>100.0%</b>	<b>188,311</b>	<b>100.0%</b>	<b>367,618</b>	<b>100.0%</b>	<b>0.8%</b>	<b>28.4%</b>	<b>1.6%</b>

31-Dec-2021

amounts in thousands of euros

Segment	Exposure						Impairment						Coverage ratio		
	Collective analysis		Individual Analysis		Total	%	Collective analysis		Individual Analysis		Total	%	Collective analysis	Individual Analysis	Total
	Value	%	Value	%			Value	%	Value	%			Value	Value	
<b>Companies</b>	<b>7,057,260</b>	<b>33.0%</b>	<b>718,503</b>	<b>85.6%</b>	<b>7,775,762</b>	<b>35.0%</b>	<b>96,253</b>	<b>59.0%</b>	<b>150,823</b>	<b>82.0%</b>	<b>247,076</b>	<b>71.2%</b>	<b>1.4%</b>	<b>21.0%</b>	<b>3.2%</b>
Business	2,032,206	9.5%	132,778	15.8%	2,164,985	9.7%	48,167	29.5%	40,909	22.2%	89,075	25.7%	2.4%	30.8%	4.1%
Large and SME	3,416,363	16.0%	356,528	42.5%	3,772,891	17.0%	30,771	18.9%	70,579	38.4%	101,350	29.2%	0.9%	19.8%	2.7%
Construction and Real Estate Activities	1,608,690	7.5%	229,196	27.3%	1,837,886	8.3%	17,315	10.6%	39,335	21.4%	56,651	16.3%	1.1%	17.2%	3.1%
<b>Individuals, of which:</b>	<b>5,234,577</b>	<b>24.5%</b>	<b>120,489</b>	<b>14.4%</b>	<b>5,355,066</b>	<b>24.1%</b>	<b>63,515</b>	<b>39.0%</b>	<b>33,203</b>	<b>18.0%</b>	<b>96,718</b>	<b>27.9%</b>	<b>1.2%</b>	<b>27.6%</b>	<b>1.8%</b>
Mortgage	3,627,488	17.0%	26,442	3.2%	3,653,930	16.4%	19,570	12.0%	4,708	2.6%	24,279	7.0%	0.5%	17.8%	0.7%
Consumer	774,666	3.6%	57,719	6.9%	832,384	3.7%	27,754	17.0%	19,004	10.3%	46,758	13.5%	3.6%	32.9%	5.6%
Other	683,676	3.2%	0	0.0%	683,676	3.1%	348	0.2%	0	0.0%	348	0.1%	0.1%	0.0%	0.1%
<b>Sub-total</b>	<b>12,975,512</b>	<b>60.7%</b>	<b>838,992</b>	<b>100.0%</b>	<b>13,814,504</b>	<b>62.2%</b>	<b>160,116</b>	<b>98.2%</b>	<b>184,026</b>	<b>100.0%</b>	<b>344,142</b>	<b>99.2%</b>	<b>1.2%</b>	<b>21.9%</b>	<b>2.5%</b>
Investments in securities	8,406,051	39.3%	0	0.0%	8,406,051	37.8%	2,926	1.8%	0	0.0%	2,926	0.8%	0.0%	0.0%	0.0%
<b>Total</b>	<b>21,381,563</b>	<b>100.0%</b>	<b>838,992</b>	<b>100.0%</b>	<b>22,220,555</b>	<b>100.0%</b>	<b>163,042</b>	<b>100.0%</b>	<b>184,026</b>	<b>100.0%</b>	<b>347,068</b>	<b>100.0%</b>	<b>0.8%</b>	<b>21.9%</b>	<b>1.6%</b>

Note - The reconciliation of the balances in this table and the following is as follows:

	31-Dec-2022		31-Dec-2021			
	G. Amount	Impairment	G. Amount	Impairment		
<b>Securities portfolio</b>						
Financial assets at AC (Note 10.1)						
- Non-insurance activity (IFRS 9)	8,700,432	6,148	7,533,434	2,822		
- Insurance activity (IAS 39)	275,341	0	0	0		
	<b>8,975,773</b>	<b>6,148</b>	<b>7,533,434</b>	<b>2,822</b>		
Financial assets at FVTOCI (Note 9 and 19)						
- Non-insurance activity (IFRS 9)	129,108	110	910,022	103,714		
- Insurance activity (IAS 39)	623,744	0	874,313	0		
	<b>752,852</b>	<b>110</b>	<b>1,784,335</b>	<b>103,714</b>		
<b>Presented balance</b>						
Financial assets at AC (Note 10.1)						
- Non-insurance activity (IFRS 9)	9,557,394	6,148	7,533,434	2,822		
Financial assets at AC - hedge adjustment (Note 10.1)	(856,962)		(37,406)			
Financial assets at FVTOCI (Note 9)						
- Non-insurance activity (IFRS 9)	129,108	110	910,022	103,714		
<b>Closing balance</b>	<b>8,829,540</b>	<b>6,259</b>	<b>8,406,050</b>	<b>106,536</b>		
<b>Loans and advances to customers</b>	<b>On-balance sheet</b>	<b>Off-balance sheet</b>	<b>On-balance sheet</b>	<b>Off-balance sheet</b>		
Financial assets at AC - Commercial paper (Note 10.1)	420,434		404,149			
Financial assets at AC - Loans and advances (Note 10.2)	11,590,897		11,345,049			
	<b>12,011,330</b>		<b>11,749,198</b>			
Loan commitments given (Note 48 - maximum exposure)		1,312,912		1,616,377		
Financial guarantees given (Note 48 - maximum exposure)		424,129		3,908,824		
Other commitments given (Note 48 - maximum exposure)		457,638		526,591		
		<b>2,194,680</b>		<b>6,051,792</b>		
	<b>On-balance sheet</b>	<b>Off-balance sheet</b>	<b>Presented balance</b>	<b>On-balance sheet</b>	<b>Off-balance sheet</b>	<b>Presented balance</b>
Customer balances under analysis	12,046,323	1,944,548	13,990,871	11,789,989	2,024,515	13,814,504
Commissions (deferred income - Note 10.2)	1,854			1,535		
Commissions (deferred expenses - Note 10.2)	(30,414)			(28,120)		
Commissions received to defer (discounted commercial paper - note 10.1)				(1,918)		
Any other possible liabilities (Note 22)		5,317			8,518	
Assets given as guarantee (Note 22) - excluding Central Banks		201,712			3,673,800	
Liability related to investor compensation scheme (Note 22)		1,469			1,306	
Irrevocable commitments - real state properties (Note 22)		39,688			0	
Commitments undertaken by third parties (BdP)		0			250,000	
Irrevocable commitments for buying and selling securities (Note 22)		1,946			93,654	
Modified	(6,433)			(12,288)		
	<b>12,011,330</b>	<b>2,194,680</b>		<b>11,749,198</b>	<b>6,051,792</b>	
<b>Segmental analysis (Impairment)</b>	<b>On-balance sheet</b>	<b>Off-balance sheet</b>	<b>Presented balance</b>	<b>On-balance sheet</b>	<b>Off-balance sheet</b>	<b>Presented balance</b>
Financial assets at AC - Commercial paper (Note 10.1)	306			262		
Financial assets at AC - Loans and advances (Note 10.2)	349,592			332,709		
	<b>349,898</b>			<b>332,971</b>		
Guarantees and sureties (Note 19)		11,492			11,170	
<b>Closing balance</b>	<b>349,898</b>	<b>11,492</b>	<b>361,390</b>	<b>332,971</b>	<b>11,170</b>	<b>344,142</b>

The calculation of the probabilities of default is based on Hazard models (for all segments except the credit card segment), which consist of the explicit modelling of the performance over time of the probability of default in view

of the contracting and maturity of each operation/customer. In addition, prospective scenarios reflecting current and future macroeconomic conditions are introduced. For the forward-looking adjustment, macroeconomic variables obtained from an external institution accredited as an ECAI were considered, taking into account the basic, optimistic (S1) and adverse (S3) macroeconomic scenarios. The macroeconomic regression model is used to obtain future forecasts, considering the existence of explanatory variables at those dates (3 years) and it is considered that in the long run the curve tends towards the average default rate of the portfolio by applying a convergence factor for 3 years. The explanatory variables to be used for each portfolio were selected based on the Pearson correlation coefficient analysis, between the regressors and the dependent variable, as well as the correlation between the explanatory variables themselves.

The tables with the key indicators used in these scenarios are presented below:

### 31-Dec-2022

Macroeconomic variables	Moody's																
	Actual					Baseline - Dec22				S1 (Upside 10th Percentile) - Dec22				S3 (Downside 90th Percentile) - Dec22			
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2022	2023	2024	2025	2022	2023	2024	2025
GDP	3.2	2.7	2.8	-6.6	6.6	2.6	1.6	2.3	2.1	2.6	3.6	2.0	2.0	2.6	-4.4	2.9	3.3
Unemployment rate	8.2	6.7	6.7	7.1	6.1	6.4	6.6	6.0	5.5	6.4	6.2	5.6	5.3	6.4	8.7	7.8	6.6
10-yr bond yields - Portugal	2.1	1.9	0.3	0.1	0.4	3.3	4.0	3.4	3.1	3.3	4.3	4.0	3.7	3.3	4.5	3.2	2.6
Harmonised Price Index	9.9	-1.9	5.6	5.5	8.9	4.4	-3.9	1.3	1.7	4.4	-1.8	3.0	1.7	4.4	-12.3	-1.7	4.0
Inflation	1.8	1.7	1.7	1.6	1.4	6.8	2.7	1.4	1.4	6.8	2.6	1.7	1.4	6.8	0.8	0.5	1.2
Euribor 3M	-0.3	-0.3	-0.4	-0.5	-0.6	1.3	2.5	1.5	1.5	1.3	2.4	1.5	1.5	1.3	1.6	0.0	0.0
Household Income	2.6	1.2	3.2	-2.9	1.7	-2.4	0.9	2.5	1.9	-2.4	4.2	2.5	1.6	-2.4	-2.8	1.3	1.9

### 31-Dec-2021

Economic Indicators	Scenario	History																Projection				
		2007Q4	2008Q4	2009Q4	2010Q4	2011Q4	2012Q4	2013Q4	2014Q4	2015Q4	2016Q4	2017Q4	2018Q4	2019Q4	2020Q4	2021Q4	2022Q4	2023Q4	2024Q4	2025Q4		
GDP	Base	235	228	227	229	221	211	217	218	222	228	235	241	249	227	241	251	256	260	265		
	Adverse (S3)	235	228	227	229	221	211	217	218	222	228	235	241	249	227	239	239	245	249	256		
	Optimistic (S1)	235	228	227	229	221	211	217	218	222	228	235	241	249	227	248	256	261	265	270		
Unemployment Rate	Base	8.7	9.3	11.7	12.8	15.0	17.9	15.6	13.8	12.4	10.5	8.0	6.6	6.9	6.8	6.7	5.8	5.6	5.6	5.5		
	Adverse (S3)	8.7	9.3	11.7	12.8	15.0	17.9	15.6	13.8	12.4	10.5	8.0	6.6	6.9	6.8	7.2	11.6	10.3	8.5	6.9		
	Optimistic (S1)	8.7	9.3	11.7	12.8	15.0	17.9	15.6	13.8	12.4	10.5	8.0	6.6	6.9	6.8	6.7	5.8	5.4	5.3	5.2		
Inflation	Base	57.3	50.5	51.9	56.5	60.5	60.6	65.5	70.5	72.3	78.5	83.5	85.7	92.4	75.9	77.8	82.1	85.3	87.3	89.4		
	Adverse (S3)	57.3	50.5	51.9	56.5	60.5	60.6	65.5	70.5	72.3	78.5	83.5	85.7	92.4	75.9	77.1	72.5	73.7	76.2	78.8		
	Optimistic (S1)	57.3	50.5	51.9	56.5	60.5	60.6	65.5	70.5	72.3	78.5	83.5	85.7	92.4	75.9	78.0	85.0	89.9	92.2	94.1		
Imports	Base	66.6	60.9	62.7	65.8	58.3	56.4	61.2	66.7	70.7	76.8	82.0	85.9	89.6	81.4	83.7	84.9	87.3	89.0	90.7		
	Adverse (S3)	66.6	60.9	62.7	65.8	58.3	56.4	61.2	66.7	70.7	76.8	82.0	85.9	89.6	81.4	83.2	76.1	76.9	79.8	83.2		
	Optimistic (S1)	66.6	60.9	62.7	65.8	58.3	56.4	61.2	66.7	70.7	76.8	82.0	85.9	89.6	81.4	83.8	87.5	91.3	93.5	94.7		

The impacts of sensitivity analysis of macroeconomic variables on the quantification of impairment are presented as follows:

(thousand euros)	
<b>Impact on the quantification of impairment</b>	
<b>Unemployment rate</b>	
Source: Moody's   Unemployment Rate   Dec22: 6.4 (%), SA	
+10%	7,202
<b>Real Estate Price Index</b>	
Source: Moody's   House Price Index: Real   Dec22: 135.4 (Index 2010=100), SA	
-1%	982
-10%	13,544



Exposure and impairment by segment and level – Collective and individual analysis

31-Dec-2022

amounts in thousands of euros

Segment	Exposure										Total	%
	Assets without significant increased risk (Stage 1)		Assets with significant increased risk (Stage 2)				Assets in default (Stage 3)					
	Value	%	Value	%	Of which: restructured	%	Value	%	Of which: restructured	%		
Companies	6,407,828	31.6%	973,064	51.3%	215,558	72.8%	447,788	72.3%	280,669	74.7%	7,828,680	34.3%
Business	1,629,010	8.0%	319,923	16.9%	62,869	21.2%	146,184	23.6%	73,522	19.6%	2,095,117	9.2%
Large and SME	3,264,034	16.1%	451,932	23.8%	114,541	38.7%	183,888	29.7%	129,432	34.4%	3,899,854	17.1%
Construction and Real Estate Activities	1,514,784	7.5%	201,209	10.6%	38,148	12.9%	117,716	19.0%	77,715	20.7%	1,833,709	8.0%
Individuals, of which:	4,337,740	21.4%	913,105	48.2%	80,406	27.2%	171,152	27.7%	95,182	25.3%	5,421,997	23.8%
Mortgage	3,148,935	15.5%	595,625	31.4%	26,773	9.0%	56,017	9.1%	22,722	6.0%	3,800,577	16.7%
Consumer	565,249	2.8%	152,038	8.0%	30,588	10.3%	74,951	12.1%	45,732	12.2%	792,237	3.5%
Other	730,840	3.6%	9,353	0.5%	-	-	-	-	-	-	740,193	3.2%
Sub-total	11,476,408	56.5%	1,895,523	100.0%	295,964	100.0%	618,940	100.0%	375,851	100.0%	13,990,871	61.3%
Investments in securities	8,829,540	43.5%	-	-	0	0.0%	-	-	0	0.0%	8,829,540	38.7%
Total	20,305,948	100.0%	1,895,523	100.0%	295,964	100.0%	618,940	100.0%	375,851	100.0%	22,820,411	100.0%

amounts in thousands of euros

Segment	Impairment										Coverage ratio					
	Assets without significant increased risk (Stage 1)		Assets with significant increased risk (Stage 2)				Assets in default (Stage 3)				Total	%	Assets without significant increased risk (Stage 1)	Assets with significant increased risk (Stage 2)	Assets in default (Stage 3)	
	Value	%	Value	%	Of which: restructured	%	Value	%	Of which: restructured	%						
Companies	40,179	80.3%	49,759	65.8%	25,257	83.2%	163,338	67.5%	110,593	69.9%	253,276	68.9%	0.6%	0.6%	5.1%	36.5%
Business	9,703	19.4%	12,990	17.2%	5,597	18.4%	60,356	24.9%	34,133	21.6%	83,049	22.6%	0.6%	0.6%	4.1%	41.3%
Large and SME	19,426	38.8%	27,920	36.9%	13,915	45.8%	64,503	26.7%	50,632	32.0%	111,849	30.4%	0.6%	0.6%	6.2%	35.1%
Construction and Real Estate Activities	13,050	22.1%	8,850	11.7%	5,745	18.9%	38,479	15.9%	25,828	16.3%	58,379	15.9%	0.7%	0.7%	4.4%	32.7%
Individuals, of which:	3,279	6.6%	25,889	34.2%	5,098	16.8%	78,609	32.5%	47,590	30.1%	107,777	29.3%	0.1%	2.8%	45.9%	
Mortgage	1,206	2.4%	13,938	18.4%	978	3.2%	21,526	8.9%	9,870	6.2%	36,670	10.0%	0.0%	2.3%	38.4%	
Consumer	907	1.8%	6,366	8.4%	2,361	7.8%	37,267	15.4%	23,829	15.1%	44,540	12.1%	0.2%	4.2%	49.7%	
Other	332	0.7%	4	0.0%	-	-	-	-	-	-	336	0.1%	0.0%	0.0%	-	
Sub-total	49,760	87.5%	75,652	100.0%	30,355	100.0%	241,948	100.0%	158,183	100.0%	361,890	98.3%	0.4%	4.0%	39.1%	
Investments in securities	6,259	12.5%	-	-	0	0.0%	-	-	0	0.0%	6,259	1.7%	0.1%	-	-	
Total	56,019	100.0%	75,652	100.0%	30,355	100.0%	241,948	100.0%	158,183	100.0%	367,648	100.0%	0.2%	4.0%	39.1%	

31-Dec-2021

amounts in thousands of euros

Segment	Maximum										Total	%
	Assets without significant increased risk (Stage 1)		Assets with significant increased risk (Stage 2)				Assets in default (Stage 3)					
	Value	%	Value	%	Of which: restructured	%	Value	%	Of which: restructured	%		
Companies	6,208,684	31.5%	938,148	57.0%	237,285	77.3%	628,931	73.7%	394,105	81.6%	7,775,762	35.0%
Business	1,715,428	8.7%	245,318	14.9%	49,149	16.0%	204,238	23.9%	112,555	23.0%	2,164,985	9.7%
Large and SME	3,068,477	15.6%	450,707	27.4%	111,935	36.4%	253,708	29.7%	176,527	36.6%	3,772,891	17.0%
Construction and Real Estate Activities	1,424,779	7.2%	242,122	14.7%	76,201	24.8%	170,985	20.0%	105,024	21.7%	1,837,886	8.3%
Individuals, of which:	4,430,439	22.5%	699,729	42.5%	69,828	22.7%	224,898	26.3%	88,866	18.4%	5,355,066	24.1%
Mortgage	3,138,796	15.9%	444,911	27.0%	21,882	7.1%	70,943	8.3%	32,653	6.8%	3,653,930	16.4%
Consumer	613,735	3.1%	118,254	7.2%	27,997	9.1%	100,396	11.8%	62,305	12.9%	832,384	3.7%
Other	675,257	3.4%	8,419	0.5%	0	0.0%	0	0.0%	0	0.0%	683,676	3.1%
Sub-total	11,314,379	57.4%	1,646,296	100.0%	307,113	100.0%	853,829	100.0%	482,972	100.0%	13,814,504	62.2%
Investments in securities	8,406,051	42.6%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	8,406,051	37.8%
Total	19,720,430	100.0%	1,646,296	100.0%	307,113	100.0%	853,829	100.0%	482,972	100.0%	22,220,555	100.0%

amounts in thousands of euros

Segment	Impairment										Coverage ratio				
	Assets without significant increased risk (Stage 1)		Assets with significant increased risk (Stage 2)				Assets in default (Stage 3)				Total	%	Assets without significant increased risk (Stage 1)	Assets with significant increased risk (Stage 2)	Assets in default (Stage 3)
	Amount	%	Amount	%	Of which: restructured	%	Amount	%	Of which: restructured	%					
Companies	22,817	81.7%	34,246	73.5%	14,776	81.3%	190,813	69.6%	133,228	71.3%	247,076	71.2%	0.4%	3.7%	30.2%
Business	5,331	19.4%	5,993	12.9%	1,868	10.8%	77,732	28.5%	48,222	26.0%	89,075	25.7%	0.3%	2.4%	38.1%
Large and SME	14,014	50.8%	19,536	42.0%	8,793	48.4%	67,800	24.8%	54,554	29.1%	101,350	29.2%	0.5%	4.3%	26.7%
Construction and Real Estate Activities	3,452	12.5%	8,717	18.7%	4,014	22.1%	44,481	16.3%	30,450	16.2%	56,651	16.3%	0.2%	3.6%	26.0%
Individuals, of which:	1,517	5.5%	12,214	26.4%	3,395	18.7%	82,888	30.4%	53,911	28.7%	96,718	27.9%	0.0%	1.8%	36.9%
Mortgage	434	1.6%	5,285	11.3%	252	3.4%	18,560	6.8%	9,468	5.1%	24,279	7.0%	0.0%	1.2%	26.2%
Consumer	718	2.6%	4,384	9.4%	2,037	11.2%	41,656	15.3%	27,237	14.5%	46,758	13.5%	0.1%	3.7%	41.5%
Other	344	1.2%	3	0.0%	0	0.0%	0	0.0%	0	0.0%	348	0.1%	0.1%	0.0%	0.0%
Sub-total	24,678	89.4%	46,563	100.0%	18,171	100.0%	272,901	100.0%	187,736	100.0%	344,142	99.2%	0.2%	2.8%	32.0%
Investments in securities	2,936	10.6%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	2,936	8.0%	0.0%	0.0%	0.0%
Total	27,614	100.0%	46,563	100.0%	18,171	100.0%	272,901	100.0%	187,736	100.0%	347,068	100.0%	0.1%	2.8%	32.0%

Note - See reconciliation of balances above

Exposure by segment, level and days in arrears – Collective and individual analysis

31-Dec-2022

amounts in thousands of euros

Segment	Assets without significant increased risk (Stage 1)	Assets with significant increased risk (Stage 2)				Assets in default (Stage 3)				Total
		≤ 30 days overdue	> 30 and < 90 days in arrears	> 90 days in arrears	Total	≤ 30 days overdue	> 30 and < 90 days in arrears	> 90 days in arrears	Total	
Companies	6,407,828	961,382	11,394	289	973,064	276,196	33,843	137,749	447,788	7,828,680
Business	1,629,010	314,378	5,409	136	319,923	76,055	11,079	59,049	146,184	2,095,117
Large and SME	3,264,034	448,824	3,068	41	451,932	133,888	17,455	32,544	183,888	3,899,854
Construction and Real Estate Activities	1,514,784	198,180	2,917	112	201,209	66,252	5,309	46,155	117,716	1,833,709
Individuals, of which:	4,337,740	894,598	18,023	484	913,105	69,429	15,852	85,871	171,152	5,421,997
Mortgage	3,148,935	585,609	9,841	175	595,625	25,454	4,994	25,570	56,017	3,800,577
Consumer	565,249	146,906	4,896	235	152,038	27,527	6,775	40,649	74,951	792,237
Other	730,840	9,353	-	0	9,353	-	-	-	-	740,193
Sub-total	11,476,408	1,865,333	29,416	773	1,895,523	345,625	49,695	223,619	618,940	13,990,871
Investments in securities	8,829,540	0	0	0	-	0	0	0	0	8,829,540
Total	20,305,948	1,865,333	29,416	773	1,895,523	345,625	49,695	223,619	618,940	22,820,411

31-Dec-2021

Segment	Assets without significant increased risk (Stage 1)	Assets with significant increased risk (Stage 2)				Assets in default (Stage 3)				Total
		≤ 30 days overdue	> 30 and < 90 days in arrears	> 90 days in arrears	Total	≤ 30 days overdue	> 30 and < 90 days in arrears	> 90 days in arrears	Total	
Companies	6,208,684	930,893	6,989	285	938,148	465,819	29,056	134,056	628,931	7,775,762
Business	1,715,428	241,576	3,678	83	245,318	131,705	9,972	62,561	204,238	2,164,985
Large and SME	3,068,477	449,686	871	150	450,707	218,540	11,216	23,951	253,708	3,772,891
Construction and Real Estate Activities	1,424,779	239,631	2,439	52	242,122	115,574	7,868	47,543	170,985	1,837,886
Individuals, of which:	4,430,439	683,922	15,098	1,485	699,729	108,177	18,938	97,784	224,898	5,355,066
Mortgage	3,138,796	434,521	9,216	879	444,191	37,995	4,794	28,154	70,943	3,653,930
Consumer	613,735	114,366	3,645	562	118,254	43,884	10,201	46,311	100,396	832,384
Other	675,257	8,408	11	0	8418826.73	0	0	0	0	683,676
Sub-total	11,314,379	1,623,222	22,098	975	1,646,296	573,996	47,994	231,840	853,829	13,814,504
Investments in securities	8,406,051	0	0	0	0	0	0	0	0	8,406,051
Total	19,720,430	1,623,222	22,098	975	1,646,296	573,996	47,994	231,840	853,829	22,220,555

Note - See reconciliation of balances above

Disclosure of changes in the measurement of impairments during 2022 and 2021, and the reasons for those changes by class of financial instrument:

31 December 2022

	Changes in Quantification of Impairment	Reasons for the Changes
- Debt securities	The quantification of impairment of the GCA debt securities portfolio has not changed.	n.a.
- Credit portfolio	The following methodological changes with no material impact are noted: - Definition of default (e.g. correcting historical information on the marking of forbore loans caused by financial difficulties, correcting the wrong marking of signals of significant financial difficulties in the historic); - Methodology for identification of operations with signs of a Significant Increase in Credit Risk (SICR) classified as level 2 (e.g. review of the process for identification of information at origin when the original operations have a revolving/overdraft nature); - Loss Given Default (LGD) (e.g. consideration of direct costs associated with the credit recovery process). - Individual analysis: Apply the most severe impairment in the credit areas' analyses and the benchmark criteria (going/ gone approach - MOAI, based on Circular Letter No. 2018/62) for exposures from the individual analysis rated at level 3 that have a degree of impairment coverage below 40%	Regulatory guidelines. Introduction of improvement opportunities.

31 December 2021

	Changes in Quantification of Impairment	Reasons for the Changes
- Debt securities	The quantification of the impairment of the Crédito Agrícola Group debt securities portfolio has not changed.	n.a.
- Credit portfolio	<p>The following methodological changes with no material impact are noted:</p> <p>- In particular, reviewing the definition of default:</p> <p>a. Regional governments and local authorities are excluded from default at the level of operations with overdue loans with more than 90 days, and are now only included at the level of operations with overdue loans with more than 180 days.</p> <p>b. In credit operations that are in default and where there is an absence of materiality for a given reference date, the restoration to credit in compliance condition does not occur without the quarantine (probationary) period being complied with.</p> <p>c. The restoration to credit in compliance status does not occur in cases of operations with a non-regular payment plan, without the client paying at least one instalment during the default quarantine period.</p> <p>d. Operations that are in default due to the contagion criterion for corporate clients must comply with a quarantine of at least 3 months.</p> <p>- Methodology for identifying operations with signs of a Significant Increase in Credit Risk (SICR) in Stage 2.</p> <p>- Introduction of additional criterion for Stage 2 when the risk rating is high (e.g. scoring <math>\geq 7</math> (high risk levels); Rating <math>\geq 8</math> ('Very vulnerable' and 'Excessively vulnerable' risk levels)).</p> <p>- Methodological review of the LGD risk parameter.</p> <p>- Partial introduction of prudential backstop on impairment through collective analysis: Applying 100% impairment for exposures in default after 3 years and without collateral (unsecured).</p> <p>- Individual analysis Apply the most severe impairment between the credit areas' analyses and the benchmarks (going/ gone approach - MOAI, based on Circular Letter No. 2018/62) for exposures from the individual analysis classified at Stage 3, for more than 3 years, without collateral (unsecured).</p>	<p>Regulatory guidelines.</p> <p>Introduction of improvement opportunities.</p>

Exposure and impairment by segment, level and credit rating – Collective and individual analysis

31-Dec-2022

*amounts in thousands of euros*

Segment   Risk rating	Exposure				Impairment							
	Assets without significant increased risk (Stage 1)	%	Assets with significant increased risk (Stage 2)	%	Total	%	Assets without significant increased risk (Stage 1)	%	Assets with significant increased risk (Stage 2)	%	Total	%
<b>Companies</b>	<b>6,407,828</b>	<b>59.6%</b>	<b>973,064</b>	<b>51.6%</b>	<b>7,380,892</b>	<b>58.4%</b>	<b>40,179</b>	<b>92.5%</b>	<b>49,759</b>	<b>65.8%</b>	<b>89,938</b>	<b>75.5%</b>
Business	1,629,010	15.2%	319,923	17.0%	1,948,933	15.4%	9,703	22.3%	12,990	17.2%	22,693	19.1%
Reduced	443,656	4.1%	20,802	1.1%	464,458	3.7%	557	1.3%	250	0.3%	807	0.7%
Medium	1,178,244	11.0%	269,110	14.3%	1,447,354	11.5%	8,850	20.4%	10,346	13.7%	19,196	16.1%
High	7,110	0.1%	30,011	1.6%	37,121	0.3%	242	0.6%	2,394	3.2%	2,635	2.2%
Large and SME	3,264,034	30.4%	451,932	24.0%	3,715,966	29.4%	19,426	44.7%	27,920	36.9%	47,346	39.8%
Reduced	1,256,076	11.7%	60,858	3.2%	1,316,934	10.4%	1,533	3.5%	923	1.2%	2,456	2.1%
Medium	1,997,907	18.6%	346,209	18.4%	2,344,116	18.6%	17,465	40.2%	19,032	25.2%	36,497	30.6%
High	10,050	0.1%	44,866	2.4%	54,916	0.4%	428	1.0%	7,965	10.5%	8,393	7.0%
Construction and Real Estate Activities	1,514,784	14.1%	201,209	10.7%	1,715,993	13.6%	11,650	25.4%	8,850	11.7%	19,900	16.7%
Reduced	223,445	2.1%	14,276	0.8%	238,171	1.9%	408	0.9%	100	0.1%	508	0.4%
Medium	1,272,836	11.8%	163,347	8.7%	1,436,183	11.4%	8,594	19.8%	7,610	10.1%	16,204	13.6%
High	18,503	0.2%	23,136	1.2%	41,639	0.3%	2,047	4.7%	1,140	1.5%	3,187	2.7%
<b>Individuals, of which:</b>	<b>4,337,740</b>	<b>40.4%</b>	<b>913,105</b>	<b>48.4%</b>	<b>5,250,845</b>	<b>41.6%</b>	<b>3,279</b>	<b>7.5%</b>	<b>25,889</b>	<b>34.2%</b>	<b>29,168</b>	<b>24.5%</b>
Mortgage	3,148,935	29.3%	595,625	31.6%	3,744,560	29.6%	1,206	2.8%	13,938	18.4%	15,144	12.7%
Reduced	1,848,746	17.2%	49,048	2.6%	1,897,794	15.0%	498	1.1%	140	0.2%	638	0.5%
Medium	1,300,189	12.1%	222,518	11.8%	1,522,707	12.1%	708	1.6%	1,317	1.7%	2,024	1.7%
High	-	-	324,059	17.2%	324,059	2.6%	-	-	12,481	16.5%	12,481	10.5%
Consumer	565,249	5.3%	152,038	8.1%	717,286	5.7%	907	2.1%	6,366	8.4%	7,273	6.1%
Reduced	311,203	2.9%	20,567	1.1%	331,770	2.6%	196	0.5%	523	0.7%	720	0.6%
Medium	254,046	2.4%	77,634	4.1%	331,680	2.6%	711	1.6%	2,235	3.0%	2,945	2.5%
High	-	-	53,837	2.9%	53,837	0.4%	-	-	3,607	4.8%	3,607	3.0%
<b>Total</b>	<b>10,745,568</b>	<b>100.0%</b>	<b>1,886,169</b>	<b>100.0%</b>	<b>12,631,738</b>	<b>100.0%</b>	<b>43,458</b>	<b>100.0%</b>	<b>75,648</b>	<b>100.0%</b>	<b>119,106</b>	<b>100.0%</b>

31-Dec-2021

*amounts in thousands of euros*

Segment   Risk rating	Exposure				Impairment							
	Assets without significant increased risk (Stage 1)	%	Assets with significant increased risk (Stage 2)	%	Total	%	Assets without significant increased risk (Stage 1)	%	Assets with significant increased risk (Stage 2)	%	Total	%
<b>Companies</b>	<b>6,208,684</b>	<b>58.4%</b>	<b>938,148</b>	<b>57.3%</b>	<b>7,146,831</b>	<b>58.2%</b>	<b>22,817</b>	<b>93.8%</b>	<b>34,246</b>	<b>73.6%</b>	<b>57,063</b>	<b>80.5%</b>
Business	1,715,428	16.1%	245,318	15.0%	1,960,746	16.0%	5,351	22.0%	5,993	12.9%	11,343	16.0%
Reduced	363,651	3.4%	17,389	1.1%	381,040	3.1%	196	0.8%	993	0.8%	589	0.8%
Medium	1,310,956	12.3%	182,440	11.1%	1,493,396	12.2%	4,561	18.7%	3,471	7.5%	8,032	11.3%
High	40,821	0.4%	45,490	2.8%	86,310	0.7%	594	2.4%	2,129	4.6%	2,723	3.8%
Large and SME	3,068,477	28.8%	450,707	27.5%	3,519,184	28.7%	14,014	57.6%	19,536	42.0%	33,550	47.3%
Reduced	1,032,950	9.7%	33,337	2.0%	1,066,287	8.7%	1,003	4.1%	283	0.6%	1,287	1.8%
Medium	2,008,510	18.9%	371,282	22.7%	2,379,792	19.4%	12,505	51.4%	14,493	31.1%	26,998	38.1%
High	27,017	0.3%	46,087	2.8%	73,105	0.6%	506	2.1%	4,759	10.2%	5,265	7.4%
Construction and Real Estate Activities	1,424,779	13.4%	242,122	14.8%	1,666,901	13.6%	3,452	14.2%	8,717	18.7%	12,170	17.2%
Reduced	151,851	1.4%	6,954	0.4%	158,804	1.3%	453	1.9%	86	0.2%	538	0.8%
Medium	1,232,311	11.6%	196,944	12.0%	1,429,255	11.6%	2,697	11.1%	7,360	15.8%	10,057	14.2%
High	40,618	0.4%	38,225	2.3%	78,842	0.6%	903	1.2%	1,271	2.7%	1,574	2.2%
Individuals, of which:	4,430,439	41.6%	699,729	42.7%	5,130,168	41.8%	1,517	6.2%	12,314	26.4%	13,830	19.5%
Mortgage	3,138,796	29.5%	440,191	27.1%	3,582,987	29.2%	434	1.8%	5,285	11.4%	5,718	8.1%
Reduced	1,664,742	15.6%	29,929	1.8%	1,694,671	13.8%	142	0.6%	377	0.1%	179	0.3%
Medium	1,474,054	13.9%	117,384	6.9%	1,586,438	12.9%	292	1.2%	349	0.7%	641	0.9%
High	0	0.0%	301,878	18.4%	301,878	2.5%	0	0.0%	4,898	10.5%	4,898	6.9%
Consumer	613,735	5.8%	118,254	7.2%	731,989	6.0%	718	2.9%	4,384	9.4%	5,102	7.2%
Reduced	326,335	3.1%	17,034	1.0%	343,369	2.8%	126	0.5%	461	1.0%	588	0.8%
Medium	287,394	2.7%	47,038	2.9%	334,432	2.7%	591	2.4%	1,258	2.7%	1,849	2.6%
High	6	0.0%	54,182	3.3%	54,188	0.4%	0	0.0%	2,665	5.7%	2,665	3.8%
<b>Total</b>	<b>10,639,122</b>	<b>100.0%</b>	<b>1,637,877</b>	<b>100.0%</b>	<b>12,276,999</b>	<b>100.0%</b>	<b>24,334</b>	<b>100.0%</b>	<b>46,560</b>	<b>100.0%</b>	<b>70,893</b>	<b>100.0%</b>

Note - See reconciliation of balances above

Exposure and impairment by segment, stage and probability of default – Collective analysis

31-Dec-2022

amounts in thousands of euros

Segment   Probability of default	Maximum				Impairment							
	Assets without significant increased risk (Stage 1)	%	Assets with significant increased risk (Stage 2)	%	Total	%	Assets without significant increased risk (Stage 1)	%	Assets with significant increased risk (Stage 2)	%	Total	%
<b>Companies</b>	<b>6,230,990</b>	<b>59.0%</b>	<b>821,617</b>	<b>48.0%</b>	<b>7,052,547</b>	<b>57.4%</b>	<b>26,267</b>	<b>90.7%</b>	<b>17,903</b>	<b>45.8%</b>	<b>43,770</b>	<b>65.2%</b>
Business	1,567,195	14.8%	294,763	17.2%	1,861,958	15.2%	7,743	26.7%	7,714	20.2%	15,457	23.0%
≤ 0.10%	5,198	0.0%	1,084	0.1%	6,281	0.1%	0	0.0%	0	0.0%	1	0.0%
⇒ 0.11% and ≤ 0.40%	23,066	0.2%	2,507	0.1%	25,573	0.2%	6	0.0%	4	0.0%	10	0.0%
⇒ 0.41% and ≤ 1.00%	403,636	3.8%	24,596	1.4%	428,232	3.5%	457	1.6%	237	0.6%	694	1.0%
⇒ 1.01% and ≤ 3.00%	669,961	6.3%	97,032	5.7%	766,994	6.2%	2,355	8.1%	1,380	3.6%	3,735	5.6%
⇒ 3.01% and ≤ 6.00%	458,536	4.3%	141,856	8.3%	600,391	4.9%	4,685	16.2%	3,906	10.2%	8,591	12.8%
⇒ 6.01% and ≤ 11.00%	12	0.0%	401	0.0%	413	0.0%	0	0.0%	12	0.0%	12	0.0%
⇒ 11.01% and ≤ 17.00%	6,786	0.1%	18,225	1.1%	25,012	0.2%	240	0.8%	1,225	3.2%	1,465	2.2%
⇒ 17.01% and ≤ 25.00%	-	-	57	0.0%	57	0.0%	-	-	2	0.0%	2	0.0%
> 25.01%	-	-	9,006	0.5%	9,006	0.1%	-	-	948	2.5%	948	1.4%
Large and SME	3,197,326	30.3%	347,414	20.3%	3,544,740	28.9%	11,588	40.0%	6,851	17.9%	18,439	27.5%
≤ 0.10%	116,679	1.1%	2,126	0.1%	118,804	1.0%	11	0.0%	0	0.0%	11	0.0%
⇒ 0.11% and ≤ 0.40%	193,080	1.8%	22,931	1.3%	216,022	1.8%	63	0.2%	3	0.0%	66	0.1%
⇒ 0.41% and ≤ 1.00%	1,135,359	10.7%	61,437	3.6%	1,196,796	9.7%	1,334	4.6%	432	1.1%	1,766	2.6%
⇒ 1.01% and ≤ 3.00%	1,273,636	12.1%	156,570	9.1%	1,430,206	11.6%	4,889	16.9%	2,459	6.4%	7,347	10.9%
⇒ 3.01% and ≤ 6.00%	469,435	4.4%	91,962	5.4%	561,397	4.6%	4,958	17.1%	2,985	7.8%	7,944	11.8%
⇒ 6.01% and ≤ 11.00%	-	-	69	0.0%	69	0.0%	-	-	1	0.0%	1	0.0%
⇒ 11.01% and ≤ 17.00%	12	0.0%	416	0.0%	429	0.0%	0	0.0%	7	0.0%	7	0.0%
⇒ 17.01% and ≤ 25.00%	9,114	0.1%	8,343	0.5%	17,457	0.1%	334	1.2%	518	1.4%	852	1.3%
> 25.01%	-	-	3,560	0.2%	3,560	0.0%	-	-	446	1.2%	446	0.7%
Construction and Real Estate Activities	1,466,409	13.9%	179,440	10.5%	1,645,850	13.4%	6,936	24.0%	2,938	7.7%	9,873	14.7%
≤ 0.10%	918	0.0%	204	0.0%	1,122	0.0%	0	0.0%	0	0.0%	0	0.0%
⇒ 0.11% and ≤ 0.40%	12,811	0.1%	2,754	0.2%	15,565	0.1%	5	0.0%	1	0.0%	6	0.0%
⇒ 0.41% and ≤ 1.00%	240,807	2.3%	14,138	0.8%	254,945	2.1%	351	1.2%	81	0.2%	431	0.6%
⇒ 1.01% and ≤ 3.00%	853,879	8.1%	93,350	5.5%	947,229	7.7%	3,259	11.3%	901	2.4%	4,160	6.2%
⇒ 3.01% and ≤ 6.00%	349,659	3.3%	52,243	3.1%	401,903	3.3%	3,057	10.6%	1,098	2.9%	4,154	6.2%
⇒ 6.01% and ≤ 11.00%	150	0.0%	608	0.0%	757	0.0%	2	0.0%	8	0.0%	11	0.0%
⇒ 11.01% and ≤ 17.00%	364	0.0%	4,772	0.3%	5,137	0.0%	13	0.0%	111	0.3%	124	0.2%
⇒ 17.01% and ≤ 25.00%	7,820	0.1%	7,349	0.4%	15,169	0.1%	249	0.9%	404	1.1%	653	1.0%
> 25.01%	-	-	4,024	0.2%	4,024	0.0%	-	-	335	0.9%	335	0.5%
<b>Individuals of which:</b>	<b>4,334,980</b>	<b>41.0%</b>	<b>891,208</b>	<b>52.0%</b>	<b>5,226,188</b>	<b>42.6%</b>	<b>2,690</b>	<b>9.3%</b>	<b>20,692</b>	<b>54.2%</b>	<b>23,383</b>	<b>34.8%</b>
Mortgage	3,148,074	29.8%	590,357	34.5%	3,738,431	30.4%	1,143	3.9%	12,680	33.2%	13,823	20.6%
≤ 0.10%	583	0.0%	167	0.0%	750	0.0%	0	0.0%	0	0.0%	0	0.0%
⇒ 0.11% and ≤ 0.40%	2,551,642	24.1%	67,314	3.9%	2,618,956	21.3%	656	2.3%	84	0.2%	740	1.1%
⇒ 0.41% and ≤ 1.00%	595,849	5.6%	201,607	11.8%	797,456	6.5%	487	1.7%	851	2.2%	1,338	2.0%
⇒ 1.01% and ≤ 3.00%	-	-	125	0.0%	125	0.0%	-	-	0	0.0%	0	0.0%
⇒ 3.01% and ≤ 6.00%	-	-	296,161	17.3%	296,161	2.4%	-	-	8,338	21.8%	8,338	12.4%
⇒ 6.01% and ≤ 11.00%	-	-	-	-	-	-	-	-	-	-	-	-
⇒ 11.01% and ≤ 17.00%	-	-	-	-	-	-	-	-	-	-	-	-
⇒ 17.01% and ≤ 25.00%	-	-	1	0.0%	1	0.0%	-	-	0	0.0%	0	0.0%
> 25.01%	-	-	24,981	1.5%	24,981	0.2%	-	-	3,406	8.9%	3,406	5.1%
Consumer	564,253	5.3%	142,856	8.3%	707,109	5.8%	536	1.8%	4,029	10.5%	4,565	6.8%
≤ 0.10%	8,699	0.1%	745	0.0%	9,444	0.1%	1	0.0%	0	0.0%	1	0.0%
⇒ 0.11% and ≤ 0.40%	308,321	2.9%	18,579	1.1%	326,900	2.7%	137	0.5%	38	0.1%	176	0.3%
⇒ 0.41% and ≤ 1.00%	221,159	2.1%	31,666	1.8%	252,824	2.1%	291	1.0%	200	0.5%	491	0.7%
⇒ 1.01% and ≤ 3.00%	26,074	0.2%	40,905	2.4%	66,979	0.5%	107	0.4%	670	1.8%	777	1.2%
⇒ 3.01% and ≤ 6.00%	-	-	708	0.0%	708	0.0%	-	-	4	0.0%	4	0.0%
⇒ 6.01% and ≤ 11.00%	-	-	32,355	1.9%	32,355	0.3%	-	-	1,294	3.4%	1,294	1.9%
⇒ 11.01% and ≤ 17.00%	-	-	129	0.0%	129	0.0%	-	-	2	0.0%	2	0.0%
⇒ 17.01% and ≤ 25.00%	-	-	288	0.0%	288	0.0%	-	-	14	0.0%	14	0.0%
> 25.01%	-	-	17,481	1.0%	17,481	0.1%	-	-	1,807	4.7%	1,807	2.7%
<b>Total</b>	<b>10,565,910</b>	<b>100.0%</b>	<b>1,712,825</b>	<b>100.0%</b>	<b>12,278,735</b>	<b>100.0%</b>	<b>28,958</b>	<b>100.0%</b>	<b>38,195</b>	<b>100.0%</b>	<b>67,153</b>	<b>100.0%</b>

31-Dec-2021

amounts in thousands of euros

Segment   Probability of default	Exposure						Impairment					
	Assets without significant increased risk (Stage 1)	%	Assets with significant increased risk (Stage 2)	%	Total	%	Assets without significant increased risk (Stage 1)	%	Assets with significant increased risk (Stage 2)	%	Total	%
<b>Companies</b>	<b>5,988,878</b>	<b>57.5%</b>	<b>771,851</b>	<b>53.3%</b>	<b>6,761,729</b>	<b>57.0%</b>	<b>12,134</b>	<b>0.1%</b>	<b>11,119</b>	<b>0.8%</b>	<b>23,253</b>	<b>0.2%</b>
Business	1,665,167	16.0%	227,552	15.7%	1,892,719	16.0%	3,232	0.0%	2,756	0.2%	5,987	0.1%
<= 0.10%	4,449	0.0%	107	0.0%	4,557	0.0%	0	0.0%	0	0.0%	0	0.0%
>= 0.11% and <= 0.40%	46,796	0.4%	5,026	0.3%	51,822	0.4%	11	0.0%	2	0.0%	13	0.0%
>= 0.41% and <= 1.00%	334,042	3.2%	20,278	1.4%	354,321	3.0%	169	0.0%	101	0.0%	270	0.0%
>= 1.01% and <= 3.00%	684,556	6.6%	74,700	5.2%	759,257	6.4%	958	0.0%	546	0.0%	1,504	0.0%
>= 3.01% and <= 6.00%	557,468	5.4%	86,922	6.0%	644,389	5.4%	1,665	0.0%	1,030	0.1%	2,696	0.0%
>= 6.01% and <= 11.00%	714	0.0%	1,325	0.1%	2,039	0.0%	6	0.0%	15	0.0%	21	0.0%
>= 11.01% and <= 17.00%	37,117	0.4%	25,577	1.8%	62,694	0.5%	422	0.0%	601	0.0%	1,023	0.0%
>= 17.01% and <= 25.00%	25	0.0%	13,616	0.9%	13,641	0.1%	0	0.0%	460	0.0%	460	0.0%
> 25.01%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Large and SME	2,840,174	28.2%	362,993	25.0%	3,203,167	27.8%	6,805	0.1%	6,270	0.4%	13,075	0.1%
<= 0.10%	19,047	0.2%	100	0.0%	19,147	0.2%	1	0.0%	0	0.0%	1	0.0%
>= 0.11% and <= 0.40%	121,624	1.2%	659	0.0%	122,283	1.0%	14	0.0%	3	0.0%	17	0.0%
>= 0.41% and <= 1.00%	198,597	1.9%	4,085	0.3%	202,682	1.7%	51	0.0%	5	0.0%	56	0.0%
>= 1.01% and <= 3.00%	1,928,982	18.5%	162,571	11.2%	2,091,553	17.6%	3,455	0.0%	1,874	0.1%	5,329	0.0%
>= 3.01% and <= 6.00%	646,908	6.2%	163,640	11.3%	810,548	6.8%	3,000	0.0%	3,252	0.2%	6,252	0.1%
>= 6.01% and <= 11.00%	677	0.0%	130	0.0%	807	0.0%	4	0.0%	2	0.0%	6	0.0%
>= 11.01% and <= 17.00%	24,338	0.2%	24,341	1.7%	48,679	0.4%	281	0.0%	707	0.0%	988	0.0%
>= 17.01% and <= 25.00%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
> 25.01%	0	0.0%	7,467	0.5%	7,467	0.1%	0	0.0%	427	0.0%	427	0.0%
Construction and Real Estate Activities	1,384,538	13.3%	181,305	12.5%	1,565,843	13.2%	2,097	0.0%	2,094	0.1%	4,190	0.0%
<= 0.10%	148,081	1.4%	6,004	0.4%	154,085	1.3%	9	0.0%	41	0.0%	50	0.0%
>= 0.11% and <= 0.40%	11,225	0.1%	1,361	0.1%	12,587	0.1%	2	0.0%	0	0.0%	2	0.0%
>= 0.41% and <= 1.00%	42,702	0.4%	8,882	0.6%	51,584	0.4%	22	0.0%	5	0.0%	28	0.0%
>= 1.01% and <= 3.00%	727,747	7.0%	74,558	5.1%	802,305	6.8%	830	0.0%	789	0.1%	1,619	0.0%
>= 3.01% and <= 6.00%	420,431	4.0%	66,813	4.6%	487,244	4.1%	981	0.0%	858	0.1%	1,839	0.0%
>= 6.01% and <= 11.00%	33,301	0.3%	13,625	0.9%	46,926	0.4%	239	0.0%	151	0.0%	390	0.0%
>= 11.01% and <= 17.00%	0	0.0%	102	0.0%	102	0.0%	0	0.0%	0	0.0%	0	0.0%
>= 17.01% and <= 25.00%	1,050	0.0%	9,960	0.7%	11,010	0.1%	14	0.0%	249	0.0%	263	0.0%
> 25.01%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Individuals, of which:</b>	<b>4,425,975</b>	<b>42.5%</b>	<b>677,236</b>	<b>46.7%</b>	<b>5,103,210</b>	<b>43.0%</b>	<b>882</b>	<b>0.0%</b>	<b>7,776</b>	<b>0.5%</b>	<b>8,658</b>	<b>0.1%</b>
Mortgage	3,137,363	30.1%	439,002	30.3%	3,576,365	30.1%	289	0.0%	4,696	0.3%	4,984	0.0%
<= 0.10%	1,029	0.0%	14	0.0%	1,042	0.0%	0	0.0%	0	0.0%	0	0.0%
>= 0.11% and <= 0.40%	3,136,334	30.1%	140,955	9.7%	3,277,288	27.6%	288	0.0%	328	0.0%	617	0.0%
>= 0.41% and <= 1.00%	0	0.0%	56	0.0%	56	0.0%	0	0.0%	0	0.0%	0	0.0%
>= 1.01% and <= 3.00%	0	0.0%	274,907	19.0%	274,907	2.3%	0	0.0%	3,395	0.2%	3,395	0.0%
>= 3.01% and <= 6.00%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
>= 6.01% and <= 11.00%	0	0.0%	7	0.0%	7	0.0%	0	0.0%	0	0.0%	0	0.0%
>= 11.01% and <= 17.00%	0	0.0%	3	0.0%	3	0.0%	0	0.0%	0	0.0%	0	0.0%
>= 17.01% and <= 25.00%	0	0.0%	23,062	1.6%	23,062	0.2%	0	0.0%	973	0.1%	973	0.0%
> 25.01%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Consumer	612,963	5.9%	109,365	7.5%	722,328	6.1%	368	0.0%	2,019	0.1%	2,388	0.0%
<= 0.10%	11,762	0.1%	805	0.0%	12,567	0.1%	0	0.0%	0	0.0%	0	0.0%
>= 0.11% and <= 0.40%	321,769	3.1%	15,720	1.1%	337,489	2.8%	69	0.0%	35	0.0%	105	0.0%
>= 0.41% and <= 1.00%	233,247	2.3%	24,450	1.7%	257,698	2.3%	196	0.0%	116	0.0%	312	0.0%
>= 1.01% and <= 3.00%	46,178	0.4%	19,182	1.3%	65,360	0.6%	102	0.0%	204	0.0%	306	0.0%
>= 3.01% and <= 6.00%	5	0.0%	32,063	2.2%	32,068	0.3%	0	0.0%	731	0.1%	731	0.0%
>= 6.01% and <= 11.00%	0	0.0%	369	0.0%	369	0.0%	0	0.0%	1	0.0%	1	0.0%
>= 11.01% and <= 17.00%	1	0.0%	204	0.0%	205	0.0%	0	0.0%	2	0.0%	2	0.0%
>= 17.01% and <= 25.00%	0	0.0%	16,771	1.2%	16,771	0.1%	0	0.0%	930	0.1%	930	0.0%
> 25.01%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>10,415,853</b>	<b>100.0%</b>	<b>1,449,086</b>	<b>100.0%</b>	<b>11,864,939</b>	<b>100.0%</b>	<b>13,016</b>	<b>0.1%</b>	<b>18,895</b>	<b>1.3%</b>	<b>31,911</b>	<b>0.3%</b>

Exposure and impairment by segment, stage and loss due to default – Collective analysis

31-Dec-2022

amounts in thousands of euros

Segment   Loss due to default	Maximum				Impairment							
	Performing Assets (Stage 1/ Stage 2)	%	Assets In default (Stage 3)	%	Total	%	Performing Assets (Stage 1/ Stage 2)	%	Assets In default (Stage 3)	%	Total	%
<b>Companies</b>	<b>7,052,547</b>	<b>57.4%</b>	<b>161,921</b>	<b>60.6%</b>	<b>7,214,468</b>	<b>57.5%</b>	<b>43,770</b>	<b>65.2%</b>	<b>53,407</b>	<b>50.6%</b>	<b>97,177</b>	<b>56.3%</b>
Business	1,861,958	15.2%	74,554	27.9%	1,936,511	15.4%	15,457	23.0%	29,948	28.4%	45,406	26.3%
Mortgage Guarantees	1,027,662	8.4%	45,659	17.1%	1,073,321	8.6%	10,376	15.5%	17,937	17.0%	28,313	16.4%
≤ 20%	855,182	7.0%	5,654	2.1%	860,836	6.9%	8,238	12.3%	971	0.9%	9,209	5.3%
≥ 21% and ≤ 40%	172,480	1.4%	16,002	6.0%	188,482	1.5%	2,137	3.2%	4,725	4.5%	6,863	4.0%
≥ 41% and ≤ 60%	-	-	8,286	3.1%	8,286	0.1%	-	-	3,586	3.4%	3,586	2.1%
≥ 61% and ≤ 80%	-	-	7,100	2.7%	7,100	0.1%	-	-	3,592	3.4%	3,592	2.1%
> 81%	-	-	8,617	3.2%	8,617	0.1%	-	-	5,062	4.8%	5,062	2.9%
Non-mortgage guarantees	834,296	6.8%	28,895	10.8%	863,190	6.9%	5,081	7.6%	12,011	11.4%	17,093	9.9%
≤ 20%	519,780	4.2%	4,746	1.8%	524,526	4.2%	2,239	3.3%	508	0.5%	2,746	1.6%
≥ 21% and ≤ 40%	51,799	0.4%	6,945	2.6%	58,744	0.5%	361	0.5%	1,376	1.3%	1,736	1.0%
≥ 41% and ≤ 60%	-	-	4,127	1.5%	4,127	0.0%	-	-	1,460	1.4%	1,460	0.8%
≥ 61% and ≤ 80%	262,716	2.1%	4,289	1.6%	267,005	2.1%	2,482	3.7%	1,952	1.9%	4,434	2.6%
> 81%	-	-	8,788	3.3%	8,788	0.1%	-	-	6,716	6.4%	6,716	3.9%
Large and SME	3,544,740	28.9%	45,843	17.1%	3,590,583	28.6%	18,439	27.5%	12,298	11.7%	30,738	17.8%
Mortgage Guarantees	1,879,960	15.3%	34,481	12.9%	1,914,441	15.3%	13,561	20.2%	8,001	7.6%	21,562	12.5%
≤ 20%	1,562,737	12.7%	4,591	1.7%	1,567,328	12.5%	10,634	15.8%	807	0.8%	11,440	6.6%
≥ 21% and ≤ 40%	317,224	2.6%	12,519	4.7%	329,742	2.6%	2,927	4.4%	1,338	1.3%	4,265	2.5%
≥ 41% and ≤ 60%	-	-	9,239	3.5%	9,239	0.1%	-	-	3,707	3.5%	3,707	2.1%
≥ 61% and ≤ 80%	-	-	3,289	1.2%	3,289	0.0%	-	-	1,421	1.3%	1,421	0.8%
> 81%	-	-	4,844	1.8%	4,844	0.0%	-	-	729	0.7%	729	0.4%
Non-mortgage guarantees	1,664,780	13.6%	11,362	4.2%	1,676,142	13.4%	4,878	7.3%	4,297	4.1%	9,175	5.3%
≤ 20%	1,189,286	9.7%	2,048	0.8%	1,191,334	9.5%	1,986	3.0%	199	0.2%	2,185	1.3%
≥ 21% and ≤ 40%	169,240	1.4%	1,769	0.7%	1,710,009	1.4%	587	0.9%	294	0.3%	881	0.5%
≥ 41% and ≤ 60%	-	-	1,234	0.5%	1,234	0.0%	-	-	338	0.3%	338	0.2%
≥ 61% and ≤ 80%	306,254	2.5%	2,427	0.9%	308,680	2.5%	2,305	3.4%	830	0.8%	3,135	1.8%
> 81%	-	-	3,885	1.5%	3,885	0.0%	-	-	2,636	2.5%	2,636	1.5%
Construction and Real Estate Activities	1,645,850	13.4%	41,524	15.5%	1,687,374	13.4%	9,873	14.7%	11,160	10.6%	21,033	12.2%
Mortgage Guarantees	1,362,847	11.1%	26,731	10.0%	1,389,579	11.1%	8,413	12.5%	7,000	6.6%	15,413	8.9%
≤ 20%	1,195,092	9.7%	1,487	0.6%	1,196,580	9.5%	6,930	10.3%	296	0.3%	7,226	4.2%
≥ 21% and ≤ 40%	167,755	1.4%	20,067	7.5%	187,822	1.5%	1,483	2.2%	4,699	4.5%	6,182	3.6%
≥ 41% and ≤ 60%	-	-	1,375	0.5%	1,375	0.0%	-	-	463	0.4%	463	0.3%
≥ 61% and ≤ 80%	-	-	894	0.3%	894	0.0%	-	-	598	0.6%	598	0.3%
> 81%	-	-	2,908	1.1%	2,908	0.0%	-	-	944	0.9%	944	0.5%
Non-mortgage guarantees	283,002	2.3%	14,793	5.5%	297,795	2.4%	1,460	2.2%	4,160	3.9%	5,620	3.3%
≤ 20%	171,795	1.4%	1,222	0.5%	173,018	1.4%	581	0.9%	182	0.2%	762	0.4%
≥ 21% and ≤ 40%	10,772	0.1%	809	0.3%	11,581	0.1%	75	0.1%	158	0.1%	233	0.1%
≥ 41% and ≤ 60%	-	-	2,325	0.9%	2,325	0.0%	-	-	423	0.4%	423	0.2%
≥ 61% and ≤ 80%	100,435	0.8%	893	0.3%	101,329	0.8%	804	1.2%	469	0.4%	1,273	0.7%
> 81%	-	-	9,543	3.6%	9,543	0.1%	-	-	2,929	2.8%	2,929	1.7%
<b>Individuals, of which:</b>	<b>5,226,188</b>	<b>42.6%</b>	<b>105,447</b>	<b>39.4%</b>	<b>5,331,635</b>	<b>42.5%</b>	<b>23,383</b>	<b>34.8%</b>	<b>52,100</b>	<b>49.4%</b>	<b>75,483</b>	<b>43.7%</b>
Mortgage	3,738,431	30.4%	41,511	15.5%	3,779,942	30.1%	13,823	20.6%	16,598	15.7%	30,421	17.6%
Mortgage Guarantees	3,733,628	30.4%	40,866	15.3%	3,774,494	30.1%	13,804	20.6%	16,150	15.3%	29,954	17.3%
≤ 20%	3,733,628	30.4%	2,459	0.9%	3,736,087	29.8%	13,804	20.6%	498	0.5%	14,302	8.3%
≥ 21% and ≤ 40%	-	-	21,904	8.2%	21,904	0.2%	-	-	6,038	5.7%	6,038	3.5%
≥ 41% and ≤ 60%	-	-	7,400	2.8%	7,400	0.1%	-	-	3,614	3.4%	3,614	2.1%
≥ 61% and ≤ 80%	-	-	4,252	1.6%	4,252	0.0%	-	-	2,556	2.4%	2,556	1.5%
> 81%	-	-	4,851	1.8%	4,851	0.0%	-	-	3,444	3.3%	3,444	2.0%
Non-mortgage guarantees	4,803	0.0%	645	0.2%	5,448	0.0%	19	0.0%	448	0.4%	467	0.3%
≤ 20%	4,803	0.0%	-	-	4,803	0.0%	19	0.0%	-	-	19	0.0%
≥ 21% and ≤ 40%	-	-	85	0.0%	85	0.0%	-	-	31	0.0%	31	0.0%
≥ 41% and ≤ 60%	-	-	158	0.1%	158	0.0%	-	-	41	0.0%	41	0.0%
≥ 61% and ≤ 80%	-	-	113	0.0%	113	0.0%	-	-	87	0.1%	87	0.1%
> 81%	-	-	290	0.1%	290	0.0%	-	-	289	0.3%	289	0.2%
Consumer	707,109	5.8%	41,155	15.4%	748,264	6.0%	4,565	6.8%	22,458	21.3%	27,023	15.7%
Mortgage Guarantees	378,371	3.1%	26,705	10.0%	405,076	3.2%	3,049	4.5%	13,627	12.9%	16,677	9.7%
≤ 20%	-	-	-	-	-	-	-	-	-	-	-	-
≥ 21% and ≤ 40%	378,371	3.1%	9,978	3.7%	388,349	3.1%	3,049	4.5%	3,013	2.9%	6,063	3.5%
≥ 41% and ≤ 60%	-	-	5,307	2.0%	5,307	0.0%	-	-	2,594	2.5%	2,594	1.5%
≥ 61% and ≤ 80%	-	-	3,484	1.3%	3,484	0.0%	-	-	2,137	2.0%	2,137	1.2%
> 81%	-	-	7,936	3.0%	7,936	0.1%	-	-	5,882	5.6%	5,882	3.4%
Non-mortgage guarantees	328,738	2.7%	14,450	5.4%	343,188	2.7%	1,516	2.3%	8,831	8.4%	10,347	6.0%
≤ 20%	-	-	-	-	-	-	-	-	-	-	-	-
≥ 21% and ≤ 40%	327,035	2.7%	4,593	1.7%	331,628	2.6%	1,505	2.2%	1,499	1.4%	3,004	1.7%
≥ 41% and ≤ 60%	-	-	2,049	0.8%	2,049	0.0%	-	-	897	0.9%	897	0.5%
≥ 61% and ≤ 80%	1,703	0.0%	939	0.4%	2,642	0.0%	11	0.0%	696	0.7%	707	0.4%
> 81%	-	-	6,869	2.6%	6,869	0.1%	-	-	5,740	5.4%	5,740	3.3%
<b>Total</b>	<b>12,278,735</b>	<b>100.0%</b>	<b>267,369</b>	<b>100.0%</b>	<b>12,546,104</b>	<b>100.0%</b>	<b>67,153</b>	<b>100.0%</b>	<b>105,507</b>	<b>100.0%</b>	<b>172,659</b>	<b>100.0%</b>

31-Dec-2021

amounts in thousands of euros

Segment   Loss due to default	Exposure						Impairment					
	Performing Assets (Stage 1/ Stage 2)	%	Assets In default (Stage 3)	%	Total	%	Performing Assets (Stage 1/ Stage 2)	%	Assets In default (Stage 3)	%	Total	%
<b>Companies</b>	<b>6,761,729</b>	<b>57.0%</b>	<b>210,357</b>	<b>61.6%</b>	<b>6,972,086</b>	<b>57.1%</b>	<b>23,253</b>	<b>72.9%</b>	<b>73,022</b>	<b>57.1%</b>	<b>96,275</b>	<b>60.3%</b>
Business	1,892,719	16.0%	102,046	29.9%	1,994,765	16.3%	5,987	18.8%	42,126	32.0%	48,113	30.1%
Mortgage Guarantees	993,767	8.4%	66,757	19.5%	1,060,524	8.7%	3,542	11.1%	27,346	21.4%	30,889	19.3%
<= 20%	993,767	8.4%	23,205	6.8%	1,016,972	8.3%	3,542	11.1%	2,881	2.3%	6,424	4.0%
>= 21% and <= 40%	0	0	15,108	4.4%	15,108	0.1%	0	0.0%	3,843	3.0%	3,843	2.4%
>= 41% and <= 60%	0	0	3,856	1.1%	3,856	0.0%	0	0.0%	1,701	1.3%	1,701	1.1%
>= 61% and <= 80%	0	0	4,490	1.3%	4,490	0.0%	0	0.0%	2,836	2.2%	2,836	1.8%
> =81%	0	0	20,098	5.9%	20,098	0.2%	0	0.0%	16,085	12.6%	16,085	10.1%
Non-mortgage guarantees	898,952	7.6%	35,290	10.3%	934,241	7.7%	2,445	7.7%	14,779	11.6%	17,224	10.8%
<= 20%	634,876	5.4%	8,829	2.6%	643,705	5.3%	816	2.6%	797	0.6%	1,612	1.0%
>= 21% and <= 40%	0	0	6,864	2.0%	6,864	0.1%	0	0.0%	1,275	1.0%	1,275	0.8%
>= 41% and <= 60%	0	0	3,026	0.9%	3,026	0.0%	0	0.0%	1,251	1.0%	1,251	0.8%
>= 61% and <= 80%	264,075	2.2%	5,040	1.5%	269,115	2.2%	1,629	5.1%	2,421	1.9%	4,050	2.5%
> =81%	0	0	11,530	3.4%	11,530	0.1%	0	0.0%	9,036	7.1%	9,036	5.7%
Large and SME	3,303,167	27.8%	65,463	19.2%	3,368,630	27.6%	13,075	41.0%	17,772	13.9%	30,847	19.3%
Mortgage Guarantees	1,676,526	14.1%	43,373	12.7%	1,719,899	14.1%	9,047	28.4%	11,405	8.9%	20,452	12.8%
<= 20%	1,676,526	14.1%	17,695	5.2%	1,694,221	13.9%	9,047	28.4%	2,183	1.7%	11,230	7.0%
>= 21% and <= 40%	0	0	8,915	2.6%	8,915	0.1%	0	0.0%	2,291	1.8%	2,291	1.4%
>= 41% and <= 60%	0	0	11,863	3.5%	11,863	0.1%	0	0.0%	4,579	3.6%	4,579	2.9%
>= 61% and <= 80%	0	0	1,218	0.4%	1,218	0.0%	0	0.0%	694	0.5%	694	0.4%
> =81%	0	0	3,682	1.1%	3,682	0.0%	0	0.0%	1,658	1.3%	1,658	1.0%
Non-mortgage guarantees	1,626,641	13.7%	22,091	6.5%	1,648,731	13.5%	4,028	12.6%	6,366	5.0%	10,394	6.5%
<= 20%	1,344,328	11.3%	9,154	2.7%	1,353,482	11.1%	1,626	5.1%	700	0.5%	2,326	1.5%
>= 21% and <= 40%	0	0	3,549	1.0%	3,549	0.0%	0	0.0%	779	0.6%	779	0.5%
>= 41% and <= 60%	0	0	1,542	0.5%	1,542	0.0%	0	0.0%	550	0.4%	550	0.3%
>= 61% and <= 80%	282,313	2.4%	2,977	0.9%	285,290	2.3%	2,402	7.5%	1,171	0.9%	3,572	2.2%
> =81%	0	0	4,869	1.4%	4,869	0.0%	0	0.0%	3,166	2.5%	3,166	2.0%
Construction and Real Estate Activities	1,565,843	13.2%	42,847	12.5%	1,608,690	13.2%	4,190	13.1%	13,125	10.3%	17,315	10.8%
Mortgage Guarantees	1,281,504	10.8%	21,256	6.2%	1,302,760	10.7%	3,525	11.0%	7,525	5.9%	11,050	6.9%
<= 20%	1,281,504	10.8%	11,324	3.3%	1,292,828	10.6%	3,525	11.0%	1,477	1.2%	5,002	3.1%
>= 21% and <= 40%	0	0	1,665	0.5%	1,665	0.0%	0	0.0%	425	0.3%	425	0.3%
>= 41% and <= 60%	0	0	1,238	0.4%	1,238	0.0%	0	0.0%	621	0.5%	621	0.4%
>= 61% and <= 80%	0	0	667	0.2%	667	0.0%	0	0.0%	389	0.3%	389	0.2%
> =81%	0	0	6,361	1.9%	6,361	0.1%	0	0.0%	4,611	3.6%	4,611	2.9%
Non-mortgage guarantees	284,339	2.4%	21,591	6.3%	305,930	2.5%	665	2.1%	5,600	4.4%	6,265	3.9%
<= 20%	193,620	1.6%	3,219	0.9%	196,839	1.6%	269	0.8%	302	0.2%	571	0.4%
>= 21% and <= 40%	0	0	3,086	0.9%	3,086	0.0%	0	0.0%	269	0.2%	269	0.2%
>= 41% and <= 60%	0	0	509	0.1%	509	0.0%	0	0.0%	173	0.1%	173	0.1%
>= 61% and <= 80%	90,719	0.8%	1,886	0.6%	92,605	0.8%	396	1.2%	779	0.6%	1,176	0.7%
> =81%	0	0	12,891	3.8%	12,891	0.1%	0	0.0%	4,077	3.2%	4,077	2.6%
<b>Individuals, of which:</b>	<b>5,103,210</b>	<b>43.0%</b>	<b>131,367</b>	<b>38.4%</b>	<b>5,234,577</b>	<b>42.9%</b>	<b>8,658</b>	<b>27.1%</b>	<b>54,857</b>	<b>42.9%</b>	<b>63,515</b>	<b>39.7%</b>
Mortgage	3,576,365	30.1%	51,123	15.0%	3,627,488	29.7%	4,984	15.6%	14,586	11.4%	19,570	12.2%
Mortgage Guarantees	3,569,936	30.1%	50,562	14.8%	3,620,498	29.7%	4,977	15.6%	14,214	11.1%	19,191	12.0%
<= 20%	3,569,936	30.1%	27,871	8.2%	3,597,807	29.5%	4,977	15.6%	3,306	2.6%	8,283	5.2%
>= 21% and <= 40%	0	0	13,806	4.0%	13,806	0.1%	0	0.0%	3,900	3.0%	3,900	2.4%
>= 41% and <= 60%	0	0	3,239	0.9%	3,239	0.0%	0	0.0%	1,606	1.3%	1,606	1.0%
>= 61% and <= 80%	0	0	677	0.2%	677	0.0%	0	0.0%	491	0.4%	491	0.3%
> =81%	0	0	4,969	1.5%	4,969	0.0%	0	0.0%	4,912	3.8%	4,912	3.1%
Non-mortgage guarantees	6,429	0.1%	562	0.2%	6,991	0.1%	7	0.0%	372	0.3%	379	0.2%
<= 20%	6,429	0.1%	120	0.0%	6,550	0.1%	7	0.0%	15	0.0%	23	0.0%
>= 21% and <= 40%	0	0	38	0.0%	38	0.0%	0	0.0%	10	0.0%	10	0.0%
>= 41% and <= 60%	0	0	113	0.0%	113	0.0%	0	0.0%	58	0.0%	58	0.0%
>= 61% and <= 80%	0	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
> =81%	0	0	290	0.1%	290	0.0%	0	0.0%	289	0.2%	289	0.2%
Consumer	722,328	6.1%	52,338	15.3%	774,666	6.3%	2,388	7.5%	25,366	19.8%	27,754	17.4%
Mortgage Guarantees	381,551	3.2%	35,261	10.3%	416,812	3.4%	1,548	4.9%	15,480	12.1%	17,028	10.7%
<= 20%	381,551	3.2%	9,003	2.6%	390,554	3.2%	1,548	4.9%	1,347	1.1%	2,895	1.8%
>= 21% and <= 40%	0	0	11,325	3.3%	11,325	0.1%	0	0.0%	3,449	2.7%	3,449	2.2%
>= 41% and <= 60%	0	0	6,914	2.0%	6,914	0.1%	0	0.0%	3,332	2.6%	3,332	2.1%
>= 61% and <= 80%	0	0	1,435	0.4%	1,435	0.0%	0	0.0%	927	0.7%	927	0.6%
> =81%	0	0	6,583	1.9%	6,583	0.1%	0	0.0%	6,425	5.0%	6,425	4.0%
Non-mortgage guarantees	340,777	2.9%	17,077	5.0%	357,854	2.9%	840	2.6%	9,886	7.7%	10,726	6.7%
<= 20%	337,738	2.8%	1,147	0.3%	338,885	2.8%	826	2.6%	205	0.2%	1,031	0.6%
>= 21% and <= 40%	0	0	5,451	1.6%	5,451	0.0%	0	0.0%	1,495	1.2%	1,495	0.9%
>= 41% and <= 60%	3,039	0.0%	1,278	0.4%	4,317	0.0%	14	0.0%	564	0.4%	578	0.4%
>= 61% and <= 80%	0	0	1,683	0.5%	1,683	0.0%	0	0.0%	1,070	0.8%	1,070	0.7%
> =81%	0	0	7,518	2.2%	7,518	0.1%	0	0.0%	6,553	5.1%	6,553	4.1%
<b>Total</b>	<b>11,864,939</b>	<b>100.0%</b>	<b>341,723</b>	<b>100.0%</b>	<b>12,206,662</b>	<b>100.0%</b>	<b>31,911</b>	<b>100.0%</b>	<b>127,879</b>	<b>100.0%</b>	<b>159,790</b>	<b>100.0%</b>

Exposure and impairment by segment, level and loan to value – Collective analysis

31-Dec-2022

*amounts in thousands of euros*

Segment   loan to value	Maximum						Impairment					
	Performing Assets (Stage 1/ Stage 2)	%	Assets In default (Stage 3)	%	Total	%	Performing Assets (Stage 1/ Stage 2)	%	Assets In default (Stage 3)	%	Total	%
<b>Companies</b>	<b>4,270,470</b>	<b>49.1%</b>	<b>106,872</b>	<b>56.0%</b>	<b>4,377,341</b>	<b>49.3%</b>	<b>32,350</b>	<b>61.2%</b>	<b>32,938</b>	<b>45.8%</b>	<b>65,288</b>	<b>52.3%</b>
Business	1,027,662	11.8%	45,659	23.9%	1,073,321	12.1%	10,376	19.6%	17,937	24.9%	28,313	22.7%
≤ 50%	252,420	2.9%	11,825	6.2%	264,245	3.0%	1,837	3.5%	3,804	5.3%	5,641	4.5%
≥ 51% and ≤ 70%	169,053	1.9%	7,563	4.0%	176,615	2.0%	1,673	3.2%	3,529	4.9%	5,202	4.2%
≥ 71% and ≤ 90%	277,937	3.2%	11,200	5.9%	289,137	3.3%	3,177	6.0%	4,115	5.7%	7,292	5.8%
≥ 91% and ≤ 100%	203,647	2.3%	7,011	3.7%	210,658	2.4%	2,130	4.0%	2,215	3.1%	4,345	3.5%
> 100%	124,605	1.4%	8,061	4.2%	132,666	1.5%	1,559	2.9%	4,275	5.9%	5,834	4.7%
Large and SME	1,879,960	21.6%	34,481	18.1%	1,914,441	21.6%	13,561	25.6%	8,001	11.1%	21,562	17.3%
≤ 50%	518,662	6.0%	16,593	8.7%	535,256	6.0%	2,732	5.2%	2,192	3.0%	4,924	3.9%
≥ 51% and ≤ 70%	333,189	3.8%	3,876	2.0%	337,064	3.8%	2,631	5.0%	952	1.3%	3,583	2.9%
≥ 71% and ≤ 90%	380,756	4.4%	9,299	4.9%	390,055	4.4%	2,861	5.4%	2,816	3.9%	5,676	4.5%
≥ 91% and ≤ 100%	413,159	4.8%	1,434	0.8%	414,593	4.7%	3,048	5.8%	650	0.9%	3,698	3.0%
> 100%	234,194	2.7%	3,280	1.7%	237,474	2.7%	2,290	4.3%	1,391	1.9%	3,681	2.9%
Construction and Real Estate Activities	1,362,847	15.7%	26,731	14.0%	1,389,579	15.6%	8,413	15.9%	7,000	9.7%	15,413	12.3%
≤ 50%	237,794	2.7%	3,153	1.7%	240,947	2.7%	1,147	2.2%	833	1.2%	1,980	1.6%
≥ 51% and ≤ 70%	249,649	2.9%	7,947	4.2%	257,596	2.9%	1,593	3.0%	2,079	2.9%	3,672	2.9%
≥ 71% and ≤ 90%	368,679	4.2%	11,181	5.9%	379,860	4.3%	2,000	3.8%	2,962	4.1%	4,962	4.0%
≥ 91% and ≤ 100%	390,922	4.5%	2,015	1.1%	392,937	4.4%	2,901	5.5%	296	0.4%	3,197	2.6%
> 100%	115,803	1.3%	2,436	1.3%	118,239	1.3%	773	1.5%	830	1.2%	1,602	1.3%
<b>Individuals, of which:</b>	<b>4,421,458</b>	<b>50.9%</b>	<b>83,989</b>	<b>44.0%</b>	<b>4,505,446</b>	<b>50.7%</b>	<b>20,545</b>	<b>38.8%</b>	<b>39,025</b>	<b>54.2%</b>	<b>59,570</b>	<b>47.7%</b>
Mortgage	3,733,628	43.0%	40,866	21.4%	3,774,494	42.5%	13,804	26.1%	16,150	22.4%	29,954	24.0%
≤ 50%	341,820	3.9%	5,060	2.7%	346,880	3.9%	1,256	2.4%	2,215	3.1%	3,471	2.8%
≥ 51% and ≤ 70%	487,660	5.6%	8,143	4.3%	495,803	5.6%	2,500	4.7%	3,407	4.7%	5,907	4.7%
≥ 71% and ≤ 90%	1,098,140	12.6%	12,320	6.5%	1,110,460	12.5%	4,470	8.5%	4,753	6.6%	9,223	7.4%
≥ 91% and ≤ 100%	1,591,889	18.3%	12,524	6.6%	1,604,413	18.1%	5,021	9.5%	4,190	5.8%	9,211	7.4%
> 100%	214,120	2.5%	2,819	1.5%	216,939	2.4%	557	1.1%	1,586	2.2%	2,142	1.7%
Consumer	378,371	4.4%	26,705	14.0%	405,076	4.6%	3,049	5.8%	13,627	18.9%	16,677	13.4%
≤ 50%	83,293	1.0%	6,376	3.3%	89,670	1.0%	528	1.0%	2,942	4.1%	3,470	2.8%
≥ 51% and ≤ 70%	70,217	0.8%	6,002	3.1%	76,220	0.9%	554	1.0%	2,929	4.1%	3,483	2.8%
≥ 71% and ≤ 90%	107,185	1.2%	6,377	3.3%	113,562	1.3%	944	1.8%	3,442	4.8%	4,386	3.5%
≥ 91% and ≤ 100%	98,604	1.1%	4,116	2.2%	102,721	1.2%	682	1.3%	2,036	2.8%	2,719	2.2%
> 100%	19,071	0.2%	3,834	2.0%	22,905	0.3%	341	0.6%	2,278	3.2%	2,619	2.1%
<b>Total</b>	<b>8,691,927</b>	<b>100.0%</b>	<b>190,860</b>	<b>100.0%</b>	<b>8,882,787</b>	<b>100.0%</b>	<b>52,896</b>	<b>100.0%</b>	<b>71,963</b>	<b>100.0%</b>	<b>124,859</b>	<b>100.0%</b>

31-Dec-2021

*amounts in thousands of euros*

Segment   loan to value	Exposure						Impairment					
	Performing Assets (Stage 1/ Stage 2)	%	Assets In default (Stage 3)	%	Total	%	Performing Assets (Stage 1/ Stage 2)	%	Assets In default (Stage 3)	%	Total	%
<b>Companies</b>	<b>3,951,797</b>	<b>48.0%</b>	<b>131,386</b>	<b>55.3%</b>	<b>4,083,182</b>	<b>48.2%</b>	<b>16,114</b>	<b>0.2%</b>	<b>46,277</b>	<b>19.5%</b>	<b>62,391</b>	<b>0.7%</b>
Business	993,767	12.1%	66,757	28.1%	1,060,524	12.5%	3,542	0.0%	27,346	11.5%	30,889	0.4%
≤ 50%	222,974	2.7%	17,052	7.2%	240,026	2.8%	469	0.0%	4,960	2.1%	5,429	0.1%
≥ 51% and ≤ 70%	166,200	2.0%	9,652	4.1%	175,851	2.1%	510	0.0%	4,356	1.8%	4,866	0.1%
≥ 71% and ≤ 90%	231,623	2.8%	16,057	6.8%	247,680	2.9%	986	0.0%	7,071	3.0%	8,057	0.1%
≥ 91% and ≤ 100%	189,341	2.3%	9,173	3.9%	198,515	2.3%	864	0.0%	3,751	1.6%	4,614	0.1%
> 100%	183,630	2.2%	14,822	6.2%	198,452	2.3%	713	0.0%	7,209	3.0%	7,921	0.1%
Large and SME	1,676,526	20.4%	43,373	18.3%	1,719,899	20.3%	9,047	0.1%	11,405	4.8%	20,452	0.2%
≤ 50%	340,337	4.1%	15,056	6.3%	355,392	4.2%	1,350	0.0%	4,714	2.0%	6,064	0.1%
≥ 51% and ≤ 70%	394,907	4.8%	6,876	2.9%	401,783	4.7%	1,813	0.0%	1,257	0.5%	3,070	0.0%
≥ 71% and ≤ 90%	336,759	4.1%	4,296	1.8%	341,055	4.0%	2,035	0.0%	1,057	0.4%	3,092	0.0%
≥ 91% and ≤ 100%	304,283	3.7%	6,890	2.9%	311,173	3.7%	2,062	0.0%	2,238	0.9%	4,300	0.1%
> 100%	300,241	3.6%	10,255	4.3%	310,496	3.7%	1,787	0.0%	2,140	0.9%	3,927	0.0%
Construction and Real Estate Activities	1,281,504	15.6%	21,256	8.9%	1,302,760	15.4%	3,525	0.0%	7,525	3.2%	11,050	0.1%
≤ 50%	205,724	2.5%	6,731	2.8%	212,455	2.5%	372	0.0%	3,245	1.4%	3,617	0.0%
≥ 51% and ≤ 70%	230,759	2.8%	2,705	1.1%	233,463	2.8%	801	0.0%	602	0.3%	1,402	0.0%
≥ 71% and ≤ 90%	345,382	4.2%	5,842	2.5%	351,224	4.1%	1,074	0.0%	1,358	0.6%	2,432	0.0%
≥ 91% and ≤ 100%	308,020	3.7%	2,559	1.1%	310,578	3.7%	874	0.0%	1,497	0.6%	2,371	0.0%
> 100%	191,620	2.3%	3,320	1.4%	194,940	2.3%	604	0.0%	824	0.3%	1,428	0.0%
<b>Individuals, of which:</b>	<b>4,282,870</b>	<b>52.0%</b>	<b>106,140</b>	<b>44.7%</b>	<b>4,389,010</b>	<b>51.8%</b>	<b>7,388</b>	<b>0.1%</b>	<b>40,594</b>	<b>17.1%</b>	<b>47,982</b>	<b>0.6%</b>
Mortgage	3,569,936	43.4%	50,562	21.3%	3,620,498	42.7%	4,977	0.1%	14,214	6.0%	19,191	0.2%
≤ 50%	331,492	4.0%	4,975	2.1%	336,467	4.0%	377	0.0%	1,393	0.6%	1,769	0.0%
≥ 51% and ≤ 70%	456,516	5.5%	10,244	4.3%	466,761	5.5%	797	0.0%	3,167	1.3%	3,964	0.0%
≥ 71% and ≤ 90%	919,131	11.2%	14,263	6.0%	933,394	11.0%	1,632	0.0%	4,349	1.8%	5,981	0.1%
≥ 91% and ≤ 100%	1,608,783	19.5%	13,745	5.8%	1,622,528	19.2%	1,870	0.0%	2,829	1.2%	4,699	0.1%
> 100%	254,013	3.1%	7,334	3.1%	261,347	3.1%	301	0.0%	2,476	1.0%	2,778	0.0%
Consumer	381,551	4.6%	35,261	14.8%	416,812	4.9%	1,548	0.0%	15,480	6.5%	17,028	0.2%
≤ 50%	82,009	1.0%	7,367	3.1%	89,376	1.1%	235	0.0%	3,094	1.3%	3,329	0.0%
≥ 51% and ≤ 70%	71,193	0.9%	8,822	3.7%	80,014	0.9%	292	0.0%	3,451	1.5%	3,743	0.0%
≥ 71% and ≤ 90%	105,069	1.3%	6,786	2.9%	111,855	1.3%	480	0.0%	3,264	1.4%	3,743	0.0%
≥ 91% and ≤ 100%	96,358	1.2%	6,808	2.9%	103,166	1.2%	362	0.0%	2,556	1.1%	2,918	0.0%
> 100%	26,922	0.3%	5,478	2.3%	32,400	0.4%	179	0.0%	3,115	1.3%	3,294	0.0%
<b>Total</b>	<b>8,234,667</b>	<b>100.0%</b>	<b>237,525</b>	<b>100.0%</b>	<b>8,472,192</b>	<b>100.0%</b>	<b>23,502</b>	<b>0.3%</b>	<b>86,871</b>	<b>36.6%</b>	<b>110,373</b>	<b>1.3%</b>



31-Dec-2022

Segment   loan to value	Exposure						Impairment					
	Performing Assets (Stage 1/ Stage 2)	Average LTV	Assets in default (Stage 3)	Average LTV	Total	Average LTV	Performing Assets (Stage 1/ Stage 2)	%	Assets in default (Stage 3)	%	Total	%
	Unit: thousand euros, except %											
<b>Companies</b>	<b>4,270,472</b>		<b>106,872</b>		<b>4,377,343</b>		<b>32,350</b>	<b>0.4%</b>	<b>32,938</b>	<b>17.3%</b>	<b>65,288</b>	<b>0.7%</b>
Business	1,027,664	51.3%	45,659	50.3%	1,073,323	51.3%	10,376	0.1%	17,937	9.4%	28,313	0.3%
Large and SME	1,879,960	57.0%	34,481	39.9%	1,914,441	56.4%	13,561	0.2%	8,001	4.2%	21,562	0.2%
Construction and real estate activities	1,362,847	56.8%	26,731	44.3%	1,389,579	56.3%	8,413	0.1%	7,000	3.7%	15,413	0.2%
<b>Individuals, of which:</b>	<b>4,421,466</b>		<b>83,989</b>		<b>4,505,455</b>		<b>20,545</b>	<b>0.2%</b>	<b>39,025</b>	<b>20.4%</b>	<b>59,570</b>	<b>0.7%</b>
Mortgage	3,733,637	49.5%	40,866	42.7%	3,774,502	49.4%	13,804	0.2%	16,150	8.5%	29,954	0.3%
Consumer	378,371	37.4%	26,705	44.8%	405,076	37.9%	3,049	0.0%	13,627	7.1%	16,677	0.2%
<b>Total</b>	<b>8,691,938</b>		<b>190,860</b>		<b>8,882,798</b>		<b>52,896</b>	<b>0.6%</b>	<b>71,963</b>	<b>37.7%</b>	<b>124,859</b>	<b>1.4%</b>

Notes: (a) Previous years' reports presented the concept of 'Loan to Value' in terms of the relationship between the loan and the lower of the appraised value of the property and the mortgage amount. This report presents the concept 'Loan to Value' which corresponds to the relationship between the loan and the appraised value of the property and is therefore not comparable.  
(b) Exposure definition [outstanding principal + overdue principal (>1 day) + overdue interest (total) + accrued interest + off balance sheet].

31-Dec-2021

Segment   loan to value	Exposure						Impairment					
	Performing Assets (Stage 1/ Stage 2)	Average LTV	Assets in default (Stage 3)	Average LTV	Total	Average LTV	Performing Assets (Stage 1/ Stage 2)	%	Assets in default (Stage 3)	%	Total	%
	Unit: thousand euros, except %											
<b>Companies</b>	<b>3,951,797</b>		<b>131,386</b>		<b>4,083,182</b>		<b>16,114</b>	<b>0.2%</b>	<b>46,277</b>	<b>19.5%</b>	<b>62,391</b>	<b>0.7%</b>
Business	993,767	50.3%	66,757	58.9%	1,060,524	51.0%	3,542	0.0%	27,346	11.5%	30,889	0.4%
Large and SME	1,676,526	62.7%	43,373	53.9%	1,719,899	62.2%	9,047	0.1%	11,405	4.8%	20,452	0.2%
Construction and real estate activities	1,281,504	56.0%	21,256	39.2%	1,302,760	55.0%	3,525	0.0%	7,525	3.2%	11,050	0.1%
<b>Individuals, of which:</b>	<b>4,282,870</b>		<b>106,140</b>		<b>4,389,010</b>		<b>7,388</b>	<b>0.1%</b>	<b>40,594</b>	<b>17.1%</b>	<b>47,982</b>	<b>0.6%</b>
Mortgage	3,569,936	49.9%	50,562	46.1%	3,620,498	49.8%	4,977	0.1%	14,214	6.0%	19,191	0.2%
Consumer	381,551	37.3%	35,261	46.4%	416,812	38.0%	1,548	0.0%	15,480	6.5%	17,028	0.2%
<b>Total</b>	<b>8,234,667</b>		<b>237,525</b>		<b>8,472,192</b>		<b>23,502</b>	<b>0.3%</b>	<b>86,871</b>	<b>36.6%</b>	<b>110,373</b>	<b>1.3%</b>

Notes: (a) Previous years' reports presented the concept of 'Loan to Value' in terms of the relationship between the loan and the lower of the appraised value of the property and the mortgage amount. This report presents the concept 'Loan to Value' which corresponds to the relationship between the loan and the appraised value of the property and is therefore not comparable.  
(b) Exposure definition [outstanding principal + overdue principal (>1 day) + overdue interest (total) + accrued interest + off balance sheet].

## Guarantees obtained by repossession and execution procedures

	31-Dec-2022		31-Dec-2021	
	Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes
<b>Property, plant and equipment</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other, except Property, plant and equipment</b>	<b>401,079</b>	<b>-122,515</b>	<b>19,639</b>	<b>-611</b>
Residential immovable property	99,805	-23,905	5,268	-50
Commercial immovable property	40,794	-10,008	1,578	0
Movable property	3,682	-1,188	2,534	-422
Equity and debt instruments	0	0	0	0
Other	256,797	-87,413	10,258	-139
<b>Total</b>	<b>401,079</b>	<b>-122,515</b>	<b>19,639</b>	<b>-611</b>

## Maximum exposure to credit risk

As at 31 December 2022 and 2021, the maximum exposure to credit risk by type of financial instrument, excluding the securities in portfolio, may be summarised as follows (values in thousand euros):

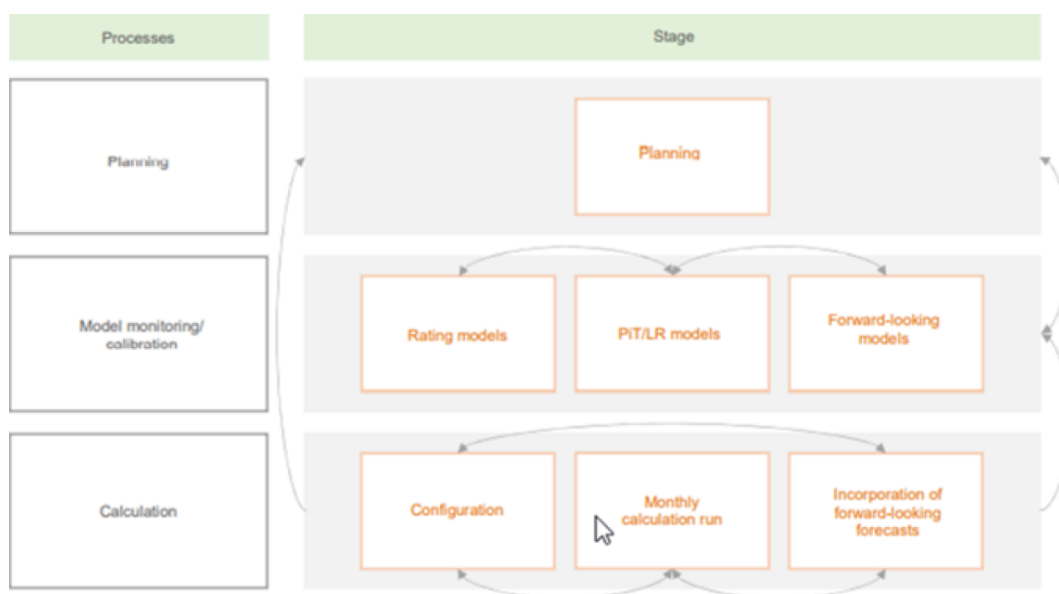
<u>As at 31 December 2022</u>	<u>Maximum exposure</u>	<u>Collateral</u>	<u>Credit improvement</u>	<u>Total</u>
Cash, cash balances at central banks and other demand deposits (Note 5)	1,356,383	-	-	1,356,383
Financial assets held for trading( Note 6):				
Derivatives	5,707	-	-	5,707
Debt securities	173,738	-	-	173,738
Non-trading financial assets mandatorily at fair value through profit or loss (Note 7):				
Equity instruments	49,231	-	-	49,231
Financial assets designated at fair value through profit or loss (Note 8)	3,755	-	-	3,755
Financial assets at fair value through other comprehensive income (Note 9):				
Equity instruments	28,868	-	-	28,868
Debt securities	752,852	-	-	752,852
Financial assets at amortised cost(note (Note 10):				
Debt securities	9,389,753	561,150	-	8,828,603
Loans and advances	11,241,305	8,357,121	1,332,055	1,552,129
Derivatives - Hedge accounting (Note 11)	885,429	-	-	885,429
	<u>23,887,020</u>	<u>8,918,271</u>	<u>1,332,055</u>	<u>13,636,695</u>
Off-balance sheet	2,194,680	600,593	-	1,594,087
	<u>2,194,680</u>	<u>600,593</u>	<u>-</u>	<u>1,594,087</u>
<u>As at 31 December 2021</u>	<u>Maximum exposure</u>	<u>Collateral</u>	<u>Credit improvement</u>	<u>Total</u>
Cash, cash balances at central banks and other demand deposits (Note 5)	3,971,092	-	-	3,971,092
Financial assets held for trading( Note 6):				
Derivatives	714	-	-	714
Debt securities	18,252	-	-	18,252
Non-trading financial assets mandatorily at fair value through profit or loss (Note 7):				
Equity instruments	49,714	-	-	49,714
Financial assets designated at fair value through profit or loss (Note 8)	10,111	-	-	10,111
Financial assets at fair value through other comprehensive income( Note 9):				
Equity instruments	20,786	-	-	20,786
Debt securities	1,784,335	17,999	-	1,766,336
Financial assets at amortised cost(note (Note 10):				
Debt securities	7,897,093	3,512,140	-	4,384,953
Loans and advances	11,012,340	8,153,480	1,310,894	1,547,966
Derivatives - Hedge accounting (Note 11)	194,657	-	-	194,657
	<u>24,959,095</u>	<u>11,683,619</u>	<u>1,310,894</u>	<u>11,964,581</u>
Off-balance sheet	6,051,792	663,251	-	5,388,540
	<u>6,051,792</u>	<u>663,251</u>	<u>-</u>	<u>5,388,540</u>

## Governance and Control System

The Crédito Agrícola Group is a cooperative financial group, composed of the Sistema Integrado do Crédito Agrícola Mútuo (SICAM or Integrated System of Crédito Agrícola Mútuo) which, in turn, consists of Caixa Central de Crédito Agrícola Mútuo and the Caixas de Crédito Agrícola Mútuo, and a group of specialised companies. In this context, a governance model and control system were established that accommodate the Group's characteristics.

In order to ensure the effective management of the impairment loss model, the cycle of activity foreseen in the governance model includes:

- i. The definition, maintenance, and approval of the necessary models for calculation of impairment losses. This process presumes a periodic review of the model's reflection of reality. Whenever the calculations are made, their result is incorporated in the decision-making process;
- ii. The configuration and execution of the calculation of impairment losses is carried out on a monthly basis. When the calculation is made, a quarterly report is drawn up with the corresponding conclusions. Additionally, forward-looking forecasts of macroeconomic variables are periodically updated.



### Investment Policy

The CA Group has established an Investment Policy with the concepts, principles, rules, and business model applicable to the control of the activity in financial markets in concordance with the Investment Policy of the Crédito Agrícola Group.

The main purpose of the investment policy, which embodies the essence of its mission, is to ensure that the remuneration of the available surplus structural liquidity is compatible with adequate risk control in its application, in particular, credit risk, loan-to-deposit risk (i.e., lack of alignment between the permanence of assets and liabilities) and interest rate risk. This is reflected in the following general criteria:

- Investment in securities with high credit risk quality, aimed at guaranteed repayment of capital upon maturity.
- Mitigation of the consumption of own funds.
- Maintenance of the risk of the portfolio under management at adequate levels and in accordance with the defined risk profile;
- Acquisition of issues that comply with the SPPI criteria.

### *Business models*

In the context of the financial market activity, the following business models have been defined:

- i) The business model called Base Coverage of Surplus Funds (CBRE) frames the management of an investment portfolio consisting exclusively of financial assets whose cash flows can be considered solely principal and interest (SPPI), allowing the return on the commercial resources of the CA Group (SICAM) not directly allocated to funding its lending activity. In terms of earnings, the critical aspect associated with the Base Coverage of Surplus Funds Business Model is the generation of a stable margin over the cost of the financial resources used in the financing of the portfolio. In this case, the evolution of the fair value of the financial assets is not a critical aspect in assessment of the earnings associated with the Base Coverage of Surplus Funds Business Model, and the remuneration of its managers does not depend primarily on the fair value of the portfolio. This business model aims at holding assets to receive contractual financial flows, where the assets associated with the Base Coverage of Surplus Funds Business Model should be measured at amortised cost.
- ii) The business model called Coverage of TLTRO (CTLTRO) frames the management of an investment portfolio consisting exclusively of financial assets whose cash flows can be considered solely principal and interest (SPPI), particularly public debt bonds, but not necessarily exclusively, aimed at ensuring the profitability of funds obtained via participation in the TLTROs promoted by the ECB. In terms of earnings, the critical aspect associated with the Coverage of Targeted Longer-term Refinancing Operations Business Model is the generation of a stable margin over the cost of the financial resources used in the financing of the portfolio. In this case, the evolution of the fair value of the financial assets is not a critical aspect in the assessment of the earnings associated with the Coverage of Targeted Longer-term Refinancing Operations Business Model, and the remuneration of its managers does not depend primarily on the fair value of the portfolio. This business model aims at holding assets to receive contractual financial flows, where the assets associated with the Coverage of Targeted Longer-term Refinancing Operations Business Model should be measured at amortised cost.
- iii) The business model called Dynamic Coverage of Surplus Funds (CDRE), complementing the Base Coverage of Surplus Funds business model, frames the management of an investment portfolio consisting exclusively of financial assets whose cash flows can be considered solely principal and interest (SPPI), particularly public debt bonds, but not necessarily exclusively. This business model aims to ensure profitability by combining the generation of net interest income as well as the net trading income of the commercial resources of the CA Group (SICAM) not directly allocated to funding its lending activity. In terms of earnings, the critical aspect associated with the Dynamic Coverage of Surplus Funds Business Model is the combination of the generation of a stable margin over the cost of the financial resources used in the financing of the portfolio with the potential achievement of net trading income associated with sales in the case of a particularly favourable evolution of the fair value of the financial assets. This is a relevant aspect in the assessment of the earnings associated with the Dynamic Coverage of Surplus Funds Business Model, although not primarily determinant in the remuneration of its managers. This business model aims at holding assets to receive contractual financial flows and/or sell. The assets associated with the Dynamic Coverage of Surplus Funds Business Model should be measured at fair value through other comprehensive income.
- iv) The business model called Dynamic Management of Own Treasury Positions (GDPPT) frames the management of a trading book consisting of financial assets whose cash flows can or cannot be considered solely principal and interest (SPPI), including derivative instruments. This business model aims to ensure profitability of own treasury positions, in particular through the achievement of net trading income. The critical aspect associated with the Dynamic Management of Own Treasury Positions Business Model is the

achievement of net trading income associated with financial asset purchase and sale operations. Therefore, the evolution of the fair value of the financial assets is particularly relevant in the assessment of the earnings associated with the Dynamic Management of Own Treasury Positions Business Model, although not primarily determinant in the remuneration of its managers. The objective of this business model is not sale; hence, the assets associated with the Dynamic Management of Own Treasury Positions Business Model should be measured at fair value through profit or loss.

- v) The business model called Dynamic Management of Own Treasury Positions by Third Parties (GDPPTRT) frames the management of a trading book by external institutions consisting of financial assets whose cash flows can or cannot be considered solely principal and interest (SPPI), including derivative instruments. This business model aims to ensure profitability of own treasury positions, in particular through the achievement of net trading income. The critical aspect associated with the Dynamic Management of Own Treasury Positions by Third Parties Business Model is the achievement of net trading income associated with purchase and sale operations of financial assets. Therefore, the evolution of the fair value of the financial assets is particularly relevant in the assessment of the earnings associated with the Dynamic Management of Own Treasury Positions by Third Parties Business Model, although not primarily determinant in the remuneration of its managers. The objective of this business model is not sale; hence, the assets associated with the Dynamic Management of Own Treasury Positions by Third Parties Business Model should be measured at fair value through profit or loss.
  
- vi) The business model called Short-Term Liquidity Management (GLCP) frames the management of a portfolio of financial assets with short-term maturity whose cash flows can be considered solely principal and interest (SPPI), particularly treasury bills or equivalent assets, aimed at permitting the maintenance at all times of a comfortable level of immediate liquidity. The generation of earnings, whether associated with the generation of net interest income or the realisation of financial operations, is not particularly relevant in the Short-Term Liquidity Management Business Model. The evolution of the fair value of the financial assets is not a critical aspect of assessment of the earnings associated with the Short-Term Liquidity Management Business Model, and the remuneration of its managers does not primarily depend on the fair value of the portfolio. The assets associated with the Dynamic Coverage of Surplus Funds Business Model should be measured at fair value through other comprehensive income.
  
- vii) The business model called Operations of the Corporate Area (OPAE) frames structured loans by Caixa Central's Corporate Department (DE) in the form of securitised loans, consisting of financial assets whose cash flows can be considered capital and interest ("SPPI"). In the case of operations that have their origin in the credit activity of the corporate area, they are allocated to the respective cost centre. In terms of earnings, the critical aspect associated with the Operations of the Corporate Area Business Model is the generation of a stable margin over the cost of the financial resources used in the financing of the portfolio. In this case, the evolution of the value of the financial assets is not a critical aspect in assessment of the earnings associated with the Operations of the Corporate Area Business Model, and the remuneration of its managers does not depend on the fair value of the portfolio. The generation of net trading income is not a relevant factor in the Operations of the Corporate Area Business Model. This business model aims at holding assets to receive contractual financial flows, where the assets associated with the Operations of the Corporate Area Business Model should be measured at amortised cost.

### Management of the activity in financial markets

Considering the regulatory changes introduced by IFRS 9, it was decided that it was necessary to promote the internal development of an appropriate system for management of activity in financial markets, which incorporates processes of identification, measurement, analysis and monitoring of investments. To this end, under the previously mentioned Policy, organisational and control procedures were developed, which shall be reviewed and updated at least annually or whenever considered necessary, with a view to prudent risk management. In the process of acquisition of debt instruments, there are managers responsible for accomplishing the SPPI test, ensuring the correct classification of the securities in the appropriate business models, compliance with the limits presented in the Investment Policy, the correct justification of exclusion from sales of indicators on the frequency of sales, if applicable, and the annual process of monitoring the frequency and amount of sales to check compliance with the business model of each portfolio.

### Credit quality of the financial assets without default or impairments

As at 31 December 2022 and 2021, the credit quality of the CA Group's financial assets with internal reference rating can be summarised as follows (in thousand euros):

#### Insurance activity (IAS 39)

	31/12/2022								in thousand euros	
	Aaa	Aa1	Aa2	Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	C	Undetermined	Total
Financial assets at FVTPL	399	-	279	-	433	2,526	-	-	-	3,637
Financial assets at fair value through other comprehensive income	112,488	4,974	38,252	13,140	127,884	266,018	29,657	-	31,333	623,744
Financial assets at amortised cost	138,222	-	-	-	32,386	104,733	-	-	-	275,341
	251,108	4,974	38,532	13,140	160,703	373,277	29,657	-	31,333	902,723

Assets	2021							in thousand euros	
	AAA	AA	A	BBB	BB	B	Undetermined	Total	
Financial assets at FVTPL	191	-	-	18	2,895	-	7,007	10,111	
Financial assets at FVTOCI	95,648	35,991	43,077	348,662	47,320	2,185	322,216	895,099	
	95,839	35,991	43,077	348,680	50,215	2,185	329,223	905,210	

#### All other activities (IFRS 9)

Assets	31/12/2022								in thousand euros	
	Aaa	Aa1	Aa2	Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	C	Undetermined	Total
Financial assets held for trading	-	-	158,806	1,421	4,076	5,158	833	-	3,443	173,738
Financial assets at fair value through other comprehensive income	-	-	-	-	64,666	56,514	7,928	-	-	129,108
Securities at amortised cost (without commercial paper)	878,541	201,757	38,273	65,326	4,463,221	3,006,818	9,488	-	37,009	8,700,432
	878,541	201,757	197,080	66,747	4,531,963	3,068,490	18,249	-	40,451	9,003,278

Assets	31/12/2021								in thousand euros	
	Aaa	Aa1	Aa2	Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	C	Undetermined	Total
Financial assets held for trading	-	-	-	704	5,531	9,869	-	-	51,862	67,966
Financial assets at fair value through other comprehensive income	-	-	-	-	-	846,935	9,614	-	53,473	910,022
Securities at amortised cost (without commercial paper)	325,000	225,000	1,116	6,494	33,681	6,690,007	4,999	-	159,862	7,446,160
	325,000	225,000	1,116	7,198	39,212	7,546,811	14,613	-	265,197	8,424,148

The rating used by the CA Group, when there are ratings attributed by more than one External Credit Assessment

Institution (ECAI), is the rating arising from the application of the following rules:

- i. When only one credit assessment is available, relative to a given exposure, this assessment is used to determine the risk parameter.
- ii. When there are two credit assessment, the lowest rating is applied.
- iii. When there are more than two credit assessment, the two highest ratings serve as a reference, and if they are different, the lowest is applied; if they are the same, that rating is applied.

The main areas in which CA Vida is exposed to credit risk are:

- Amounts payable by reinsurers relative to indemnities that have already been paid;
- Credit risk of debt securities in portfolio;
- Counterpart risk due to transactions with derivatives.

The Company defines its acceptable credit risk levels by establishing limits to its exposure to a single counterpart or to the counterpart as a whole, and to geographic and sector segments. These risks are subject to an annual review or more frequent supervision. The limits of credit risk by category and geographic zone are approved annually by the Executive Board of Directors.

Exposures to institutions in an individual manner and to institutions of the same activity or geographic sector are attached to the continuous monitoring control associated to investments, with diversification limits being defined in the Company's investment policy. The credit risk of the institutions to which the Company is exposed through debt securities issued by these institutions is analysed using ratings of the independent external agencies Moody's, Standard & Poors and Fitch. The adopted rating is the second best disclosed.

## 49.2 Fair value of financial and non-financial assets and liabilities

The comparison between the fair value and book value of the main assets and liabilities, recorded at amortised cost, as at 31 December 2022 and 2021, is presented in the table below (in thousand euros):

### Insurance activity (IAS 39)

	31-Dec-2022				
	Balances analysed				
	At fair value through profit or loss	At fair value through reserves	Amortised cost	Book value	Fair value
<u>Assets</u>					
Financial assets at FVTPL	3,755	-	-	3,755	3,755
Financial assets at fair value through other comprehensive income	-	652,612	-	652,612	652,612
Financial assets at amortised cost	-	-	275,341	275,341	203,126
	<u>3,755</u>	<u>652,612</u>	<u>275,341</u>	<u>931,708</u>	<u>859,493</u>
<u>Liabilities</u>					
Financial liabilities from insurance contracts	4,083	-	69	4,152	4,152
	<u>4,083</u>	<u>-</u>	<u>69</u>	<u>4,152</u>	<u>4,152</u>
	31-Dec-2021				
	Balances analysed				
	At fair value through profit or loss	At fair value through reserves	Amortised cost	Book value	Fair value
<u>Assets</u>					
Financial assets at FVTPL	10,111	-	-	10,111	10,111
Financial assets at fair value through other comprehensive income	-	895,099	-	895,099	895,099
	<u>10,111</u>	<u>895,099</u>	<u>-</u>	<u>905,210</u>	<u>905,210</u>
<u>Liabilities</u>					
Financial liabilities from insurance contracts	-	-	24,650	24,650	24,650
	<u>-</u>	<u>-</u>	<u>24,650</u>	<u>24,650</u>	<u>24,650</u>



All other activities (IFRS 9)

31-Dec-2022					
Balances analysed					
At acquisition cost net of impairment	At fair value through profit or loss	At fair value through reserves	Amortised cost	Book value	Fair value
<b>Assets</b>					
Cash, cash balances at central banks and other demand deposits	-	-	1,356,383	1,356,383	1,356,383
Financial assets held for trading	179,445	-	-	179,445	179,445
Non-trading financial assets mandatorily at fair value through profit or loss	49,231	-	-	49,231	49,231
Financial assets at fair value through other comprehensive income	-	129,108	-	129,108	129,108
Financial assets at amortised cost	-	-	#####	20,355,716	20,710,053
Derivatives - Hedge accounting	885,429	-	-	885,429	885,429
Non-current assets held for sale	-	-	-	260,079	302,822
<b>260,079</b>	<b>1,114,105</b>	<b>129,108</b>	<b>#####</b>	<b>23,215,391</b>	<b>23,612,469</b>
<b>Liabilities</b>					
Financial liabilities held for trading	5,216	-	-	5,216	5,216
Financial liabilities measured at amortised cost	-	-	#####	20,804,720	19,142,194
Derivatives - Hedge accounting	27,415	-	-	27,415	27,415
<b>-</b>	<b>32,631</b>	<b>-</b>	<b>#####</b>	<b>20,837,351</b>	<b>19,174,825</b>
31-Dec-2021					
Balances analysed					
At acquisition cost net of impairment	At fair value through profit or loss	At fair value through reserves	Amortised cost	Book value	Fair value
<b>Assets</b>					
Cash, cash balances at central banks and other demand deposits	-	-	3,971,092	3,971,092	3,971,092
Financial assets held for trading	18,965	-	-	18,965	18,965
Non-trading financial assets mandatorily at fair value through profit or loss	49,714	-	-	49,714	49,714
Financial assets at fair value through other comprehensive income	-	910,022	-	910,022	910,022
Financial assets at amortised cost	-	-	#####	18,909,433	20,570,537
Derivatives - Hedge accounting	73,486	-	-	73,486	73,486
Investment properties	22,555	-	-	22,555	22,555
Non-current assets held for sale	-	-	-	310,830	384,208
<b>310,830</b>	<b>164,720</b>	<b>910,022</b>	<b>#####</b>	<b>24,266,097</b>	<b>26,000,580</b>
<b>Liabilities</b>					
Financial liabilities held for trading	-	-	-	-	-
Financial liabilities measured at amortised cost	-	-	#####	22,760,335	23,067,950
Derivatives - Hedge accounting	-	-	-	-	-
<b>-</b>	<b>-</b>	<b>-</b>	<b>#####</b>	<b>22,760,335</b>	<b>23,067,950</b>

The main considerations on the fair value of the financial assets and liabilities are as follows:

- For on demand balances, it was considered that the book value corresponds to fair value.
- The fair value of the remaining instruments was determined based on discounted cash flow models, considering the contractual conditions of the operations involved and using appropriate interest rates for the type of instruments, which included:
  - a) Market interest rates;
  - b) Interest rates applied in operations granted by the Group for comparable types of credit;
  - c) Reference interest rates for issue of products for retail placement.

- d) Interest rates applied in intergroup operations conducted under the Legal Framework of Crédito Agrícola Mútuo, namely the taking of funds from the Associated Caixas for centralised investment at Caixa Central.

As established in IFRS 13, for purposes of presentation, the financial instruments recorded in the balance sheet at fair value are classified according to the following hierarchy:

#### Level 1 – Prices in active markets

This level includes financial instruments valued based on active market prices (executable bids), disclosed through trading platforms;

#### Level 2 – Valuation techniques based on market data

This level considers financial instruments valued by inhouse models which use observable market data, namely interest rate or exchange rate curves.

These are currency forwards valued in accordance with the future cash flows method which updates the contractual flows using the interest rate curves of each currency observable in the market.

#### Level 3 - Valuation techniques using inputs not based on observable market data

This level includes financial instruments valued based on in-house valuation methods essentially considering inputs not observable in markets with significant impact on the valuation of the instrument or valued based on indicative bids calculated by third parties through valuation models. Internal valuation is based on the net position of the institution.

As at 31 December 2022 and 2021, the method of calculation of the fair value of the financial instruments reflected in the financial statements can be summarised as follows:

#### Insurance activity (IAS 39)

	2022			Total
	Prices in active market (1)	Valuation Techniques		
		Market data (2)	Models (3)	
Financial assets at FVTPL	3,637,260	107,514	10,130	3,754,905
Financial assets at fair value through other comprehensive income	628,042,105	-	24,569,789	652,611,894
Financial assets at amortised cost	275,341,230	-	-	275,341,230
	<u>907,020,596</u>	<u>107,514</u>	<u>24,579,919</u>	<u>931,708,028</u>

	2021			Total
	Prices in active market (1)	Valuation Techniques		
		Market data (2)	Models (3)	
Financial assets at FVTPL	3,492,153	6,619,191	-	10,111,344
Financial assets at FVTOCI	876,426,445	-	18,672,939	895,099,384
	<u>879,918,598</u>	<u>6,619,191</u>	<u>18,672,939</u>	<u>905,210,728</u>

### Non-insurance activity (IFRS 9)

	2022			Total
	Prices in active market (1)	Valuation Techniques		
		Market data (2)	Models (3)	
Financial assets held for trading	173,737,574	5,706,994	-	179,444,567
Non-trading financial assets mandatorily stated at FVTPL	-	-	49,231,427	49,231,427
Financial assets at fair value through other comprehensive income	129,107,987	-	-	129,107,987
Financial assets at amortised cost (excludes commercial paper)	8,700,432,058	-	-	8,700,432,058
Non-current assets and disposal groups classified as held for sale	-	-	260,079,062	260,079,062
	<u>9,003,277,619</u>	<u>5,706,994</u>	<u>309,310,490</u>	<u>9,318,295,102</u>
Financial liabilities held for trading	-	5,215,793	-	5,215,793
	-	<u>5,215,793</u>	-	<u>5,215,793</u>

	2021			Total
	Prices in active market (1)	Valuation Techniques		
		Market data (2)	Models (3)	
Financial assets held for trading	18,251,970	714,147	-	18,966,117
Non-trading financial assets mandatorily stated at FVTPL	-	-	49,713,812	49,713,812
Financial assets at FVTPL	-	-	-	0
Financial assets at FVTOCI	910,021,823	-	-	910,021,823
Financial assets at amortised cost	<u>7,897,093,271</u>	-	-	<u>7,897,093,271</u>
	<u>8,825,367,064</u>	<u>714,147</u>	<u>49,713,812</u>	<u>8,875,795,023</u>
Financial liabilities held for trading	-	388,578	-	388,578
	-	<u>388,578</u>	-	<u>388,578</u>

(1) Apart from the financial instruments listed on the stock exchange, this category includes securities valued based on active market prices, disclosed through trading platforms (Level 1).

(2) Valuation based on market interest rates, namely interest rate curves, swap curves and exchange rates (Level 2).

This category includes instruments valued using quoted prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less active, or other valuation techniques in which all inputs are directly or indirectly observable from market data;

(3) Corresponds to securities valued through indicative bids disclosed by the issuer (Level 3).

This category includes financial instruments where the valuation technique includes inputs not based on unobservable data and the unobservable inputs have a significant effect on the valuation of the instrument. This category includes instruments that are valued on the basis of similar income quotations where there is a need for significant unobservable adjustments or assumptions to reflect the differences between the instruments, such as units in funds and shares, for example:

(1) Financial instruments not admitted to trading on a regulated market, which are valued using valuation models and there is no generally accepted consensus in the market as to the criteria to be used, namely:

- i. valuation prepared in accordance with the Net Asset Value of non-harmonised funds, updated and disclosed by the respective management companies;
- ii. valuation prepared in accordance with the indicative prices published by the entities participating in the issue of certain financial instruments, without an active market; or
- iii. valuation prepared in accordance with impairment tests, using performance indicators of the underlying operations (e.g., degree of subordination protection of the tranches held, delinquency rates of the underlying assets, evolution of ratings, etc.).

(2) Financial instruments valued through indicative purchase prices based on theoretical valuation models published by specialised third party entities.

The movement occurred in the financial instruments classified at Level 3 were as follows:

Nature	31-Dec-2021		Additions		2022 Disposals		Changes in Fair Value	31-Dec-2022	
	Opening Balance		Fair value		Fair value			Closing Balance	
	Quantity	Fair value	Quantity	Fair value	Quantity	Fair value		Quantity	Fair value
Equity Instruments	11,122,230	49,713,812	225,868	3,273,564	(923,813)	(916,134)	(2,839,814)	10,424,285	49,231,427
<b>Total - Non-trading Financial Assets mandatorily stated at FVTPL</b>	<b>11,122,230</b>	<b>49,713,812</b>	<b>225,868</b>	<b>3,273,564</b>	<b>(923,813)</b>	<b>(916,134)</b>	<b>(2,839,814)</b>	<b>10,424,285</b>	<b>49,231,427</b>

Nature	31-Dec-2020		Additions		2021 Disposals		Changes in Fair Value	31-Dec-2021	
	Opening Balance		Fair value		Fair value			Closing Balance	
	Quantity	Fair value	Quantity	Fair value	Quantity	Fair value		Quantity	Fair value
Equity instruments	9,916,261	44,913,407	1,365,185	5,112,935	(159,216)	(5,513,959)	5,201,429	11,122,230	49,713,813
<b>Total - Non-trading Financial Assets mandatorily stated at FVTPL</b>	<b>9,916,261</b>	<b>44,913,407</b>	<b>1,365,185</b>	<b>5,112,935</b>	<b>(159,216)</b>	<b>(5,513,959)</b>	<b>5,201,429</b>	<b>11,122,230</b>	<b>49,713,813</b>

(3) Non-financial assets valued through appraisals carried out by entities registered as “expert appraisers”, which incorporate various assumptions.

The following table shows, for assets included in level 3 of the fair value hierarchy, the main valuation methods used:

2022			
Assets classified at stage 3	Valuation model	Analysed variable	Balance Sheet Value
<b>Non-trading financial assets mandatorily stated at FVTPL</b>			
Investment fund units	Valuation of the holding company	Net Asset Value (b)	24,267,162
Shares	Market data	(c)	24,964,265
<b>Financial assets at FVTPL</b>			
Investment fund units	Other	(a)	10,130
<b>Financial assets at fair value through other comprehensive income</b>			
Investment fund units	Valuation of the holding company	Net Asset Value (b)	24,569,789
<b>Non-current assets and disposal groups classified as held for sale</b>			
Real Estate Properties (Note 17)	Valuation by expert valutors	Real State Property valuation (d)	259,165,444
Equipment and other assets	Valuation by expert valutors	(a)	913,618
<b>Total</b>			<b>333,890,408</b>

(a) No sensitivity analysis was carried out for this category as it includes assets of an individually immaterial value.

(b) In the specific case of the participation units valued in accordance with the quotation provided by the respective management company, it is not reasonable to carry out an analysis of the impact of changes of the variables underlying the determination of the quotation by that entity.

(c) In the specific case of shares, which are measured at fair value, it is therefore not reasonable to analyse the impact of changes in shareholders' equity underlying the determination of the fair value of those entities.

(d) No sensitivity analysis was carried out of the properties included in the portfolio of non-current assets and disposal groups classified as held for sale, as most of the properties are recorded at acquisition cost.

## Concentration Risk

### Concentration risk management principles and policies

#### 1. Risk management at the CA Group

Risk management is one of the priority areas for the Group, in recognition of its decisive impact in the creation of value.

The Executive Board of Directors of Caixa Central is responsible for defining the overall strategy on risk-taking, incorporating measurable goals relative to the risk that is intended to be taken and the desired profitability.

The Global Risk Department (hereafter also referred to as DRG), the Assets, Liabilities and Capital Committee (ALCCO) and since July 2022 the Risk Committee, working closely with the other areas with responsibility in the field, play a crucial role in the definition of policies and procedures for risk management, subject to the approval of the Executive Board of Directors of Caixa Central.

##### 1.1 Duties of the Risk Committee

The Risk Committee is responsible for the ongoing monitoring and control of the definition and implementation of the risk management strategy and the global risk management policy (and all the specific policies on management of material risks), including the respective methodologies and relevant processes, as well as the Crédito Agrícola Group's risk appetite, checking that they are compatible with a sustainable strategy in the medium and long term.

##### 1.2 Duties of the Overall Risk Department

In terms of risk management, Caixa Central, through the Overall Risk Department, is responsible for defining the overall principles and policies on risk management. This is accomplished by the development and provision of instruments for analysis and support to decision-making, calculation of impairment on a consolidated basis, ICAAP (Internal Capital Adequacy Assessment Process), design of models and systems to support the risk function,

creation of rules and establishment of guidelines for procedures and processes.

The Overall Risk Department is responsible for supervising credit risk management and coordinating the management of all the other risks, from a strategic perspective. On the other hand, the Credit Risk Department (DRC) is the body responsible for guaranteeing the operationalisation of the policies defined by the Overall Risk Department.

Concerning concentration risk, DRG is responsible for the execution of the Concentration Risk Management Model: identification of the relevant variables for the assessment, measurement of the associated concentration and preparation of in-house and external reporting.

In the process of identifying, assessing, and monitoring Concentration Risk, the Overall Risk Department is also responsible for drawing up the reporting established in Banco de Portugal Instruction 23/2007, so as to enable calculation of the Individual Concentration Index stipulated in Banco de Portugal Instruction 5/2011.

### 1.3 Duties of the Assets, Liabilities and Capital Committee (ALCCO)

ALCCO is chaired by Caixa Central and includes various departments and bureaus directly responsible for:

- 1) Control of the activities related to the Balance Sheet of Caixa Central and the CA Group.
- 2) Risk control by production of management, accounting and reporting information for Caixa Central and the CA Group.

Among the duties performed by the ALCCO, it is particular entrusted with the following in the context of risk management:

- Assessment and on-going monitoring of the different financial risks (namely, concentration risk) to which the CA Group and Caixa Central are subject, ensuring their measurement and control based on predefined methods and indicators.
- Proposal to the Executive Board of Directors on pertinent risk thresholds for asset and liability management.

With regard to Concentration Risk, ALCCO is responsible for supervising the management of concentration in financial risks (in particular, interest rate risk, exchange, liquidity, and market risk) with the contribution of the Financial Department, as well as monitoring overall concentration risk for the Group in coordination with the Overall Risk Department.

### 1.4 Duties of the Monitoring and Supervision Department

The duties of the Monitoring and Supervision Department (DAS), in the context of risk management, is to monitor and guide the management of the Associated Caixas, especially in terms of risk-taking policy.

Regarding the management of concentration risk, the Monitoring and Supervision Department is responsible for coordination between the bodies of Caixa Central (DRG and ALCCO) and the Associated Caixas, with the latter being responsible for local management of concentration risk.

## 2. Integration of best practices in concentration risk management

According to the guidelines of the Basel Committee and the Committee of European Banking Supervisors (CEBS), institutions should implement a systematic practice for management of concentration risk, including identification, assessment, adjustment, monitoring and control.

The Basel Committee presents two alternative approaches to the management of concentration risk: basic approach (one-dimensional methodologies for assessment of concentration risk) and an advanced approach (use of internal models of economic capital which should adequately measure concentration risk, but which are sometimes limited by lack of data).

### 2.1 Measurement of concentration risk: implemented approach

The CA Group has progressively been implementing the management of concentration risk, and this will continue to receive the Group's attention and effort in the medium term.

The assessment of concentration risk (under the responsibility of the Overall Risk Department) is based on an appraisal of the credit, investment, and funding portfolios, according to the different variables of relevance from a single and multi-dimensional point of view, using the Herfindahl and Gini indexes, as well as the Relative Weight of the Exposures. Where pertinent, a coefficient for the correlation of variables is also used in order to explore possible connections between variables at risk or to relate internal variables with the actual situation.

The CA Group aims to assure the permanent enhancement of the robustness of the methods use in concentration risk management.

### 2.2 Monitoring of concentration risk

The CA Group has established a Management Model to serve as a framework for monitoring and controlling concentration risk, by means of periodic review of the conducted concentration analyses and the implementation of risk prevention or corrective measures.

## 3. Common features that identify each concentration

### Analysis of credit risk concentration

The concentration risk was analysed in the Portfolio of Loans and Advances to Customers of the CA Group (SICAM), as considered for the Group's prudential reporting (concerning loans and advances to customers). The concept of exposure considered for the concentration analysis was the balance of the operation that has been used (which means the sum of the outstanding and overdue principal). This differs from the concept considered in the Annex to Instruction 5/2011 (in the calculation of the Index of Sectorial Concentration and the Index of Individual Concentration): Total Amount (sum of the balance used and the unused credit limits).

Single dimension analyses are conducted ((Region, Product Group, Rate, Guarantee, Customer, Activity Sector, Total Period, Residual Period) as well as multi-dimensional analyses (Product Group by Region, Activity Sector by Region and Guarantee by Product Group) of exposure to concentration risk. The multi-dimensional analysis by Product Group and Region aims to assess the level of concentration of the portfolio of loans and advances to customers based in each region of the country in terms of distribution by Product Group. The multi-dimensional analysis by Activity Sector and Region aims to assess the level of concentration of the portfolio of loans and

advances to customers based in each region of the country in terms of distribution by Activity Sector (classification of economic activity - BOD). Within each multi-dimensional analysis mentioned, three regions were especially selected for concentration analysis. On a final note, the multi-dimensional analysis by Guarantee and Product Group aims to assess the level of concentration of the portfolio of loans and advances to customers of a specific product group in terms of distribution by type of guarantee involved. For this last analysis, two product groups were chosen for concentration analysis.

### 3.1 Analysis by region

The “Region” variable was chosen to analyse the geographic concentration risk in Portugal, with the Domicile Branch having been considered as a reference for the region of the operation. The regions follow the classification in NUTS III, of the National Statistical Institute (INE).

An analysis was made of the correlation between the distribution of the portfolio of loans and advances to customers by region and the GDP variable by region.

Another correlation analysis was made between the weight of the number of the CA Group Branches per region and the distribution of the CA Group (SICAM) credit portfolio by region.

A further correlation analysis was made between the weight of customer credit and the proportion of impairment, by region.

It was also considered pertinent to compare the distribution of the credit portfolio of the CA Group (SICAM) with the Portuguese banking sector.

### 3.2 Analysis by product group

The concentration of the distribution of the customer credit portfolio was analysed by type of Product Group.

The correlation was analysed between the weight of Customer Credit and the proportion of Impairment by Product Group.

### 3.3 Analysis by type of rate

A distribution of the Portfolio was drawn up (Weight by type of Rate: Balance Used and Production of Credit in the current year) and compared with the profit or loss of the analysis of Balance Used, Overdue Credit and Total Amount.

### 3.4 Analysis by guarantees

The customer credit portfolio concentration was analysed by type of guarantee, considering just one of the Guarantees available and recorded in the system, selected according to its relevance in a conceptually established hierarchy. The distribution of the Portfolio was drawn up and analysed (Weight by type of Guarantee: Balance Used and Production of Credit in the current year) and compared with the profit or loss of the analysis of Balance Used, Overdue Credit and Total Amount.

The correlation was analysed between the weight of Customer Credit and the proportion of Impairment by Guarantee.



### 3.5 Analysis by type of customer

The distribution of the Portfolio was drawn up (Weight by type of customer: Balance Used and Production of Credit in the current year) and compared with the profit or loss of the analysis of Balance Used, Overdue Credit and Total Amount.

The correlation was analysed between the weight of Customer Credit and the proportion of Impairment by Customer.

It was considered pertinent to compare the distribution of credit by type of customer at the CA Group (SICAM) with the Portuguese banking sector.

### 3.6 Analysis by economic activity sector (BOD)

The distribution of the Portfolio was drawn up (Weight by economic activity classification: Balance Used and Production of Credit in the current year) and compared with the profit or loss of the analysis of Balance Used, Overdue Credit and Total Amount.

The correlation was analysed between the weight of Customer Credit to Non-financial Companies in the Banking Sector and Credit Portfolio of the CA Group (SICAM).

### 3.7 Analysis by total period

The distribution of the Portfolio was drawn up (Weight by Total Period bracket: Balance Used and Production of Credit in the current year) and compared with the profit or loss of the analysis of Balance Used, Overdue Credit and Total Amount.

It was considered pertinent to compare the distribution of credit by operation period at the CA Group (SICAM) with the Portuguese banking sector.

### 3.8 Analysis by residual period

The distribution of the Portfolio was drawn up (Weight by Residual Period bracket: Balance Used and Production of Credit in the current year) and compared with the profit or loss of the analysis of Balance Used, Overdue Credit and Total Amount.

### 3.9 Analysis by company size

The analysis by company size sought to investigate the concentration of credit granted by type of "Company" customer at Crédito Agrícola. In this study, the companies are distributed by turnover. "Large companies" have a turnover of more than 50 million euros, "Medium-sized companies" between 10 and 50 million euros, "Small" between 2 and 10 million euros, and "Micro companies" less than 2 million euros.

The distribution of the Portfolio was drawn up (Weight by Company Size: Balance Used and Production of Credit in the current year) and compared with the profit or loss of the analysis of Balance Used, Overdue Credit and Total Amount.

### 3.10 Analysis by product group in the Greater Lisbon Region

The multi-dimensional analysis by Product Group in the Greater Lisbon Region aims to assess the level of concentration of the credit portfolio based in this region in terms of its distribution by Product Group.

The regions of Lisbon, the West and the Algarve were selected due to showing highest concentration in the single dimension analysis of the credit portfolio of the CA Group (SICAM) by region.

The distribution of the Portfolio was drawn up (Weight by Product Group in Lisbon: Balance Used and Production of Credit in the current year) and compared with the profit or loss of the analysis of Balance Used, Overdue Credit and Total Amount.

### 3.11 Analysis by product group in the West Region

The multi-dimensional analysis by Product Group in the West Region aims to assess the level of concentration of the credit portfolio based in this region in terms of its distribution by Product Group.

The distribution of the Portfolio was drawn up (Weight by Product Group in the West: Balance Used and Production of Credit in the current year) and compared with the profit or loss of the analysis of Balance Used, Overdue Credit and Total Amount.

### 3.12 Analysis by product group in the Algarve Region

The multi-dimensional analysis by Product Group in the Algarve Region aims to assess the level of concentration of the credit portfolio based in this region in terms of its distribution by Product Group.

The distribution of the Portfolio was drawn up (Weight by Product Group in the West: Balance Used and Production of Credit in the current year) and compared with the profit or loss of the analysis of Balance Used, Overdue Credit and Total Amount.

### 3.13 Analysis by activity sector in the Lisbon Region

The multi-dimensional analysis by Activity Sector in Lisbon aims to assess the level of concentration of the credit portfolio based in the Lisbon region in terms of its distribution by Activity Sector.

The distribution of the Portfolio was drawn up (Weight by Activity Sector in Lisbon: Balance Used and Production of Credit in the current year) and compared with the profit or loss of the analysis of Balance Used, Overdue Credit and Total Amount.

### 3.14 Analysis by activity sector in the West Region

The multi-dimensional analysis by Activity Sector in the West aims to assess the level of concentration of the credit portfolio based in the West region in terms of its distribution by Activity Sector.

The distribution of the Portfolio was drawn up (Weight by Activity Sector in the region: Balance Used and Production of Credit in the current year) and compared with the profit or loss of the analysis of Balance Used, Overdue Credit and Total Amount.

### 3.15 Analysis by activity sector in the Algarve Region

The multi-dimensional analysis by Activity Sector in the Algarve aims to assess the level of concentration of the credit portfolio based in the West region in terms of its distribution by Activity Sector.

The distribution of the Portfolio was drawn up (Weight by Activity Sector in the region: Balance Used and Production of Credit in the current year) and compared with the profit or loss of the analysis of Balance Used, Overdue Credit and Total Amount.

### 3.16 Analysis by type of guarantee for credit for business activity

The multi-dimensional analysis by Type of Guarantee for credit granted to companies to finance their business aims to assess the level of concentration of the credit portfolio of this product group in terms of its distribution by Type of Guarantee.

The distribution of the Portfolio was drawn up (Weight by Type of Guarantee for Credit for Business Activity: Balance Used and Production of Credit in the current year) and compared with the profit or loss of the analysis of Balance Used, Overdue Credit and Total Amount.

### 3.17 Analysis by type of guarantee for credit for business investments

The multi-dimensional analysis by Type of Guarantee for credit granted to companies for investment purposes aims to assess the level of concentration of the credit portfolio of this product group in terms of its distribution by Type of Guarantee.

The distribution of the Portfolio was drawn up (Weight by Type of Guarantee for Credit for Business Investment: Balance Used and Production of Credit in the current year) and compared with the profit or loss of the analysis of Balance Used, Overdue Credit and Total Amount.

## Analysis of credit risk concentration of the portfolio of funds

### 4.1 Analysis by region

The "Region" variable was chosen to analyse the geographic concentration risk of the portfolio of funds in Portugal.

The correlation was analysed between the weight of the number of Branches per region and the distribution of the CA Group's (SICAM) portfolio of funds per region.

The correlation was also analysed between the Distribution of Deposits and Equivalent by District in Portugal (Banking Sector) and the CA Group (SICAM).

### 4.2 Analysis by product group

The concentration of the distribution of the portfolio of funds was analysed by type of Product Group.

### 4.3 Analysis by customer

The concentration of the distribution of the portfolio of funds was analysed by type of Customer, between individuals

and companies, with the latter being divided by type of economic activity.

The correlation was also analysed between the weight of each type of Customer in Portugal (Banking Sector) and at the CA Group (SICAM).

The correlation was also analysed between the types of customers of funds at other credit institutions and in the CA Group (SICAM) Portfolio of Funds by Institutional Sector.

#### 4.4 Analysis by activity sector

The concentration of the distribution of the portfolio of funds was analysed by Activity Sector.

#### 4.5 Analysis by residual period

The concentration of the distribution of the portfolio of funds was analysed by Residual Period.

#### 4.6 Analysis by amount

The concentration of the distribution of the portfolio of funds was analysed by category of Amount.

#### 4.7 Analysis by residual period for category of amount: 5 to 25 thousand euros

A multi-dimensional analysis was made of the concentration of the distribution of the portfolio of funds associated to the category of Amount of 5 to 25 thousand euros by residual period.

The categories of amount with significant concentration were selected, following their single dimension analysis.

#### 4.8 Analysis by residual period for category of amount: 25 to 50 thousand euros

A multi-dimensional analysis was made of the concentration of the distribution of the portfolio of funds associated to the category of Amount of 25 to 50 thousand euros by Residual Period.

The categories of amount with significant concentration were selected, following their single dimension analysis.

#### Analysis of liquidity risk concentration

Concentration Risk was analysed for the SICAM Balance Sheet headings. The concept of exposure considered for the analysis of concentration was the cash flow as at the reporting date.

The analysis is made according to the residual maturity of the Asset and Liability headings and Liquidity Gap.

### 1. ANALYSIS OF THE ASSETS

Total Assets were analysed from the perspective of their residual maturity. The same was done for the most representative/concentrated headings.

## 2. ANALYSIS OF THE LIABILITIES

The Total Liabilities were analysed from the perspective of their residual maturity. The same was done for the most representative/concentrated headings.

## 3. LIQUIDITY GAP ANALYSIS

The Liquidity Gap was analysed from the perspective of its residual maturity (Positive Gap and Negative Gap).

### Specific risks of insurance activity

Insurance companies incur risks through insurance contracts, which are classified in the category of specific insurance risk.

#### Type of specific insurance risk

Specific insurance risk includes the risks inherent to the marketing of insurance contracts, associated to product design and pricing, the process of subscription and provisioning for liabilities, and the management of claims and reinsurance. These risks are applicable to all activity branches and can be subdivided into different sub-risks:

- a) Product design risk: risk of an insurance company taking on risky exposure derived from features of products that had not been anticipated during the phase of design and definition of the price of the contract.
- b) Premium risk: related to claims to occur in the future, relative to policies currently in force, whose premiums have already been charged or are fixed. The risk is that the premiums that have already been charged or are fixed may prove insufficient to cover all the future liabilities derived from these contracts (under-pricing).
- c) Subscription risk: risk of exposure to financial loss related to selection and approval of the risks to be insured.
- d) Provisioning risk: this is the risk that the constituted provisions for claims prove insufficient to meet costs related to claims that have already been submitted.
- e) Claims rate risk: this is the risk that more claims may be submitted than expected, or that some claims have costs that are much higher than expected, leading to unexpected losses.
- f) Retention risk: this is the risk that a higher retention of risks (less reinsurance protection) may cause losses due to the occurrence of catastrophic events or higher claim rate.

There is also catastrophic risk, derived from extreme events which imply the devastation of property, or the death/injury of people, generally due to natural disasters (earthquakes, hurricanes, floods). This is the risk that a single event, or series of enormous events, normally in a short period (up to 72 hours), implies a significant deviation in the number and cost of claims, in relation to what had been expected.

### Management of specific insurance risk

Specific insurance risk is managed by the Companies through operating procedures with embedded preventive control and detection, highly automated, run by skilled staff and with clear responsibilities for senior management:

- a) Product design (new products and changes to existing products) and pricing, which identifies the risks derived from the coverage and sums insured, defines systems to determine premiums, checks the adequacy of the reinsurance programme associated to new products, verifies compliance with legal rules and standards and in-house regulations, conducts a full test programme, and defines the training plan and outsourcing of services associated to the new product. The prices applied to risks are adjusted according to pricing factors, which enables assessing the risk level associated to each insurance contract, determined on the basis of technical actuarial studies.

Distribution and management of the risk portfolio, which includes definition of the subscription policies, levels of delegation of power in acceptance of risk, incentive schemes for sales and the subscription of new insurance, and the procedures for portfolio management and review of premiums. The rules for accepting risk are stipulated in the supporting IT systems and blocking and warning mechanisms are established whenever any of these rules are broken. In cases where there are conditions attached to risk acceptance, the subscription is made centrally, with written evidence of the conditions and the person responsible for the decision.

Provisioning, under which the technical provisions are defined and managed, assuring coverage of the Company's obligations towards insured persons and claimants, based on studies assessing the adequacy of provisions prepared regularly by the appointed actuary.

- d) Claims management, under which payments are made to claimants, assuring: (i) the treatment and management of claims in a timely fashion; (ii) rigorous compliance with the law, regulations, and in-house rules; (iii) minimisation of the average cost of claims, without compromising the fair treatment of all claimants and injured persons.
- e) Reinsurance management, which carries out the specification, implementation, monitoring, reporting and control of treaties and other conditions agreed with the reinsurers. The reinsurance policy plays a crucial role in mitigating specific insurance risks, enabling greater stabilisation of net income and solvency levels, the more efficient use of the available capital and an increase in the Company's capacity to take on risks.

The management of specific insurance risk is also backed by a variety of studies carried out by the technical office and by the actuaries in charge, analysing the adequacy of the pricing, identifying the types of risk and the most profitable segments, and determining suitable value for the technical provisions.

## 50. Prudential ratios

From 1 January 2014 onwards, European banking solvency has been assessed through the Common Equity Tier 1 (CET1) ratio, under the Basel III Agreement.

As at 31 December 2022, considering the net income generated, the Common Equity Tier 1 stood at 19.9%, as did the Tier 1. Overall, the total capital ratio was at the same percentage 19.9%, meeting the minimum requirements set by the regulator with leeway.

Thousand euros, except %	Dec-17	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22	Δ 22/21
<b>Total Own Funds</b>	<b>1,386,622</b>	<b>1,439,273</b>	<b>1,620,338</b>	<b>1,820,949</b>	<b>1,937,172</b>	<b>1,950,221</b>	<b>0.7%</b>
Common Equity Tier 1	1,322,266	1,370,693	1,569,854	1,820,062	1,937,172	1,950,221	0.7%
Tier 1	1,322,266	1,370,693	1,569,854	1,820,062	1,937,172	1,950,221	0.7%
Tier 2	64,356	68,580	50,483	887	0	0	n.a
<b>Exposure value <sup>(b)</sup></b>	<b>17,088,950</b>	<b>18,210,705</b>	<b>18,914,788</b>	<b>23,329,220</b>	<b>26,130,708</b>	<b>24,463,664</b>	<b>-6.4%</b>
<b>Risk weighted exposure amounts</b>	<b>9,007,913</b>	<b>9,035,025</b>	<b>9,751,682</b>	<b>9,809,321</b>	<b>10,095,154</b>	<b>9,797,944</b>	<b>-2.9%</b>
Credit	7,868,701	7,818,830	8,667,548	8,863,896	9,148,290	8,786,966	-3.9%
Market	36,768	85,166	140,020	3,649	0	3,961	n.a
Operational	1,100,211	1,084,993	921,312	920,732	927,571	979,301	5.6%
Credit valuation adjustment (CVA)	2,234	46,037	22,803	21,044	19,294	27,716	43.7%
<b>Solvency ratios <sup>(a)</sup></b>							
Common Equity Tier 1	14.7%	15.2%	16.1%	18.6%	19.2%	19.9%	0.71 pp
Tier 1	14.7%	15.2%	16.1%	18.6%	19.2%	19.9%	0.71 pp
Total	15.4%	15.9%	16.6%	18.6%	19.2%	19.9%	0.71 pp
<b>Leverage ratio</b>	<b>7.5%</b>	<b>7.5%</b>	<b>7.4%</b>	<b>7.8%</b>	<b>8.0%</b>	<b>7.6%</b>	<b>-0.4 pp</b>

Note: Unaudited information

(a) The ratios are calculated in accordance with the rules of Directive 2013/36/EU (CRD IV - Capital Requirements Directive) and Regulation (EU) 575/2013 (CRR - Capital Requirements Regulation).

(b) Includes on-balance-sheet and off-balance-sheet positions and derivatives, net of impairment.

The metrics and indicators used by the Crédito Agrícola Group to monitor Capital are as follows:

Type	Indicator	Risk Profile	Alert Limit
Capital	Common Equity Tier 1	> 14%	12%
Capital	Total Own Funds	> 16%	15%
Capital	Leverage Ratio	> 6%	4%

## 51. Resolution Fund

Under the banking resolution mechanisms implemented over the last few years at a European level, the credit institutions of the Crédito Agrícola Group, like most of the credit institutions operating in Portugal, are participants in the Portuguese Resolution Fund and in the European Single Resolution Fund.

### a) Portuguese Resolution Fund

The Resolution Fund is a legal person governed by public law with administrative and financial autonomy, created by Decree-Law 31-A/2012 of 10 February, which is ruled by the Legal Framework of Credit Institutions and Financial Companies (RGICSF) and by its regulation. Its mission is to provide financial support to the resolution measures applied by Banco de Portugal, in the capacity of national resolution authority, and to perform all other duties entrusted by the law concerning the execution of these measures.

The Crédito Agrícola Group's credit institutions make contributions to the Resolution Fund which result from the application of a rate defined annually by Banco de Portugal based essentially on the value of their liabilities. In 2022 the periodic contribution made by the Crédito Agrícola Group (SICAM) came to 3,278,422 euros.

Under its responsibility as the supervisory and resolution authority of the Portuguese financial sector, Banco de Portugal, on 3 August 2014, decided to apply a resolution measure to Banco Espírito Santo, S.A. ("BES"), under Article 145-G(5) of the Legal Framework of Credit Institutions and Financial Companies ("RGICSF"), which consisted of the transfer of most of its assets to a transition bank, named Novo Banco, S.A. ("Novo Banco"), created especially for the purpose.

The Resolution Fund provided 4,900 million euros for the payment of the share capital of Novo Banco, of which 377 million euros corresponded to its own financial resources. A loan of 700 million euros was also granted by a banking syndicate to the Resolution Fund, with the participation of each credit institution having weighted according to various factors, including its size. The remaining amount (3,823 million euros) came from a repayable loan granted by the Portuguese State.

In December 2015, the national authorities decided to sell the majority of the assets and liabilities associated with the activity of Banif – Banco Internacional do Funchal, S.A. ("Banif") to Banco Santander Totta, S.A. ("Santander Totta"), for 150 million euros, also in the context of the application of a resolution measure. This operation involved an estimated public support of 2,255 million euros, aimed at covering future contingencies, with 489 million euros financed by the Resolution Fund and 1,766 million euros directly by the Portuguese State. In the context of this resolution measure, the assets of Banif which were identified as problematic were transferred to an asset management vehicle, created for the purpose – Oitante, S.A., with the Resolution Fund being the sole holder of its share capital, through the issue of bonds representing the debt of this vehicle, of the value of 746 million euros, backed by the Resolution Fund and counter-backed by the Portuguese State.

The resolution measures applied in 2014 to BES (a process that gave rise to the creation of Novo Banco) and in 2015 to Banif generated uncertainties related to the risk of litigation involving the Resolution Fund, which is significant, as well as the risk of a possible insufficiency of funds to ensure compliance with the liabilities, in particular the repayment in the short-term of the contracted loans.

It was in this scenario that, in the second semester of 2016, the Portuguese Government reached an agreement with the European Commission to change the conditions of the loans granted by the Portuguese State and banks participating in the Resolution Fund, so as to preserve financial stability via the promotion of conditions conferring predictability and stability to the effort of contributing to the Resolution Fund. To this end, a formal amendment was made to the financing contracts of the Resolution Fund which introduced a series of alterations to the repayment plans, remuneration rates and other terms and conditions associated with these loans so that they should be adjusted to the Resolution Fund's capacity to fully comply with its obligations based on its own regular income. This means, without requiring that the banks participating in the Resolution Fund should be charged special contributions or any other type of exceptional contribution.



According to the press release of the Resolution Fund dated 31 March 2017, the review of the conditions of the loans granted by the Portuguese State and participant banks sought to ensure the sustainability and financial balance of the Resolution Fund, based on a stable, predictable, and affordable charge for the banking sector. Based on this review, the Resolution Fund assumed that the full payment of the Resolution Fund's liabilities is assured, as well as the respective remuneration, without requiring special contributions or any other type of exceptional contributions by the banking sector.

On 31 March 2017, Banco de Portugal also disclosed that the Lone Star Fund had been selected to purchase Novo Banco. This purchase was completed on 17 October 2017, with the new shareholder having injected 750 million euros, which will be followed by a new capital entry of 250 million euros, to be paid up over the next three years. The Lone Star Fund now holds 75% of the share capital of Novo Banco and the Resolution Fund holds the remaining 25%. Moreover, the approved conditions include a contingent capitalisation mechanism, under the terms of which the Resolution Fund, as shareholder, can be called upon to inject capital in the event of certain cumulative conditions materialising, related to: (i) the performance of a restrictive set of assets of Novo Banco, and (ii) the evolution of the bank's capitalisation levels, namely the foreseen issue on the market of 400 million euros of Tier 2 equity instruments. Any capital injections that may be made pursuant to this contingent mechanism are subject to an absolute maximum limit.

On 31 May 2021, the banks granted a loan to the Resolution Fund, in the form of a simple loan opening, up to the maximum amount of 475 million euros, exclusively intended to endow the Fund with the necessary financial resources to comply with obligations arising from the Contingent Capitalisation Agreement during 2021 and 2022. Caixa Central granted 4,275 million euros.

Notwithstanding the possibility established in the applicable legislation of charging special contributions, in view of the renegotiation of the conditions of the loans granted by the Portuguese State and by a banking syndicate, in which Caixa Central is included, and the press releases made by the Resolution Fund and by the Office of the Minister of Finance which refer to this possibility not being used, the present financial statements reflect the Executive Board of Directors' expectation that the CA Group (SICAM) will not be required to make special contributions or any other type of exceptional contributions to finance the Resolution Fund. Any significant changes in relation to this matter could have relevant implications for the CA Group's financial statements.

## **b) European Single Resolution Fund**

In addition to the Portuguese Resolution Fund, as mentioned above, Crédito Agrícola also participates in the European Single Resolution Fund.

The European Single Resolution Fund, financed by the European banking sector, is intended to support the resolution of banks at risk or situations of insolvency, after having depleted other options such as the internal recapitalisation of the institutions.

The European Single Resolution Fund is an integral part of the Single Resolution Mechanism, which is the European system for resolution of non-viable banks. In the Single Resolution Mechanism, the responsibility for the resolution of credit institutions is shared between the Single Resolution Board and the national resolution authorities of the Member States of the eurozone, among which Banco de Portugal, and other countries of the European Union that decide to join the Banking Union. The Single Resolution Mechanism seeks to ensure the orderly resolution of banks in situations of insolvency at minimum costs for taxpayers and the real economy.

The Single Resolution Mechanism became fully operational on 1 January 2016.

In 2022 the periodic contribution made by Crédito Agrícola (SICAM) to the European Single Resolution Fund came to 6,182,102 euros.

## 52. Segmental reporting

The CA Group conducted an analysis of its business lines, having identified the materially relevant segments, as described below:

	2022					Total
	Commercial/ Retail banking	Management of investment fund and Wealth management	Insurance activity			
			Life business	Non-life insurance business	Other	
Net interest income	360,268,746	(9,180)	7,881,339	1,633,736	(1,350,733)	368,423,908
Dividend income	378,495	-	95,612	240,000	11,627	725,734
Net fees and commissions income	186,091,358	(1,045,618)	(10,687,721)	(26,066,343)	(2,067,510)	146,224,167
Net trading income	(5,959,051)	2,687	(4,281,157)	(29,077)	6,279,164	(3,987,435)
Technical margin of insurance activity	-	-	86,699,084	57,834,885	-	144,533,969
Other operating earnings and expenses	14,904,908	(186,190)	2,056,016	5,682,925	(16,678,226)	5,779,433
<b>TOTAL OPERATING INCOME, NET</b>	<b>555,684,456</b>	<b>(1,238,301)</b>	<b>81,763,173</b>	<b>39,296,125</b>	<b>(13,805,679)</b>	<b>661,699,775</b>
Staff costs and general administrative overheads	(232,098,975)	(2,730,567)	(9,993,479)	(15,707,119)	(105,560,815)	(366,090,954)
Cash contributions to resolution funds and deposit guarantee schemes	(9,675,111)	-	-	-	-	(9,675,111)
Amortisations and depreciations for the year	(16,362,738)	(219,030)	(992,540)	(2,922,404)	(14,324,746)	(34,821,459)
Modification Gains or (-) Losses	5,855,318	-	-	-	-	5,855,318
Provisions and impairment	(53,625,341)	321,970	-	(2,881,395)	(1,191,278)	(57,376,044)
Share of the profit or (-) loss of investments in joint ventures and associates accounted for using the equity method	-	-	-	-	569,318	569,318
Profit or (-) loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	5,391,999	(2,495,758)	-	-	299,421	3,195,663
<b>PROFIT OR (-) LOSS BEFORE TAXES</b>	<b>255,169,608</b>	<b>(6,361,685)</b>	<b>70,777,154</b>	<b>17,785,208</b>	<b>(134,013,778)</b>	<b>203,356,506</b>
(Tax expenses or income (-))	(35,450,085)	(43,241)	(19,586,484)	(3,284,280)	(392,547)	(58,756,637)
<b>PROFIT OR (-) LOSS AFTER TAX DEDUCTION</b>	<b>219,719,523</b>	<b>(6,404,926)</b>	<b>51,190,670</b>	<b>14,500,927</b>	<b>(134,406,325)</b>	<b>144,599,869</b>
Attributable to non-controlling interests	-	-	-	-	(304,367)	(304,367)
Attributable to owners of the parent company	219,719,523	(6,404,926)	51,190,670	14,500,927	(134,710,692)	144,295,502

	2021					Total
	Commercial/ Retail banking	Management of investment fund and Wealth management	Insurance activity			
			Life business	Non-life insurance business	Other	
Net interest income	304,835,078	(3,076)	6,272,294	3,533,310	(1,683,809)	312,953,798
Dividend income	361,564	-	29,243	-	29,783	420,590
Net fees and commissions income	163,396,677	(2,512,600)	(9,919,986)	(24,794,558)	(2,781,760)	123,387,772
Net trading income	55,482,702	-	8,010,513	(33,589)	(906,563)	62,553,063
Technical margin of insurance activity	-	-	16,783,008	49,468,871	-	66,251,879
Other operating earnings and expenses	19,166,393	374,784	(1,415,692)	1,360,455	(8,603,446)	10,882,494
TOTAL OPERATING INCOME, NET	543,242,415	(2,140,892)	19,759,381	29,534,488	(13,945,795)	576,449,596
Staff costs and general administrative overheads	(333,112,765)	(3,836,376)	(11,087,622)	(17,919,701)	26,953,284	(339,003,182)
Cash contributions to resolution funds and deposit guarantee schemes	(6,587,856)	-	-	-	-	(6,587,856)
Amortisations and depreciations for the year	(16,385,996)	(235,442)	(847,931)	(3,015,529)	(13,228,514)	(33,713,412)
Modification Gains or (-) Losses	(1,146,860)	-	-	-	-	(1,146,860)
Provisions and impairment	1,744,156	28,865	-	(1,229,232)	1,607,829	2,151,618
Share of the profit or (-) loss of investments in joint ventures and associates accounted for using the equity method	-	-	-	-	645,607	645,607
Profit or (-) loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	2,206,045	(1,576,915)	-	-	-	629,130
PROFIT OR (-) LOSS BEFORE TAXES	189,959,139	(6,183,845)	7,823,828	7,370,026	2,032,410	199,424,641
(Tax expenses or income (-))	(37,802,480)	(69,542)	(1,757,187)	(1,523,420)	663,174	(40,489,455)
PROFIT OR (-) LOSS AFTER TAX DEDUCTION	152,156,659	(6,253,387)	6,066,641	5,846,606	2,695,584	158,935,186
Attributable to non-controlling interests	-	-	-	-	(158,880)	(158,880)
Attributable to owners of the parent	152,156,659	(6,253,387)	6,066,641	5,846,606	2,536,704	158,776,306

	2022					Total
	Commercial/ Retail banking	Management of investment fund and Wealth management	Insurance activity			
			Life business	Non-life insurance business	Other	
Cash, cash balances at central banks and other demand deposits	1,356,001,557	376,874	308	2,075	1,751	1,356,382,565
Financial assets held for trading	163,144,052	15,279,977	-	-	1,020,539	179,444,567
Non-trading financial assets mandatorily stated at fair value through profit or loss	28,849,916	10,319,782	-	-	10,061,730	49,231,427
Financial assets designated at fair value through profit or loss	-	-	3,754,905	-	-	3,754,905
Financial assets at fair value through other comprehensive income	129,085,382	22,604	453,978,887	198,633,007	-	781,719,881
Financial assets at amortised cost	20,355,716,406	-	275,341,230	-	-	20,631,057,636
Derivatives - Hedge accounting	885,429,290	-	-	-	-	885,429,290
Investments in subsidiaries, joint ventures and associates	-	-	-	2,829,626	-	2,829,626
Non-current assets and disposal groups classified as held for sale	145,159,000	114,920,063	-	-	-	260,079,062
Other	684,834,435	1,782,014	18,697,343	39,511,507	-	744,825,298
<b>Total assets</b>	<b>23,748,220,038</b>	<b>142,701,314</b>	<b>751,772,672</b>	<b>240,976,214</b>	<b>11,084,020</b>	<b>24,894,754,257</b>
Financial liabilities held for trading	5,215,793	-	-	-	-	5,215,793
Financial liabilities measured at amortised cost	20,804,719,787	-	-	-	-	20,804,719,787
Derivatives - Hedge accounting	27,415,374	-	-	-	-	27,415,374
Provisions	33,630,480	68,722	630,179,220	152,141,145	7,443,467	823,463,033
Other	1,107,900,302	4,255,797	21,723,473	58,396,292	-	1,192,275,863
<b>Total liabilities</b>	<b>21,978,881,736</b>	<b>4,324,519</b>	<b>651,902,692</b>	<b>210,537,436</b>	<b>7,443,467</b>	<b>22,853,089,851</b>

	2021					Total
	Commercial/ Retail banking	Management of investment fund and Wealth management	Insurance activity			
			Life business	Non-life insurance business	Other	
Cash, cash balances at central banks and other demand deposits	3,970,884,177	199,774	254	1,127	6,775	3,971,092,106
Financial assets held for trading	713,337	18,251,970	-	-	-	18,965,307
Non-trading financial assets mandatorily at fair value through profit or loss	28,564,532	4,498,638	-	-	16,650,642	49,713,812
Financial assets designated at fair value through profit or loss	-	-	10,111,344	-	-	10,111,344
Financial assets at fair value through other comprehensive income	909,995,718	-	684,074,088	211,025,296	26,105	1,805,121,207
Financial assets at amortised cost	18,946,839,231	-	-	-	-	18,946,839,231
Derivatives - Hedge accounting	73,485,867	-	-	-	-	73,485,867
Investments in subsidiaries, joint ventures and associates	-	-	-	2,494,021	-	2,494,021
Non-current assets and disposal groups classified as held for sale	176,814,061	134,015,621	-	-	-	310,829,682
Other	632,954,606	22,555,200	6,528,804	24,929,624	125,899,378	812,867,611
<b>Total assets</b>	<b>24,740,251,529</b>	<b>179,521,204</b>	<b>700,714,490</b>	<b>238,450,068</b>	<b>142,582,900</b>	<b>26,001,520,189</b>
Financial liabilities held for trading	387,206	-	-	-	-	387,206
Financial liabilities measured at amortised cost	22,760,335,050	-	-	-	-	22,760,335,050
Derivatives - Hedge accounting	126,448,063	-	-	-	-	126,448,063
Provisions	25,575,149	2,300,000	564,459,364	148,233,869	5,153,062	745,721,444
Other	136,487,539	4,262,000	87,002,553	48,598,130	73,725,916	350,076,137
<b>Total liabilities</b>	<b>23,049,233,007</b>	<b>6,562,000</b>	<b>651,461,917</b>	<b>196,831,999</b>	<b>78,878,978</b>	<b>23,982,967,901</b>

### 53. Environmental Matters

Awareness of the impact of exposure to environmental, social and governance risks on the business viability of companies in general (i.e. from the impact on the financial performance reported in the accounts to the opportunity costs/benefits incurred or not taken advantage of) and, consequently, on the performance and robustness of the financial sector itself has been reinforced by pressure from regulators, legislators and other institutional actors (e.g. investors, rating agencies and global forums, among others).

It is important to mention that in the latest annual report of the World Economic Forum<sup>10</sup>, on risk perception, of the 10 risks identified for the next 10 years, regarding the severity of the potential impact on the world economy and on humanity, 6 of them are environmental (namely: 1. failure to combat climate change, 2. failure to adapt to climate change, 3. natural disasters and extreme weather events, 4. biodiversity loss and ecosystem collapse, 6. crisis in natural resources, and 10. large-scale environmental accidents and damage), two are social (namely: 5. large-scale involuntary migration and 7. erosion of social cohesion and social polarisation) and of the remaining two one is technological (namely: 8. increased crime and cyber insecurity) and one is geopolitical (namely: 9. geo-economic confrontations) with potential and relevant social and environmental impacts.

The analysis / assessment of asset exposure to physical risks arising from extreme climate events (e.g. droughts, fires, floods) or medium-long term climate trends (e.g. coastal erosion, scarcity of drinking water, soil degradation) and to transition risks related to the weak/ineffective monitoring of the transformation process of the economy and society, driven by institutional actors (e.g. regulatory fines, need to reinforce capital) and by society itself (e.g. difficulty in attracting new customers, new business opportunities and new talent), are relevant to the Risk Management Strategy of the Crédito Agrícola Group and, consequently, to the adaptation of its own offer and business model.

<sup>10</sup> World Economic Forum, Global Risks Perception Survey 2022-2023.

In this sense, the Crédito Agrícola Group presents a management of environmental matters based on:

- i) Existence of a Sustainability Office, reporting directly to the Chairman of the Executive Board of Directors, responsible for planning and supporting the implementation of the Sustainability Strategy, as well as conceptual and technical support to the structures whose activity is impacted by it, namely the risk, marketing and product areas;
- ii) Existence of a Sustainability Board comprising the Executive Board of Directors and representatives of Caixa Central's structures relevant to the implementation of the strategy;
- iii) Implementation of a Sustainability Policy that dictates the main sustainability guidelines to be followed by the various Group institutions;
- iv) Inclusion of a set of environmental, social and governance risks in the risk matrix;
- v) Collection and processing of environmental and social information from corporate customers and sole proprietorships when opening credit operations, in accordance with the guidelines of the European Banking Authority (EBA) on the inclusion of ESG issues in the granting and monitoring of loans, with 10 questionnaires available to date that assign a rating to the client-company and/or the credit operation in sectors such as agriculture, real estate, tourism and restaurants; and

Anticipation, albeit in a preliminary manner, of regulatory exercises such as climate stress testing and/or the inclusion of ESG risks in ICAAP reporting.

## 54. Subsequent events

The conflict in Ukraine has implications for the global economy, with material economic costs, including aspects related to the international sanctions and pressures on the supply of oil and gas. In this context, the Group has taken measures to specifically monitor its assets and any possible impacts on the respective risk profiles, through individual assessments, sensitivity and scenario analyses. The direct exposure shows no materiality; however, it is important to stress that, at this stage, there is still a high level of uncertainty as to the indirect effects, primarily about the duration of the conflict and the nature and duration of the State assistance/support and, consequently, the impacts on the inflation of energy products and commodities and on the country's trade balance. Although the Group's exposure to the economies of those countries is immaterial, the occurrence of indirect impacts that are currently difficult to quantify cannot be excluded at this stage.

## EXTERNAL AUDITORS' REPORT OF THE CA GROUP



## ***Statutory Audit Report***

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

### ***Report on the audit of the consolidated financial statements***

#### ***Opinion***

We have audited the accompanying consolidated financial statements of Crédito Agrícola Group (composed by Caixa Central – Caixa Central de Crédito Agrícola Mútuo, CRL (Caixa Central), associated Caixas de Crédito Agrícola Mútuo and subsidiaries), which comprise the consolidated balance sheet as at 31 December 2022 (which shows total assets of Euros 24.894.754 thousand and total shareholders' equity of Euros 2.041.664 thousand, including a net profit attributable to owners of the parent of Euros 144.296 thousand), the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly in all material respects, the consolidated financial position of Crédito Agrícola Group as at 31 December 2022, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

#### ***Basis for opinion***

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

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

#### ***Key audit matters***

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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**Key Audit Matter****Summary of the Audit Approach**

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**Impairment losses on financial assets at amortized cost - Loans and advances to customers**

Measurement and disclosures related to impairment losses on loans and advances to customers presented in Notes 2.4 c), 10.2, 19 and 49.1 attached to the consolidated financial statements

The significant amount of loans and advances to customers and associated impairment losses, which require a set of complex assumptions and judgments from the Crédito Agrícola Group management regarding the identification of clients with a significant increase in credit risk or in default, as well as the corresponding amount of impairment losses, justify that these constitute key matters for the purposes of our audit.

As of 31 December 2022, the gross amount of credit to customers amounts to Euros 11.561.750 thousand and the corresponding impairment losses recognized at that date amounts to Euros 349.535 thousand.

Impairment losses on loans and advances to customers are determined by management on an individual basis, through a case-by-case analysis of a significant component of the total loan portfolio, and for the remaining portfolio impairment is determined through a collective analysis.

For the most significant exposures, evaluated in terms of the total amount of responsibilities within Crédito Agrícola Group and the possible existence of signs of default, the Group develops an individual analysis process that includes an individual analysis of staging, in order to corroborate the allocation of automatic staging (stages 1,2 and 3) and an individual impairment measurement analysis. In the latter case, analysis is performed only for exposures classified in stages 2 and 3, in which the amount of impairment is determined through a detailed analysis of the economic and financial position of each individual customer, with reference to (i) the estimated cash flows that may be generated in the future for the fulfilment of their responsibilities – going concern; or (ii) the evaluation attributed to the collateral received

The audit procedures undertaken included the identification, understanding and assessment of policies and procedures established by the Crédito Agrícola Group to measure credit impairment losses on loans and advances to customers, as well as its key controls regarding approval, registration and credit risk monitoring, and timely identification, measurement and recording of impairment losses.

On a sample basis, we analyzed a group of clients within the Crédito Agrícola Group's individual analysis perimeter, based on the criteria defined in internal regulations, with the objective of: (i) reviewing the conclusions and results obtained by the Crédito Agrícola Group in the individual analysis of staging and in the individual analysis of impairment measurement; (ii) obtaining our own judgment on the existence of situations of significant increase in credit risk and default; and (iii) assessing how the impairment losses were timely identified, measured and recognized by management. In this process, it was also confirmed that the perimeter of individual analysis included all the exposures that met the criteria defined by the Crédito Agrícola Group in its methodology.

For a sample of exposures classified in stages 2 and 3, representative of the credit population subject to individual analysis by the Crédito Agrícola Group as at 31 December 2022, the procedures we have developed consisted of: (i) reviewing the available documentation on credit processes; (ii) verifying the adequacy of the cash flows used to determine impairment with those reflected in the contractual support; (iii) analyzing the contractual support and the most relevant collaterals and confirm the registration of them in favour of the Crédito Agrícola Group; (iv) analyzing the latest valuations of these collaterals; (v)



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**Key Audit Matter**

for the loan granted, whenever the recovery is anticipated through foreclosure, execution and/or sale of the collateral, less the costs inherent to its recovery and sale – gone concern.

For exposures not covered by the individual analysis, the Crédito Agrícola Group developed collective analysis models to calculate expected impairment losses, in light of the requirements of IFRS 9, which include, namely the classification of exposures by different stages according to the evolution of their credit risk since the date of its concession, and not according to the credit risk at the reporting date (stages 1, 2 or 3). These models are based on the internal historical information of defaults and recoveries and, in order to be representative of the current economic context, but also to incorporate a perspective of future economic evolution, these also use available forward looking prospective information such as (i) the GDP growth rate; (ii) the unemployment rate; (iii) the evolution of the interest rate; and / or (iv) the projections for the real estate market. On the basis of these macroeconomic data, potential scenarios are developed that allow estimating the expected loss in each segment based on a probability of occurrence.

The specificity and uncertainty of the current macroeconomic and geopolitical situation led to an increase in complexity of determining impairment losses. In these circumstances, the internal impairment models developed by the Group were adapted to incorporate new criteria and other judgments, namely an updating in prospective information, through an adjustment in the overlay models, in order to reflect potential effects of the current adverse macroeconomic context, marked by the impacts of the war in Ukraine, as well as the reflection of the expected relationship of this information with the risk parameters of the collective analysis models developed by the Group.

In this context, changes in the assumptions or methodologies used by the Crédito Agrícola Group in the analysis and quantification of impairment losses of the credit to customers, as well as different recovery strategies, may condition the estimation of recovery

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**Summary of the Audit Approach**

examining the criteria for determining a significant increase in credit risk (stage 2) and for classification under impairment (stage 3) on an individual basis; (vi) reviewing the incorporation of forward looking information; (vii) a critical analysis of the discounted cash flows underlying the calculation of impairment; (viii) assessing the evolution of exposures; and (ix) understanding the views of the responsible for Caixa Central and Caixas Associadas regarding the economic and financial situation of the clients, as to the predictability of expected cash flows of the respective businesses, as well as the prospects of collectability of credits.

Whenever we concluded for the need to review some assumption used by management, we recalculated the estimated amount of impairment and compared the results obtained with those calculated by the Group, in order to assess the existence of possible material divergences.

For the portfolio whose impairment is assessed through the collective analysis model, a set of specific procedures were developed with the objective of evaluating how the assumptions considered by management include all the risk variables by comparison to the available historic performance and recoveries of the Crédito Agrícola Group's loans and advances portfolio, namely: (i) review of the methodological documentation for the development and validation of the models; (ii) analysis of the documentation of the backtesting exercise of the risk parameters and its results; (iii) review and testing of portfolio segmentation; (iv) analysis of the Crédito Agrícola Group's definition of default and the criteria applied in the classification of staging, on a sample basis; (v) review and testing of the main risk parameters, as well as the available forward looking information and its update through the estimated economic effects, including the analysis of the methodologies defined by the Group for the determination of the overlay to be applied due to the current adverse macroeconomic context; (vi) critical analysis of the main assumptions and sources of information used in the future recoveries incorporated in the LGD "(Loss Given Default)", including the test of historical recoveries incorporated in this calculation,

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**Key Audit Matter**

flows and timing of their receipt may have a material impact on the determination of the amount of impairment losses recognized at each moment.

**Summary of the Audit Approach**

on a sampling basis; and (vii) recalculation of Expected Credit Loss ("ECL") for the loan and advances portfolio, with reference to 31 December 2022.

Our auditing procedures also included a review of the disclosures for loans and advances to customers, as well as the related impairment losses, presented on the Crédito Agrícola Group notes to the consolidated financial statements, considering the applicable accounting standards.

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**Impairment losses on securitised loans – sovereign debt**

Measurement and disclosures related with impairment losses on securitised loans – sovereign debt portfolio presented in Notes 2.4 d), 9, 10.1, 19, 24 and 49.1 to the consolidated financial statements

The significant expression of the securitised loans portfolio – sovereign debt and associated impairment losses, which require a set of complex assumptions and judgments from the Crédito Agrícola Group management in relation to the identification of securities with a significant increase in credit risk, as well as the corresponding amount of impairment losses, justify that these constitute a key matter for the purposes of our audit.

As of 31 December 2022, the gross amount of the securitised loans portfolio related to sovereign debt associated to non-insurance activity amounted to Euros 7.115.269 thousand (of which Euros 7.013.035 thousand classified as financial assets carried out at amortized cost, as described in Note 10.1 and Euros 102.234 thousand classified as financial assets at fair value through other comprehensive income, as described in Note 9). The corresponding impairment losses recognized at that date amounted to Euros 5.364 thousand.

The measurement of credit losses expected from these exposures, as well as the respective significant increase in credit risk, are determined through an analysis model developed by Crédito Agrícola Group, in line with the requirements of IFRS 9, which

The audit procedures developed included the identification, understanding and evaluation of policies and procedures established by Crédito Agrícola Group with regard to the approval, recording and monitoring the credit risk of securitized loans, as well as the Group's key controls underlying the timely identification, recording and correct measurement of expected impairment losses.

In the specific scope of our work, we have developed, among others, the following procedures:

- Understanding of the Group's governance process, namely regarding the controls implemented on the review and approval of the main assumptions, judgments and future economic perspectives used in the models defined for the measurement of impairment losses; and
- Reading and analysis of the methodological documents prepared by the Group and reviewing their adherence to the principles of the said standard.

Regarding the models used by the Group, a set of specific procedures were developed in order to assess whether the assumptions considered by the

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**Key Audit Matter**

classifies exposures by different stages depending on the evolution of the credit risk since the date of its initial recognition (stages 1, 2 or 3), being these securities with external rating and investment grade rating at the time of acquisition. These models are based on historical information on defaults and recoveries, complemented with market information, which is made available by external reference suppliers.

In this context, changes in the assumptions or methodologies or information provided by external suppliers used by the Group in the analysis and quantification of credit losses expected from these exposures, may have a relevant impact on the estimation of recovery flows and the timing of their receipt, and consequently on the determination of the amount of expected credit losses recognized as impairment in the consolidated financial statements as of 31 December 2022.

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**Summary of the Audit Approach**

Group's management meet the requirements of IFRS 9, namely: (i) review of the methodological documentation underlying the model used; (ii) portfolio segmentation reviewing and testing; (iii) analysis of the Group's definition of default and the criteria applied in the classification of staging, on a sampling basis; (iv) review and test of the main risk parameters; (v) critical analysis of the main assumptions and sources of information used in future recoveries incorporated in the calculation of LGD (Loss Given Default); and (vi) recalculation of ECL (Expected Credit Loss).

Our audit procedures also included a review of the disclosures about the securitized loan portfolio where these assets are included, as well as the respective impairments, presented on the Group's attached notes to the financial statements, considering the applicable accounting standards.

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**Valuation of real estate properties received as recovery of loans**

Measurement and disclosures related with valuation of real estate properties received as recovery of loans presented in Notes 2.4 j) 16 and 17 attached to the consolidated financial statements

As of 31 December 2022, the net value of real estate properties received as recovery of loans and included in the captions Non-current assets held for sale ("NCAHS") and Other Assets ("OA") amounts to Euros 259.165 thousand and Euros 23.615 thousand, respectively.

In accordance with the policies in force in the Crédito Agrícola Group, the properties are subject to periodic valuations, carried out by expert appraisers registered at the CMVM, which incorporate a set of assumptions, and which give rise to the recording of impairment losses whenever the valuation amount, net of selling costs, is lower than its book value.

Given the expression of these assets in the consolidated balance sheet of the Crédito Agrícola Group and taking into consideration that their

The audit procedures we have undertaken included the identification and understanding of the key controls established by the Crédito Agrícola Group to identify real estate properties with signs of impairment, classified as NCAHS and OA, to determine the corresponding amounts of impairment losses and ensure the corresponding accounting treatment in an appropriate and timely manner. Our procedures also included performing tests of details.

For a sample of real estate properties, we conducted analyses on its valuation and, if applicable, the subsequent impairment loss recorded on the basis of the valuations prepared by external independent experts. This analysis also included an assessment of the reasonableness of the methodology applied and the assumptions used by the expert appraisers in determining the value of the selected properties.

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**Key Audit Matter**

valuation requires the application of a set of assumptions and judgments by the management for the purpose of determining the amount and the moment of recognition of the corresponding losses due to impairment, this was considered a key matter for the purposes of our audit.

**Summary of the Audit Approach**

Whenever necessary, we held meetings to understand and challenge the judgments and assumptions adopted in preparing the valuations.

The qualifications of the expert appraisers contracted by the Crédito Agrícola Group were duly analysed, including the confirmation of their registration with the CMVM.

For a sample of properties that were sold during 2022, we compared the sale value with the last valuation obtained, in order to assess the reasonableness of the valuations previously obtained by the Crédito Agrícola Group.

Our auditing procedures also included a review of the disclosures about NCAHS and OA included in the notes to the consolidated financial statements taking into account applicable and current accounting standards.

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**Employees post-employment benefits**

Measurement and disclosures related with employees post-employment benefits presented in Notes 2.4 q) and 48 to the consolidated financial statements

As of 31 December 2022 the liabilities for past services of Crédito Agrícola Group with employees and pensioners' post-employment benefits amounted to Euros 106.607 thousand, mainly covering retirement and survival pensions, health care and death benefit, namely those predicted in the Collective Labour Agreement ("Acordo Coletivo de Trabalho" - "ACT") for Crédito Agrícola, known as Collective Labour Agreement for Credit Institutions of Crédito Agrícola Mútuos.

These liabilities are estimated based on actuarial valuations developed by an actuary of the Crédito Agrícola Group, certified by the Insurance and Pension Funds Supervisory Authority ("ASF"). These valuations incorporate a set of financial and actuarial assumptions, such as the discount rate, the inflation rate, the mortality and disability tables, the growth rates of pensions and wages, among others, which correspond to the best estimation of the management

The audit procedures we have undertaken included the identification and understanding of the key controls implemented by the Crédito Agrícola Group to ensure the information compiled and provided to the actuary is correct and complete to calculate the liabilities and future financing needs of the plan, as well as the adequacy of the process of calculating the fair value of the Fund's assets.

The audit work included the analysis of the actuarial study prepared by the independent actuary with reference to 31 December 2022 and the meetings held with the management and the independent actuary in order to identify the methodologies and options considered in the definition of the main actuarial and financial assumptions adopted. Given the relevance of the required management judgments, we proceeded to evaluate the reasonableness of the main assumptions by

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**Key Audit Matter**

concerning characteristics of the benefits and the population of employees and the current and future behavior of these variables.

In the specific case of the discount rate used in actuarial studies, it is determined on the basis of the market rates for high-quality corporate bonds in terms of credit risk, denominated in the currency in which the benefits will be paid (Euros) and similar maturity to the benefits plan expiration date.

In this context, future changes in the assumed financial and actuarial assumptions may give rise to material impacts on net liabilities as well as assets held to meet these liabilities, and for that reason this issue was considered a key matter for the purposes of our audit.

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**Summary of the Audit Approach**

comparing them with the data that we were independently able to obtain.

We reviewed the compliance of (i) the historic information of the employees used for the purposes of calculating responsibilities; (ii) the accounting recognition of costs related to past services and other changes in assumptions and estimates that occurred during the year; (iii) the fair value of the fund's assets, independently calculating its value for a sample of assets; and (iv) the variation over the year of the pension fund's surplus and the analysis of the respective conclusions obtained by Caixa Central for the recognition of this value.

The audit procedures included the review of the employees and pensioners' post-employment benefits disclosures included in the notes to the consolidated financial statements taking into account applicable and current accounting standards.

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**Risk of insufficient assets to cover contracted liabilities**

Measurement and disclosures related with the risk of insufficient assets to cover contracted liabilities presented in Notes 19 and 21 to the consolidated financial statements

The heading mathematical provisions for life segment and provision for interest rate commitments are a matter of relevance for the purposes of our audit, not only because of their significant expression in liabilities, but also because these require, in relation to their determination, the application of subjective assumptions and judgments by the management of Crédito Agrícola Group. As of 31 December 2022, this heading amounts to Euros 782.320 thousand, being, among others, constituted by (i) a mathematical provision for life insurance in the amount of Euros 596.782 thousand and (ii) provision for interest rate commitments in the amount of Euros 13.989 thousand.

Additionally, in liabilities are reflected the financial liabilities of the deposit component of insurance contracts and insurance contracts and transactions,

Our team, integrating actuarial experts, has developed the following main audit procedures:

- Identification and understanding of the process and controls considered key to the assessment of the adequacy of insurance liabilities, in particular in what concerns insurance products with assumed guarantees;
- Verification of the effectiveness of the controls associated with the recognition of mathematical provisions, the provision for interest rate commitments and financial liabilities of the deposit component of insurance contracts and insurance contracts and transactions considered as investment contracts for accounting purposes;
- Identification and evaluation of the assumptions used by management in assessing the adequacy of insurance responsibilities; and

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**Key Audit Matter**

considered for accounting purposes as investment contracts that on 31 December 2022 amount to Euros 4.152 thousand.

The assessment of the adequacy of insurance liabilities is made based on the projection of future cash flows associated with each contract. These cash flows include premiums, deaths, salaries, redemptions, cancellations, expenses and commissions payable.

This assessment is carried out product by product and the curve used to discount liability is a risk-free interest rate curve.

These evaluations involve judgments regarding the selection of the assumptions underlying the calculation, such as discount rates and redemption rates. The existing risk arises from the possibility of non-satisfaction of the guarantees assumed by the Crédito Agrícola Group for the commercialized contracts, due to the fact that there is no direct correspondence between assets and liabilities at the level of interest rate and maturity.

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**Summary of the Audit Approach**

- The development of independent tests for insurance contracts and investment contracts portfolios comparing the results obtained with those obtained by management.

In addition, our auditing procedures also included a review of the disclosures on mathematical provision of life insurance and provision for interest rate commitment included in the notes to the consolidated financial statements taking into account applicable and current accounting standards.

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**Financing of the Resolution Fund**

Disclosures related to the Resolution Fund presented in Note 51 a) to the consolidated financial statements

The resolution measures applied in 2014 to Banco Espírito Santo, SA - a process that led to the creation of Novo Banco, SA ("Novo Banco") - and in 2015 to Banif - Banco Internacional do Funchal, SA ("Banif") created uncertainties related to the possible insufficiency of resources of the Resolution Fund to ensure the fulfilment of its responsibilities, in particular the short-term repayment of the financing it has contracted for this purpose.

These uncertainties have become more relevant due to the liabilities and contingent liabilities assumed, namely those resulting from: (i) effects of the application of the principle that no creditor of the credit institution under resolution may incur greater loss than it would if it had entered into liquidation; (ii) legal proceedings against the Resolution Fund; (iii)

The audit procedures we developed for this matter included the identification and understanding of the key processes and controls instituted by Crédito Agrícola Group regarding the identification and monitoring of contingent liabilities.

Concerning the relevance and complexity of the judgments required by Crédito Agrícola Group management, within the scope of our audit, we carried out, among others, the following procedures in relation to the Resolution Fund: (i) analysis of the evolution of Caixa Central's exposures to the Resolution Fund; (ii) understanding of the views of Caixa Central's management regarding the economic and financial situation of the Resolution Fund and the predictability of expected cash flows from its regular revenues; (iii) analysis of the latest financial

<b>Key Audit Matter</b>	<b>Summary of the Audit Approach</b>
<p>negative effects arising from the resolution process resulting in additional responsibilities or contingencies for Novo Banco that must be neutralized by the Resolution Fund; and (iv) contingent capitalization mechanism associated with Novo Banco's sale process to Lone Star, under which the Resolution Fund, as shareholder of Novo Banco, may be called upon to make capital injections in the event of certain conditions related to the performance of a restricted set of assets of Novo Banco and the evolution of its capitalization levels.</p> <p>The financial statements of 31 December 2022 reflect the management's expectation that Caixa Central, as an entity participating in the Resolution Fund, will not be required to make special contributions or any other type of extraordinary contributions to finance the resolution measures applied to BES and Banif or any other contingent liability or liability assumed by the Resolution Fund.</p> <p>Contingent liabilities may evolve differently than originally expected, so they are subject to continuous review to determine whether this eventuality of resources outflow has become probable. In these circumstances, the assessment of this contingent liability implies that the Crédito Agrícola Group management employs complex estimates and judgments as to the probability of materializing and quantifying the amounts of liabilities that may result from litigation and contingencies in which the Group is a party involved, and, to that extent, this was a matter considered relevant for the purposes of our audit.</p>	<p>information available on the Resolution Fund; and (iv) appreciation of any relevant public communications on the contingent liabilities and responsibilities assumed by the Resolution Fund and/ or the Portuguese State,</p> <p>We also analyzed the information available regarding the developments of these subjects after 31 December 2022.</p> <p>Our audit procedures also included the revision of the disclosures on provisions and contingent liabilities presented on the Group's notes to the financial statements, taking into account the applicable accounting standards.</p>

**Responsibilities of management and supervisory board for the consolidated financial statements**

Management is responsible for:

- a) the preparation of the consolidated financial statements, which present fairly the consolidated financial position, the consolidated financial performance and cash flows of the Group in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union;
- b) the preparation of the Directors' report, corporate governance report and the non-financial statement in accordance with the applicable law and regulations;

- c) the creation and maintenance of an appropriate system of internal control to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error;
- d) the adoption of appropriate accounting policies and criteria; and
- e) the assessment of the Group's ability to continue as a going concern, disclosing, as applicable, events or conditions that may cast significant doubt on the Group's ability to continue its activities.

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

### ***Auditor's responsibilities for the audit of the consolidated financial statements***

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

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

- a) identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- b) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- d) conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- e) evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;



- f) obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion;
- g) communicate with those charged with governance, including the supervisory board, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;
- h) of the matters we have communicated to those charged with governance, including the supervisory board, we determine which one's were the most important in the audit of the consolidated financial statements of the current year, these being the key audit matters. We describe these matters in our report, except when the law or regulation prohibits their public disclosure; and
- i) confirm to the supervisory board that we comply with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

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

### ***Report on other legal and regulatory requirements***

#### ***Directors' report***

In compliance with paragraph 3 e) of article No. 451 of the Portuguese Company Law, it is our opinion that the Directors' report has been prepared in accordance with applicable requirements of the law and regulation, that the information included in the Directors' report is consistent with the audited consolidated financial statements and, taking into account the knowledge and assessment about the Group, no material misstatements were identified. As mentioned in paragraph 7) of article no 451.<sup>o</sup> of the Portuguese Company Law, this opinion is not applicable to the non-financial statement included in the Directors' Report.

#### ***Corporate governance report***

In compliance with paragraph 4 of article No. 451 of the Portuguese Company Law, it is our understanding that the corporate governance report includes the information required under article No. 29-H of the Portuguese Securities Market Code, that no material misstatements were identified in the information disclosed in this report and that it complies with paragraphs 1 c), d), f), h), i) and l) of that article.

#### ***Consolidated non-financial statement***

In compliance with paragraph 6 of article No. 451 of the Portuguese Company Law, we hereby inform that the Group included in its Directors' report the consolidated non-financial statement set forth in article No. 508-G of the Portuguese Company Law.

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

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

- a) We were first appointed auditors of Crédito Agrícola Group in the Shareholders' General Meeting of 30 May 2015 for the period having remained in functions until the current period. Our last appointment was in the Shareholders' General Meeting of 28 May 2022 for the period from 2022 to 2024;
- b) The management has confirmed to us it has no knowledge of any allegation of fraud or suspicions of fraud with material effect in the financial statements. We have maintained professional scepticism throughout the audit and determined overall responses to address the risk of material misstatement due to fraud in the consolidated financial statements. Based on the work performed, we have not identified any material misstatement in the consolidated financial statements due to fraud;
- c) We confirm that our audit opinion is consistent with the additional report that was prepared by us and issued to the Group's supervisory board as of this date; and
- d) We declare that we did not provide any prohibited non-audit services referred to in paragraph 1 of article No. 5 of Regulation (EU) 537/2014 of the European Parliament and of the Council, of April 16, 2014 and that we remain independent of the Group in conducting our audit.

28 April 2023

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

[Original in Portuguese signed by]

Carlos José Figueiredo Rodrigues, ROC no. 1737  
Registered with the Portuguese Securities Market Commission under no. 20161347

## CAIXA CENTRAL'S FINANCIAL STATEMENTS

**CAIXA CENTRAL DE CRÉDITO AGRÍCOLA MÚTUO, CRL**
**INDIVIDUAL BALANCE SHEET AS AT 31 DECEMBER 2022 AND 2021  
(Amounts in Euros)**

ASSETS	Notes	31-Dec-2022	31-Dec-2021
<b>Cash, cash balances at central banks and other demand deposits</b>	4	<b>1,228,989,974</b>	<b>3,853,840,961</b>
Cash on hand		46,333,742	49,299,407
Cash balances at central banks		1,161,671,241	3,793,019,676
Other demand deposits		20,984,991	11,521,877
<b>Financial assets held for trading</b>	5	<b>55,749,277</b>	<b>713,337</b>
Derivatives		5,706,994	713,337
Debt securities		50,042,283	0
<b>Non-trading financial assets mandatorily at fair value through profit or loss</b>	6	<b>145,240,481</b>	<b>178,698,752</b>
Equity instruments		145,240,481	178,698,752
<b>Financial assets at fair value through other comprehensive income</b>	7	<b>84,102,644</b>	<b>98,007,798</b>
Debt securities		84,102,644	98,007,798
<b>Financial assets at amortised cost</b>	8	<b>9,925,984,765</b>	<b>9,215,717,651</b>
Debt securities	8.1	8,210,996,107	7,688,681,973
Loans and advances to Central Banks and Credit Institutions	8.2	263,540,575	35,803,548
Loans and advances to Customers	8.2	1,451,448,083	1,491,232,130
<b>Derivatives - Hedge accounting</b>	9	<b>885,429,290</b>	<b>73,485,867</b>
<b>Investments in subsidiaries, joint ventures and associates</b>	10	<b>62,500,000</b>	<b>59,162,156</b>
<b>Tangible assets</b>	11	<b>17,846,729</b>	<b>19,516,448</b>
<b>Intangible assets</b>	12	<b>0</b>	<b>0</b>
<b>Tax assets</b>	13	<b>18,768,148</b>	<b>11,085,823</b>
Current tax assets	13	1,715,164	0
Deferred tax assets	13	17,052,984	11,085,823
<b>Other assets</b>	14	<b>275,576,553</b>	<b>349,867,490</b>
<b>Non-current assets and disposal groups classified as held for sale</b>	15	<b>6,882,284</b>	<b>9,687,754</b>
<b>TOTAL ASSETS</b>		<b>12,707,070,144</b>	<b>13,869,784,037</b>
LIABILITIES	Notes	31-Dec-2022	31-Dec-2021
<b>Financial liabilities held for trading</b>	5	<b>5,215,793</b>	<b>4,727,645</b>
Derivatives		5,215,793	4,727,645
<b>Financial liabilities measured at amortised cost</b>	16	<b>11,142,750,143</b>	<b>13,164,085,514</b>
Deposits		10,805,479,572	12,724,143,031
<i>Deposits - Central Banks</i>		28,203,606	3,006,053,136
<i>Deposits - Credit Institutions</i>		9,923,927,083	8,491,759,406
<i>Deposits - Customers</i>		853,348,883	1,226,330,489
Debt securities issued		301,171,233	301,171,233
Other financial liabilities		36,099,338	138,771,250
<b>Derivatives - Hedge accounting</b>	9	<b>27,415,374</b>	<b>126,448,063</b>
<b>Provisions</b>	17	<b>8,547,388</b>	<b>7,787,618</b>
Commitments and guarantees given		3,058,404	2,458,419
Other provisions		5,488,984	5,329,199
<b>Tax liabilities</b>	13	<b>648,430</b>	<b>2,881,067</b>
Current tax liabilities	13	0	2,179,353
Deferred tax liabilities	13	648,430	701,714
<b>Other liabilities</b>	18	<b>998,758,010</b>	<b>148,057,093</b>
<b>TOTAL LIABILITIES</b>		<b>12,183,335,138</b>	<b>13,453,987,000</b>
EQUITY	Notes	31-Dec-2022	31-Dec-2021
<b>Capital</b>	20	<b>312,706,855</b>	<b>311,097,865</b>
<b>Equity instruments issued, except capital</b>	21	<b>100,000,000</b>	<b>0</b>
<b>Other accumulated comprehensive income</b>	22	<b>-17,119,205</b>	<b>-3,901,319</b>
<b>Items that will not be reclassified to profit and loss</b>		<b>-2,832,122</b>	<b>-3,497,414</b>
Actuarial gains or (-) loss on defined benefit pension plans		-2,832,122	-3,497,414
<b>Items that can be reclassified to profit or loss</b>		<b>-14,287,083</b>	<b>-403,905</b>
Fair value changes of debt instruments measured at fair value through		-14,287,083	-403,905
<b>Retained earnings</b>	22	<b>9,227,774</b>	<b>9,456,792</b>
<b>Revaluation reserves</b>	22	<b>460,988</b>	<b>460,988</b>
<b>Other reserves</b>	22	<b>96,115,896</b>	<b>55,913,322</b>
<b>Profit or loss attributable to owners of the parent company</b>	22	<b>22,342,698</b>	<b>42,769,389</b>
<b>TOTAL EQUITY</b>		<b>523,735,006</b>	<b>415,797,037</b>
<b>TOTAL EQUITY AND TOTAL LIABILITIES</b>		<b>12,707,070,144</b>	<b>13,869,784,037</b>

The Certified Accountant

The Executive Board of Directors

The Notes are an integral part of the Annual Report of Caixa as at 31 December 2022

CAIXA CENTRAL DE CRÉDITO AGRÍCOLA MÚTUO, CRL

INDIVIDUAL INCOME STATEMENT AS AT 31 DECEMBER 2022 AND 2021

(Amounts in Euros)

	Notes	31-Dec-2022	31-Dec-2021
<b>Interest income</b>	23	<b>230,761,659</b>	<b>185,557,183</b>
Financial assets held for trading		441,037	173,833
Financial assets at fair value through other comprehensive income		1,636,613	4,295,073
Financial assets at amortised cost		188,827,328	148,149,650
Derivatives - Hedge accounting, interest rate risk		10,509,532	942,059
Other assets		9,823,996	861,440
Interest income on liabilities		19,523,153	31,135,129
<b>(Interest expenses)</b>	24	<b>145,683,646</b>	<b>149,790,022</b>
(Financial liabilities held for trading)		303,923	56,795
(Financial liabilities measured at amortised cost)		38,959,301	37,771,993
(Derivatives - Hedge accounting, interest rate risk)		26,924,910	36,203,734
(Other liabilities)		10,474,527	14,842,323
(Interest expenses on assets)		69,020,985	60,915,177
<b>Dividend income</b>	25	<b>258,328</b>	<b>249,664</b>
<b>Fee and commission income</b>	26	<b>33,066,788</b>	<b>27,957,392</b>
<b>(Fee and commission expenses)</b>	27	<b>23,216,159</b>	<b>19,935,426</b>
<b>Gains or (-) losses on financial assets &amp; liabilities not measured at fair value through profit or loss, net</b>	28	<b>337,967</b>	<b>47,617,909</b>
Financial assets at fair value through other comprehensive income		262,200	-596,898
Financial assets at amortised cost		75,767	48,214,807
<b>Gains or (-) losses on financial assets and liabilities held for trading, net</b>	29	<b>6,749,577</b>	<b>3,552,871</b>
<b>Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net</b>	30	<b>-13,853,330</b>	<b>-6,338,271</b>
<b>Gains or (-) losses from hedge accounting, net</b>	31	<b>-697,347</b>	<b>-2,304,005</b>
<b>Foreign Exchange differences [gain or (-) loss], net</b>	32	<b>1,947,204</b>	<b>1,673,296</b>
<b>Gains or (-) losses on derecognition of non-financial assets, net value</b>	33	<b>404,413</b>	<b>-18,566</b>
<b>Other operating income</b>	34	<b>6,817,727</b>	<b>8,360,735</b>
<b>(Other operating expenses)</b>	35	<b>10,375,966</b>	<b>6,805,247</b>
<b>TOTAL OPERATING INCOME, NET</b>		<b>86,517,215</b>	<b>89,777,514</b>
<b>(Administrative Expenses)</b>		<b>45,416,323</b>	<b>40,803,039</b>
(Staff expenses)	36	18,472,804	17,098,415
(Other administrative expenses)	37	26,943,519	23,704,624
<b>(Cash contributions to resolution funds and deposit guarantee schemes)</b>	38	<b>4,157,554</b>	<b>1,370,691</b>
<b>(Depreciation/Amortisation)</b>	11	<b>3,180,913</b>	<b>3,294,884</b>
<b>Modification gains or (-) losses, net</b>	39	<b>810,568</b>	<b>-8,227</b>
Financial assets at amortised cost		810,568	-8,227
<b>(Provisions or (-) reversal of provisions)</b>	17	<b>903,146</b>	<b>-8,446,909</b>
(Commitments and guarantees given)		599,985	-464,247
(Other provisions)		303,161	-7,982,662
<b>(Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss)</b>	17	<b>7,776,196</b>	<b>-5,613,031</b>
(Financial assets at fair value through other comprehensive income)		40,502	-274,786
(Total financial assets at amortised cost)		7,735,694	-5,338,245
<b>(Impairment or (-) reversal of impairment of investments in subsidiaries, joint ventures and associates)</b>	17	<b>-3,337,844</b>	<b>3,337,844</b>
<b>(Impairment or (-) reversal of impairment on non-financial assets)</b>	17	<b>22,766</b>	<b>-81,283</b>
<b>Profit or (-) loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations</b>	40	<b>69,240</b>	<b>-148,659</b>
<b>PROFIT OR (-) LOSS BEFORE TAX FROM CONTINUING OPERATIONS</b>		<b>29,277,968</b>	<b>54,955,392</b>
<b>(Tax Expenses or (-) Income related to profit or loss from continuing operations)</b>	13	<b>6,935,270</b>	<b>12,186,003</b>
<b>PROFIT OR (-) LOSS AFTER TAX FROM CONTINUING OPERATIONS</b>		<b>22,342,698</b>	<b>42,769,389</b>
<b>PROFIT OR (-) LOSS FOR THE YEAR</b>		<b>22,342,698</b>	<b>42,769,389</b>
Attributable to owners of the parent		22,342,698	42,769,389

The Certified Accountant

The Executive Board of Directors

The Notes are an integral part of the Annual Report of Caixa as at 31 December 2022

CAIXA CENTRAL DE CRÉDITO AGRÍCOLA MÚTUO, CRL

COMPREHENSIVE INCOME STATEMENT AS AT 31 DECEMBER 2022 AND 2021

(Amounts in Euros)

	Notes	31-Dec-2022	31-Dec-2021
<b>Profit or loss (-) for the year</b>		<b>22,342,698</b>	<b>42,769,389</b>
<b>Other comprehensive income</b>		<b>-13,217,886</b>	<b>-4,305,725</b>
<b>Items that will not be reclassified to profit and loss</b>		<b>665,292</b>	<b>-1,249,977</b>
Actuarial gains or (-) loss on defined benefit pension plans	42	665,292	-1,249,977
<b>Items that can be reclassified to profit or loss</b>		<b>-13,883,177</b>	<b>-3,055,748</b>
Debt instruments at fair value through other comprehensive income	7	-18,388,836	-3,995,906
Valuation gains or losses (-) taken to equity		-18,240,886	-1,262,488
Transferred to profit or loss		-188,452	-2,224,031
Other reclassifications	22	40,502	-509,388
<i>Impairment of securities at FVTOCI</i>		40,502	-274,786
<i>Other</i>		0	-234,602
Income tax relating to items that can be reclassified to profit or loss (-)	13	4,505,658	940,158
<b>Total comprehensive income for the year</b>		<b>9,124,812</b>	<b>38,463,665</b>

The Certified Accountant

The Executive Board of Directors

The Notes are an integral part of the Annual Report of Caixa as at 31 December 2022

CAIXA CENTRAL DE CRÉDITO AGRÍCOLA MÚTUO, CRL  
STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2022 AND 2021  
(Amounts in Euros)

Sources of changes in equity	Notes	Capital	Other equity instruments issued	Other accumulated comprehensive income	Retained earnings	Revaluation reserves	Other reserves	Profit or loss (-) attributable to owners of the parent company	Total
<b>Opening balance as of 1 January 2021</b>		309,565,245	0	404,406	9,227,774	460,988	32,911,173	27,761,919	380,331,504
Issue of ordinary shares	20	1,532,620							1,532,620
Dividends	22				-4,530,752				-4,530,752
Other increases or decreases (-) in equity	22				4,759,770		23,002,149	-27,761,919	0
Total comprehensive income for the year				-4,305,725				42,769,389	38,463,665
Debt instruments at FVTOCI - Valuation gains or losses (-)				-1,262,488					-1,262,488
Debt instruments at FVTOCI - Transfer to profit or loss				-2,224,031					-2,224,031
Other				-819,207					-819,207
<b>Closing balance as at 31 December 2021</b>		<b>311,097,865</b>	<b>0</b>	<b>-3,901,319</b>	<b>9,456,792</b>	<b>460,988</b>	<b>55,913,322</b>	<b>42,769,389</b>	<b>415,797,037</b>
<b>Opening balance as of 1 January 2022</b>		<b>311,097,865</b>	<b>0</b>	<b>-3,901,319</b>	<b>9,456,792</b>	<b>460,988</b>	<b>55,913,322</b>	<b>42,769,389</b>	<b>415,797,037</b>
Issue of ordinary shares	20	1,608,990							1,608,990
Issue of other equity instruments	21		100,000,000						100,000,000
Dividends	21						-2,795,833		-2,795,833
Other increases or decreases (-) in equity	22				-229,018		42,998,407	-42,769,389	0
Total comprehensive income for the year	22			-13,217,886				22,342,698	9,124,812
Debt instruments at FVTOCI - Valuation gains or losses (-)				-18,240,886					-18,240,886
Debt instruments at FVTOCI - Transfer to profit or loss				-188,452					-188,452
Other				5,211,452					5,211,452
<b>Closing balance as at 31 December 2022</b>		<b>312,706,855</b>	<b>100,000,000</b>	<b>-17,119,205</b>	<b>9,227,774</b>	<b>460,988</b>	<b>96,115,896</b>	<b>22,342,698</b>	<b>523,735,006</b>

The Certified Accountant

The Executive Board of Directors

The Notes are an integral part of the Annual Report of Caixa as at 31 December 2022

CAIXA CENTRAL DE CRÉDITO AGRÍCOLA MÚTUO, CRL

CASH FLOW STATEMENT AS AT 31 DECEMBER 2022 AND 2021  
(Amounts in Euros)

	Notes	31-Dec-2022	31-Dec-2021
Cash flows from operating activities			
Interest, fee and commission income	23 / 26	285,786,426	181,424,013
Interest, fee and commission expenses	24 / 27	(204,694,826)	(150,261,134)
Payments to employees and suppliers	18 / 36/ 37	(44,413,460)	(39,829,044)
Payments and contributions to pension funds	42	(727,037)	(159,854)
Income tax (payments)/receipts	13	(12,344,574)	(14,862,243)
Other (payments)/receipts relating to operating activities		(5,768,589)	1,858,093
<b>Operating income before changes in operating assets</b>		<b>17,837,940</b>	<b>(21,830,170)</b>
(Increases) / decreases in operating assets:			
Non-trading financial assets mandatorily at fair value through profit or loss	7	(19,604,941)	(26,695,367)
Financial assets at amortised cost	8	739,220,269	684,380,693
Financial assets at fair value through profit or loss and derivatives	5 / 9	732,358,154	(20,237,855)
Financial assets stated at fair value through other comprehensive income	7	4,261,983	(279,318,441)
Other assets	14	(74,000,089)	78,693,520
Other assets - margin call	14	(8,684,287)	(180,729,456)
		<b>1,373,551,089</b>	<b>256,093,095</b>
Increases / (decreases) in operating liabilities:			
Financial liabilities at amortised cost	16	(2,040,745,129)	117,911,472
Financial liabilities at fair value and hedging derivatives	5 / 9	(172,402,689)	(17,459,924)
Other liabilities	18	(33,381,755)	81,364,337
Other liabilities - margin call	18	879,760,098	0
		<b>(1,366,769,475)</b>	<b>181,815,885</b>
<b>Net cash from operating activities</b>		<b>(2,722,482,624)</b>	<b>(96,107,380)</b>
Cash flows from investing activities			
Dividends	25	258,328	249,664
Acquisitions of tangible and intangible assets	11/12	(440,282)	(711,773)
Disposals of tangible and intangible assets	11/12	23,202	11,014
<b>Net cash from investment activities</b>		<b>(158,752)</b>	<b>(451,094)</b>
Cash flows from financing activities			
Lease liabilities	18	(1,022,768)	(1,876,426)
Issue of subordinated liabilities	16	0	300,000,000
Dividends	21	(2,795,833)	(4,530,752)
Share capital increase	21 / CSCE	101,608,990	1,532,620
<b>Net cash from financing activities</b>		<b>97,790,389</b>	<b>295,125,442</b>
Increase / (decrease) in cash and cash equivalents			
Change in cash and cash equivalents		(2,644,185,111)	194,763,323
Change in cash and cash equivalents in foreign currency		19,334,124	3,803,645
Cash, cash balances at central banks and other demand deposits at the beginning of the year	4	3,853,840,961	3,655,273,993
Cash, cash balances at central banks and other demand deposits at the end of the year	4	1,228,989,974	3,853,840,961
Cash and cash equivalents at the end of the year comprise:			
Cash, cash balances at central banks and other demand deposits	4	1,228,989,974	3,853,840,961
		<b>1,228,989,974</b>	<b>3,853,840,961</b>

The Certified Accountant

The Executive Board of Directors

The Notes are an integral part of the Annual Report of Caixa as at 31 December 2021



## ALTERNATIVE PERFORMANCE MONITORING (APM) OF CAIXA CENTRAL

### Income Statement

Designation	Dec. 2021	Dec. 2022	Definition
Net interest income	35,767,161	85,078,013	Comprises "Interest income" less "(Interest expenses)".
Net fees and commissions	8,021,966	9,850,629	Comprises "Fee and commission income" less "(Fee and commission expenses)".
Net trading income	44,432,899	-4,853,188	Corresponds to the sum of "Dividend income", "Gains or (-) losses on financial assets & liabilities not measured at fair value through profit or loss, net", "Gains or (-) losses on financial assets and liabilities held for trading, net", "Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net", "Gains or (-) losses on financial assets and liabilities designated at fair value through profit or loss, net", "Gains or (-) losses from hedge accounting, net" and "Exchange differences [gain or (-) loss], net".
Other net operating income	184,797	-7,715,793	Corresponds to the sum of "Other operating income", plus "(Other operating expenses)" and plus "(Cash contributions to resolution funds and deposit guarantee schemes)".
Operating income	88,406,823	82,359,661	Corresponds to the sum of "Total operating income, net" deducted from "Cash contributions to resolution funds and deposit guarantee schemes".
Operating costs	44,097,923	48,597,236	Comprises "(Staff expenses)", "(Other administrative expenses)" and "(Depreciation/Amortisation)".
Impairment and provisions for the period	-10,803,379	5,364,264	Comprises "(Provisions or (-) reversal of provisions)", "(Impairments or (-) reversal of impairment on financial assets not measured at fair value through profit or loss)", "(Impairment or (-) reversal of impairment on non-financial assets)".
Gain and losses in other assets	-148,659	69,240	Corresponds to the sum of: "share of the profit or (-) loss of investments in subsidiaries, joint ventures and associates accounted for using the equity method" plus "Profit or (-) loss from non current assets and disposal groups classified as held for sale not qualifying as discounted operations".
Net income	42,769,389	22,342,698	Corresponds to "Profit or (-) Loss for the year attributable to owners of the parent".

Balance sheet

Designation	Dec. 2021	Dec. 2022	Definition
<b>Total Loans and advances portfolio (gross) to customers</b>	<b>1,765,553,210</b>	<b>1,745,382,808</b>	Corresponds to the sum of "Total Credit Portfolio", excluding the "Accumulated impairment – Total Credit Portfolio", as mentioned in Note 8 of annual report "financial assets at amortised cost".
<b>Customer deposits</b>	<b>1,226,330,489</b>	<b>853,348,883</b>	Corresponds to the sum of total of "Deposits", excluding "Loans – Banco de Portugal", "Deposits from Caixas Associadas"; Loans to Other Institutions"; "Interest payable – Banco de Portugal" and interest payable - of which Caixas Associadas" and "interest payable - of which Other Institutions", as mentioned in Note "Financial liabilities measured at amortised cost", as mentioned in Note 16 of annual report "financial liabilities at amortised cost". Corresponds to "Customer funds on the balance sheet".
<b>Loans and advances to customers (net)</b>	<b>1,718,157,560</b>	<b>1,694,750,853</b>	Corresponds to the sum of "Total Credit Portfolio", plus the sum of total "Certified" and "Accumulated impairment – Certified", as mentioned in Note 8 of annual report "financial assets at amortised cost".
<b>Securities portfolio</b>	<b>7,741,260,263</b>	<b>8,252,733,294</b>	Corresponds to the sum of "Financial assets held for trading – Debt securities", "Non-trading financial assets mandatorily at fair value through profit or loss", "Financial assets designated at fair value through profit or loss", "Financial assets at fair value through other comprehensive income" and "Financial assets at amortised cost – Debt Securities" excluding "Accumulated impairment – Debt instruments" and the total "Certified" with "Accumulated impairment", as mentioned in Note 8.1 of annual report "financial assets at amortised cost".
<b>Accumulated impairment and provisions</b>	<b>52,152,341</b>	<b>58,201,771</b>	Corresponds to the sum of "Accumulated impairment – Debt instruments" (Note 8.1 "financial assets at amortised cost"), "Accumulated impairment – Certified" (Note 8.1 "financial assets at amortised cost"), "Accumulated impairment – Total Credit Portfolio" (Note 8.2 "financial assets at amortised cost"), "Impairment – Other assets" (Note 14 "Other assets"), "Impairment – Impairment of real estate properties" and "Impairment – Impairment of equipment and other assets" (Note 15 "Non current assets and disposal groups classified as held for sale").
<b>Accumulated impairment and provisions of which: Accumulated impairment of credit</b>	<b>47,395,650</b>	<b>50,631,955</b>	Corresponds to the sum of "Accumulated impairment – Total Credit Portfolio" (Note 8.2 "financial assets at amortised cost") and sum of total "Accumulated impairment – Certified" (Note 8.1 "financial assets at amortised cost").
<b>Off balance sheet customers funds</b>	<b>94,187,338</b>	<b>104,214,548</b>	Off balance sheet funds corresponds to assets under management and value of mathematical provisions and financial liabilities of insurance contracts considered for accounting purposes as insurance contracts subscribed by customers.
<b>Customer funds</b>	<b>1,320,517,826</b>	<b>957,563,431</b>	Customer funds on and off balance sheet

Asset quality

Designation	Dec. 2021	Dec. 2022	Definition
<b>NPL</b>	<b>73,900,362</b>	<b>72,016,133</b>	Non-performing loans definition, under the Article 178 of Regulation (EU) No 575/2013, includes: Credit past due more than 90 days with materiality criteria as specified in the relevant EBARTS 2016/06; All transactions with clients who have shown at least 3 evidences/ indicators of unlikelihood to pay, Insolvent clients/ expected to become insolvent; Forborne exposures that have second or more amendments to the contracts; Forborne exposures with amounts more than 30 days past due during the probation period; Urgent restructuring; Quarantine period of 12 months for the credits that are in default by forborne exposures criteria (the existence of contract terms that extend the repayment period, such as grace period for the principal, are added to the quarantine period in default); Quarantine period of 3 months for the remaining loans; and all exposures to a debtor (on-balance and off-balance) with on-balance past due by more than 90 days that account for more than 20% of the on-balance total.
<b>NPL ratio</b>	<b>4.7%</b>	<b>4.1%</b>	Non-performing loans divided by loans and advances portfolio to customers excluding central banks (gross).
<b>NPL coverage by NPL impairments</b>	<b>41.9%</b>	<b>44.5%</b>	Non-performing impairment divided by non-performing loans.
<b>NPL coverage by NPL impairments and collaterals</b>	<b>151.5%</b>	<b>198.7%</b>	Total of non-performing impairment and associated collaterals divided by non-performing loans.
<b>NPL coverage by NPL impairments and collaterals (FINREP)</b>	<b>91.5%</b>	<b>98.5%</b>	Non-performing impairment and associated collaterals, applying haircuts and recovery costs to the collateral, limited by the exposure of each contract, divided by non-performing loans.
<b>Texas ratio</b>	<b>16.0%</b>	<b>13.1%</b>	Non-performing loans divided by the sum of common equity tier 1 and the impairment stock.
<b>Cost of risk</b>	<b>-0.14%</b>	<b>0.28%</b>	Impairments of Assets at amortised cost related to loans and certified/commercial paper (excluding impairment from interest income of stage 3 contracts), ("Top-ups" plus "Write-backs & annulments") divided by Total Loans and advances portfolio (gross) to customers in the period.

### Capital & liquidity

Designation	Dec. 2021	Dec. 2022	Definition
<b>CET 1 Capital Ratio</b>	<b>18.2%</b>	<b>18.8%</b>	CET 1 capital expressed as a percentage of the total risk exposure amount.
<b>Total capital ratio</b>	<b>18.2%</b>	<b>23.3%</b>	Total own funds expressed as a percentage of the total risk exposure amount.
<b>Leverage ratio</b>	<b>4.0%</b>	<b>4.1%</b>	Tier 1 capital expressed as a percentage of the total exposure measure.
<b>Loan to deposit ratio</b>	<b>140.1%</b>	<b>198.6%</b>	Loans and advances to customers (net) divided by customer deposits.
<b>Liquidity Coverage Ratio</b>	<b>505.7%</b>	<b>616.8%</b>	Liquidity buffer divided by the net liquidity outflows over a 30 calendar day stress period.
<b>Net Stable Funding Ratio (NSFR)</b>	<b>148.3%</b>	<b>156.5%</b>	The net stable funding ratio requirement is the ratio of an institution's amount of available stable funding to its amount of required stable funding over a one-year horizon.
<b>Solvency ratios, excluding net income</b>	<b>17.4%</b>	<b>17.8%</b>	Own funds, excluding net income, expressed as a percentage of the total risk exposure amount.
<b>Leverage ratio, excluding net income</b>	<b>3.8%</b>	<b>3.9%</b>	Own funds, excluding net income, expressed as a percentage of the total exposure measure.

### Efficiency and Profitability

Designation	Dec. 2021	Dec. 2022	Definition
<b>Cost-to-income</b>	<b>49.9%</b>	<b>59.0%</b>	Cost-to-income corresponds to Operating costs divided by Operating Income.
<b>ROA</b>	<b>0.3%</b>	<b>0.2%</b>	"Profit or (-) Loss" multiplied by 12 months and divided by number of months of the period divided by the average of "Total assets" (average between the amount in the beginning and in end of the period).
<b>ROE</b>	<b>10.7%</b>	<b>4.8%</b>	"Profit or (-) Loss" multiplied by 12 months and divided by number of months of the period divided by the average of "Total equity" (average between the amount in the beginning and in end of the period).

# EXPLANATORY NOTES TO CAIXA CENTRAL'S ACCOUNTS

## NOTES TO THE FINANCIAL STATEMENTS OF THE CRÉDITO AGRÍCOLA GROUP

### 1. Introduction

Caixa Central - Caixa Central de Crédito Agrícola Mútuo, C.R.L. (hereinafter referred to as Caixa Central or CCCAM) is a credit institution that was incorporated on 20 June 1984 in the form of a limited liability cooperative. The objective of Caixa Central is the granting of credit and undertaking of all other acts inherent to the banking business, under the terms established in the applicable legislation.

Caixa Central is part of the Sistema Integrado do Crédito Agrícola Mútuo (SICAM), which is composed of Caixa Central and its Associated Caixas de Crédito Agrícola Mútuo.

Caixa Central is responsible for ensuring the guidance, supervision and representation of the institutions that are part of SICAM.

During 2022, Caixa Central operated, through its registered office, located at Rua Castilho no. 233, in Lisbon, and through a network of thirteen branches located in the municipalities of Lisbon, Porto, Amadora, Oeiras, Funchal and Leiria, and two company offices.

The activities developed by the Caixas de Crédito Agrícola Mútuo associated with Caixa Central, comprising the Sistema Integrado do Crédito Agrícola Mútuo, are detailed in Note 41.

On 1 January 2020 Decree-Law 106/2019 of 12 August, which determined the transfer of the deposit guarantee arm of FGCAM to the Deposit Guarantee Fund (FGD), came into force. However, the assistance component remained in FGCAM, which was transformed into a private law association named Associação - Fundo de Assistência do Crédito Agrícola Mútuo (FACAM) which was allocated the autonomous assets resulting from the transformation.

In July 2021, Caixa Central received a Baseline Credit Assessment (BCA) rating of Ba1 from Moody's, which is maintained. The rating assessment, attributed to the institution for the first time, reflects the credit opinion towards the Crédito Agrícola Group that incorporates the solidarity mechanism prevailing among its constituent institutions, namely the Caixas de Crédito Agrícola and Caixa Central. The Baseline Credit Assessment rating is complemented with the Baa3 Outlook Stable/Prime-3 deposit rating and Counterparty Risk Rating (CRR) rating of Baa2/Prime-2.

At the end of October 2021, Caixa Central made its first debt issue in the international market, specifically senior preferred debt securities linked to Social Sustainability. The issue, amounting to 300 million euros, has a maturity of 5 years, with an early repayment option at the end of the fourth year and an issue price of 99.906%, with an annual coupon rate of 2.50% in the first 4 years, and bearing interest at the 3M Euribor rate plus a spread of 260 basis points thereafter. The settlement occurred on 5 November 2021. Moody's Investor Services assigned a rating of "Ba2", with a stable Outlook for this issue.

In March 2022, Caixa Central conducted a perpetual and subordinated debt issue, in the form of investment securities, eligible for Tier 1 of the value of 100 million euros. This issue was placed exclusively with Caixas Agrícolas.

In 2022 the activities were maintained in relation to the reporting of accounting and prudential aspects underpinned by harmonised information models in the European context (FINREP/ COREP), as well as the periodic conduct of various exercises that, in addition to the CA Group's internal management elements, represent prudential supervisory instruments used by the regulator. In this regard, of particular importance is (i) the Funding and Capital Plan, which presents projections of the main financial and prudential aggregates aimed at highlighting potential capital and liquidity needs in a markedly prospective manner, (ii) the Internal Capital Adequacy Assessment Process (ICAAP), which seeks to assess and quantify the main risks to which the institution is exposed, and (iii) the Recovery Plan whose objective is the prior planning of measures that may be adopted so as to avoid or correct, in a timely form, any possible situation of financial imbalance.

The financial statements attached herewith refer to the individual activity of Caixa Central.

Pursuant to Article 78 of the Legal Framework of Crédito Agrícola Mútuo, approved by Decree-Law 24/91 of 11 January, which was subsequently amended (the last of which by Decree-Law 142/2009 of 16 June), the liabilities undertaken by the Associated Caixas de Crédito Agrícola Mútuo of Caixa Central are fully guaranteed by Caixa Central under terms by which the guarantor backs the liabilities secured party (co-liability arrangement). These liabilities are not reflected in the individual accounts of Caixa Central and are only presented in the consolidated accounts of the Crédito Agrícola Group prepared subsequently pursuant to the applicable regulations.

The Executive Board of Directors of Caixa Central approved the financial statements as at 31 December 2022 presented herewith on 16 February 2023, which are subject to approval by the General Meeting.

The General Meeting may reject the proposal of the members of the Executive Board of Directors relative to the approval of the accounts and determine the preparation of new accounts or the reformulation of specific points of the presented accounts. However, the Executive Board of Directors does not expect this to happen.

## 2. Basis of presentation, comparability of the information and main accounting policies

### 2.1. Basis of presentation of the accounts

Following the publication of Banco de Portugal Notice 5/2015 of 7 December, institutions subject to Banco de Portugal's supervision are henceforth obliged to prepare their financial statements on an individual basis pursuant to the International Accounting Standards (IAS) / International Financial Reporting Standards (IFRS), as endorsed, at any given time, by European Union Regulations, more specifically by Regulation (EC) 1606/2002 of the European Parliament and of the Council of 19 July, considering the amendments made after their publication.

International standards comprise accounting standards issued by the International Accounting Standards Board ('IASB') as well as interpretations issued by the International Financial Reporting Interpretation Committee ('IFRIC') and their predecessor bodies, issued and in force on 1 January 2022.

With the publication of Notice 1/2019 of 22 January 2019, Banco de Portugal defined that institutions shall refer to the model financial statements and their main applicable headings set out in Annex III of Commission Executive Regulation (EU) 680/2014 of 16 April 2014, which sets out technical implementing rules as far as concerns reporting for the purpose of supervision of the institutions, in accordance with the FINREP mapping.

In the preparation of the individual financial statements, Caixa Central followed the historical cost convention, modified, when applicable, by measurement of financial assets and liabilities at fair value through profit or loss, derivative financial instruments and financial assets at fair value through other comprehensive income.

The preparation of financial statements in conformity with the IAS / IFRS requires the use of estimates, assumptions and critical judgements in the process of determining the accounting policies to be adopted by Caixa Central, which could have a significant impact on the book value of the assets and liabilities, as well as the income and costs of the reporting period. Although these estimates are based on the best experience of the Executive Board of Directors and its best expectations in relation to current and future events and actions, the real current and future results could differ from these estimates. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant for the financial statements, are set forth in Note 3.

The financial statements presented are expressed in euros, rounded to the nearest euro.

## 2.2. Alterations to the accounting policies and comparative information

The financial statements of 2022 are, in all materially relevant aspects, comparable to the financial statements presented in this document relative to the previous period.

Additionally, a series of amendments were made to the IAS/IFRS during 2022, shown below, which did not have any impact on the accounting policies or financial statements presented as at 31 December 2022.

Impact of the adoption of new standards, amendments to standards which became effective for annual periods starting on 01 January 2022:

- a) **IFRS 16** (amendment), 'Leases - Covid-19-related rent concessions beyond 30 June 2021'. The amendment extends the application date of the amendment to IFRS 16 - 'Leases - Covid-19-related rent concessions' from 30 June 2021 to 30 June 2022, allowing the recording of rent concessions under COVID-19 as variable lease payments, rather than as a modification to the lease. The conditions of application of the practical expedient are maintained, and the extension of the practical expedient can only be applied by the lessees who applied the previous practical expedient. There were no rent concessions under the activity of Caixa Central, and as such, this amendment is not applicable to its Financial Statements.
  
- b) **IAS 16** (amendment) 'Proceeds before intended use'. Change of the accounting treatment given to the proceeds obtained from the sale of production during the stage of testing Property, plant and equipment, prohibiting their deduction from the acquisition cost of the assets. This amendment is applied retrospectively and does not imply restatement of the comparative figures. No impact on Caixa Central's financial statements.

- c) **IAS 37** (amendment) 'Onerous contracts - costs of fulfilling a contract'. This amendment specifies that the assessment of whether a contract is onerous or not can only consider the expenses directly related to the contract's fulfilment, such as the incremental costs related to direct labour and materials, and the allocation of other costs directly related to the depreciation of tangible assets used to fulfil the contract. This amendment should be applied to contracts that, at the beginning of the first annual reporting period in which the amendment is applied, also include unmet contractual obligations, and does not imply restatement of the comparative figures. No impact on Caixa Central's financial statements.
  
- d) **IFRS 3** (amendment) 'References to the Conceptual Framework'. This amendment updates the references to the Conceptual Framework in the text of IFRS 3, with no changes having been made to the accounting requirements for business combinations. This amendment also clarifies the accounting treatment to be adopted in relation to liabilities and contingent liabilities under IAS 37 and IFRIC 21 and prohibits the recording of contingent assets of the acquiree in a business combination. This amendment is applied prospectively. No impact on Caixa Central's financial statements.
  
- e) **Improvements to the 2018 - 2020 standards**. This cycle of improvements amends the following standards: IFRS 1, IFRS 9, IFRS 16 and IAS 41. No impact on Caixa Central's financial statements.

Published standards (new and amendments), whose application is mandatory for annual periods that begin on or after 01 January 2023, which the European Union has already endorsed:

- a) **IAS 1** (amendment), 'Disclosure of accounting policies' (applicable in financial years starting on or after 1 January 2023). Amendment to the disclosure requirements of accounting policies based on the definition of 'material' rather than 'significant'. Information about an accounting policy is considered material if, in its absence, users of the financial statements would be unable to understand other financial information included in the financial statements. Immaterial information about accounting policies need not be disclosed. IFRS Practice Statement 2 was also amended to clarify how the concept of 'material' applies to the disclosure of accounting policies. No relevant impacts are expected on Caixa Central's financial statements arising from its future adoption.
  
- b) **IAS 8** (amendment), 'Disclosure of accounting policies' (applicable in financial years starting on or after 1 January 2023). Introduction of the definition of accounting estimate and how it is distinguished from changes in accounting policies. Accounting estimates are now defined as monetary amounts subject to measurement uncertainty that are used to achieve the objective(s) of an accounting policy. No impact on Caixa Central's financial statements.
  
- c) **IFRS 17** (new and amendment) 'Insurance contracts' (applicable in financial years starting on or after 1 January 2023). This new standard replaces IFRS 4 and applies to all entities issuing insurance, reinsurance or investment contracts with discretionary profit-sharing features if they are also issuers of insurance contracts. Under IFRS 17, insurance contract issuers need to assess whether the policyholder may benefit from a particular service as part of a claim, or whether that service is independent of the claim/risk event and separate the non-insurance component. Under IFRS 17, entities must identify portfolios of insurance contracts at initial re/recognition and divide them, as a minimum, into the following groups: i) contracts that are onerous at initial recognition; ii) contracts that do not have a significant possibility of subsequently



becoming onerous; and iii) remaining contracts in the portfolio. IFRS 17 requires an entity to measure insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and any uncertainty related to insurance contracts. IFRS 17 requires an entity to recognise income as it provides insurance services (rather than when it receives premiums) and to provide information about the insurance contract gains it expects to recognise in the future. IFRS 17 provides three measurement methods for accounting for different types of insurance contracts: i) the General measurement model ("GMM"); ii) the Premium allocation approach ("PAA"); and iii) the Variable fee approach ("VFA"). IFRS 17 is applied retrospectively with some exemptions on the transition date. No impact on Caixa Central's financial statements.

- d) **IFRS 17** (amendment), 'Initial application of IFRS 17 and IFRS 9 - Comparative Information' (in force for annual periods starting on or after 1 January 2023). This amendment is only applicable to insurers in the transition to IFRS 17 and permits the application of overlay in the classification of a financial asset for which the institution does not carry out the retrospective application, under IFRS 9. This amendment seeks to prevent temporary accounting mismatches between financial assets and liabilities of insurance contracts, in the comparative information presented in the initial application of IFRS 17, establishing: (i) the statement of financial assets on an instrument-by-instrument basis; (ii) the presentation of comparative information as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset, but without requiring that an institution apply the impairment requirements of IFRS 9; and (iii) the obligation to use reasonable and substantiated information available on the transition date, to determine how the institution expects this financial asset to be classified pursuant to IFRS 9. No impact on Caixa Central's financial statements.
- e) **IAS 12** (amendment), 'Deferred tax related to assets and liabilities associated with a single transaction' (to be applied in financial years starting on or after 1 January 2023). IAS 12 now requires institutions to recognise deferred tax on certain specific transactions when their initial recognition gives rise to equal amounts of taxable temporary differences and deductible temporary differences. The transactions subject to recognition refer to the recording of: i) assets under right of use and lease liabilities; and ii) provisions for dismantling, restoration or similar liabilities, and the corresponding amounts recognised as part of the cost of the related asset, when at the date of initial recognition they are not relevant for tax purposes. These temporary differences are not included under the scope of the exemption of initial recognition of deferred taxes. This amendment is applied retrospectively. No impact on Caixa Central's financial statements.

Although these standards have already been approved/endorsed by the European Union, they were not adopted by Caixa Central in the preparation of its financial statements as of 31 December 2022, as their applicability is not yet mandatory.

Published standards (new and amendments), whose application is mandatory for annual periods that begin on or after 01 January 2023, which the European Union has not yet endorsed:

- a) **IAS 1** (amendment), 'Non-current liabilities with covenants' (applicable in financial years starting on or after 1 January 2024). This amendment is still subject to endorsement by the European Union. This amendment clarifies that liabilities are classified as current or non-current balances depending on the right that an entity has to defer their payment beyond 12 months after the reporting date. It also clarifies that covenants, which an entity is required to comply with on or before the reporting date, affect the classification of a liability as current or non-current even if their verification only occurs after the reporting date. When an entity classifies liabilities arising from financing contracts as non-current and those liabilities are subject to covenants, it is required to disclose information that allows investors to assess the risk that these liabilities will become repayable within 12 months, such as: a) the carrying amount of the liabilities; b) the nature of the "covenants" and the dates of compliance; and c) the facts and circumstances indicating that the entity may have difficulties in complying with the covenants on the due dates. This amendment is applied retrospectively. No relevant impacts are expected on Caixa Central's Financial Statements arising from its future adoption.
  
- b) **IFRS 16** (amendment) 'Lease liabilities in sale and leaseback transactions' (applicable in financial years starting on or after 1 January 2024). This amendment is still subject to endorsement by the European Union. Introduction. This amendment introduces guidance regarding the subsequent measurement of lease liabilities for sale and leaseback transactions that qualify as "sales" under IFRS 15, with the greatest impact when some or all of the lease payments are variable lease payments that do not depend on an index or rate. In subsequently measuring lease liabilities, seller-lessees shall determine "lease payments" and "revised lease payments" so that they will not recognise gains/(losses) in respect of the right of use they retain. This amendment is applied retrospectively. No relevant impacts are expected on Caixa Central's Financial Statements arising from its future adoption.

### 2.3. Summary of the main accounting policies

The most significant accounting policies used in the preparation of the financial statements were as follows:

#### a) Accrual basis

Caixa Central follows the accrual principle of accounting in relation to most of the items in its financial statements. Hence, the costs and income are recorded as they are generated, independently of the time of their payment or receipt.

#### b) Foreign currency transactions

Assets and liabilities denominated in foreign currency are converted into euros at the exchange rate prevailing at the balance sheet date.

Income and costs relative to transactions in foreign currency are recorded in the period when they occur, considering the exchange rates in force on the day when they were carried out.

Additionally, the following accounting procedures are used:

- The spot exchange rate position for each currency, which corresponds to the net balance of the assets and liabilities of any specific currency, is revalued daily pursuant to the fixing exchange rates published by Bloomberg and recorded against profit or loss.
- The forward exchange rate position of a currency, which corresponds to the net balance of the forward transactions awaiting settlement, is revalued at the market forward exchange rate, or, if such does not exist, at a rate calculated based on the market interest rate for this currency and for the residual term of the transaction. The difference between the balances converted into euros at the revaluation rates used and the balances converted to the contracted rates corresponds to revaluation of the forward exchange rate position and is recorded through profit or loss; and
- Non-monetary assets and liabilities measured at fair value are converted at the exchange rates of the date when the fair value is determined, with the currency conversion differences being recognised through profit or loss. The currency conversion differences of financial assets at fair value through other comprehensive income are, however, recognised in other comprehensive income, and likewise the currency conversion differences relative to cash flow hedges.

The table below shows the exchange rate in US dollars at the balance sheet date:

Currency	Description of the currency	Exchange Rate	Exchange Rate
		31/Dec/2022	31/Dec/2021
USD	US Dollar	1.06505	1.13275

Source: Bloomberg, 30-Dec-2022 and 31-Dec-2021 at 13h30

### c) Investments in subsidiaries, associates, and joint ventures

The subsidiaries are the institutions in which Caixa Central exercises control in terms of their management. The related companies are the institutions in which Caixa Central exercises significant influence but does not control. Significant influence is defined as a financial holding (directly or indirectly held) of more than 20% or the power to participate in decisions about the financial and operational policies of the institution but has neither control nor joint control over it.

Joint ventures correspond to joint agreements through which the entrepreneurs exercise joint control over an agreement for the purpose of sharing the return obtained from the joint venture's activity.

Caixa Central controls an institution when it is exposed to or has rights to variable returns arising from its involvement with the institution and has the capacity to affect these same returns through the power it exercises over the institution.

Affiliates and related companies are stated at acquisition cost, being subject to impairment tests. If there is a significant deterioration of these companies' financial position, Caixa Central records impairment losses when the recoverable value is lower than the recorded book value. In addition to the recognition of impairment on these investments, Caixa Central recognises other losses if it has incurred liabilities or made payments in benefit of its investments.

Dividends are recorded under the respective profit or loss accounts when the entitlement to their payment is established.

#### d) Loans and advances

These refer to financial instruments classified at amortised cost.

Loans and advances to customers includes loans granted to customers by Caixa Central not intended for sale in the short-term, which are recorded on the date when the loan amount is advanced to the customer, being recognised at nominal value/amortised cost.

Subsequently, the credit and accounts receivable are recorded at amortised cost, being submitted to periodic impairment tests.

The interest component, including that relative to any premiums/discounts, is disclosed in the accounts separately in the respective profit or loss accounts, pursuant to the accrual principle. Whenever applicable, the external commissions and costs imputable to the contracting of the operations underlying the assets included in this category should also be divided into periods over the maturity period of the credit, in conformity with the effective interest rate method.

Caixa Central classifies principal or interest instalments that remain unpaid 30 days after their due date as overdue credit. The legal terms and the procedures established in the internal regulations and respective decisions are applicable to loans with overdue instalments, where it is possible, if applicable, in the event of breach of contractual obligations, for the over debt to be considered past due, namely in a context of receivership.

Caixa Central can renegotiate or modify the contractual cash flows of a financial asset. When this situation occurs, Caixa Central assesses whether the new terms of the contract are substantially different from the original terms.

If the terms of the contract are not substantially different, the renegotiation or modification does not give rise to a derecognition, but rather the recalculation of the present value of the modified cash flows discounted at the original effective interest rate. The difference is recognised through “modification gains or losses, net” at the time when they are originated.

On the other hand, if the changes arising from the renegotiation are substantially different, Caixa Central derecognises the asset and recognises a “new one”.

Loans and advances to customers are derecognised on the balance sheet when (i) Caixa Central's contractual rights relative to the respective financial flows have expired; (ii) Caixa Central has substantially transferred all the risks and benefits associated with the credit; or (iii) even if Caixa Central retains part of the risks and benefits associated with the credit, the control over the credit has been transferred.

#### Guarantees provided and irrevocable commitments

Liabilities for guarantees provided and irrevocable commitments are recorded as off-balance sheet items at risk value, where any flows of interest, commissions or other gains are stated through gains over the life of the operations.

#### Loan impairment

IFRS 9 – Financial instruments establishes a series of relevant aspects concerning the impairment model, with particular emphasis on the following:

- i. Concept of expected economic loss in the risk management of the portfolio of financial assets, determined based on macroeconomic scenarios.

- ii. Definition of 'default' pursuant to Article 178 of the Capital Requirements Regulation (CRR), introduced in a phased manner up to 2021.
- iii. Quantification of impairment for loans to credit institutions.
- iv. Revision and introduction of new risk parameters (e.g., probability of default, loss given default, credit conversion factor, performance maturity, prepayment).
- v. Adjustment of the main segments of the credit portfolio aimed at classifying assets from a risk perspective, based on homogeneous standards, according to their type (e.g., purpose, performance), in addition to being integrated in scoring and rating analytical models.

The determination of impairment losses of financial assets, in conformity with the provisions in IFRS 9, is based on specific methods which comply with the regulatory requirements, adapted to the historical data, and features of the portfolio of da Caixa Central.

A financial asset is in a situation of impairment (and incurs impairment losses) when the present value of the expected cash flows is less than the respective exposure value. This situation is observed when:

- There is objective evidence of impairment resulting because of one or more events that occur after the initial recognition of the asset (loss event).
- These events have impact on the expected future cash flows and can be estimated in a reliable form.

Pursuant to the financial reporting standard IFRS 9, the assessment of impairment can be based on two types of analysis:

#### ***i. Individual analysis***

Analysis of customers with significant exposure, through the assessment files (questionnaires) resident in the Module of Individual Analysis of Impairment (MOAI) application, where the data of the individual analyses are validated and used to calculate impairment on an individual basis.

The selection criteria of customers subject to individual analysis are as follows:

- a. All customers/economic and risk groups (GER) with liabilities of more than 1,000,000 euros and/or overdue loans of more than 50,000 euros.
- b. Customer/GER classified equal to or above stage 2 and liabilities of more than 500,000 euros.
- c. Customer/GER with current account exposure or overdraft of more than 500,000 euros and equal to or above 90% of the limit contracted in the last 18 months.
- d. Customer/GER with liabilities of more than 500,000 euros without associated asset backing or with a loan-to value (LTV) above 80%;
- e. Customer/GER with forborne loans and forborne loans exposure of more than 500,000 euros.

#### ***ii. Collective analysis***

Analysis of customers/GER that do not meet the criteria for submission to the process of individual analysis, being analysed in homogeneous risk groups through statistical methods. The model adopted for calculation of impairment is based on an expected loss model, determined based on macroeconomic scenarios, necessarily classifying the assets at 3 levels, according to the evolution of their credit risk in relation to initial recognition.

#### *Determination of significant increase of credit*

A significant increase of credit risk is assessed in each reference period, comparing the current risk of occurrence of default throughout the remaining life of a given contract with the same risk rating on the initial date of the operation.

A significant increase of credit risk is determined when there is a deterioration of the risk rating, in particular the associated probability of default, including situations of loans overdue by 30 to 90 days and forbore loans not classified as being in default, operations of customers that have financial difficulties and operations whose internal risk rating is high.

Furthermore, an exposure with low credit risk is considered to exist whenever the credit risk of a particular financial instrument does not increase significantly since its initial recognition, provided that low credit risk is determined on the reporting date. The evolution of the credit risk of these financial instruments should be monitored when they are classified as having low credit risk, to enable timely detection of a significant increase of credit risk and ensure that they maintain the premises of low credit risk in each reporting period.

#### *Definition of default*

The European Banking Authority (EBA) issued the 'Guidelines on the application of the definition of default under Article 178 of Regulation (EU) No 575/2013' aimed at harmonising the definition of default across all prudential approaches of the European Union. Accordingly, it contains detailed clarification of the definition of default and its application, in particular the method for counting days in arrears, indications of default and conditions for leaving default. The guidelines became entirely applicable from 1 January 2021, implying that institutions incorporated these requirements in their internal procedures and systems by this date in a phased manner and ensure their coherence with the internal models on equity and risk management.

The definition of default includes loans overdue by more than 90 days, forbore loans with more than one restructuring and exposure in which there is predictability of default (improbability of payment) of the debtor, entailing quantitative and qualitative criteria, especially with respect to the reference values considered in their activation, being in concordance with the regulatory guidelines for identification and marking of a customer's financial difficulties. Moreover, there is also a contagion of default (cross default) effect for the exposure of business customers.

The criteria for leaving default respect quarantine periods. The exposures are no longer considered to be in default when the following conditions are fulfilled:

- The debtor does not have any amount overdue for more than 90 days;
- A minimum period of one year has elapsed since the application of the restructuring measures;
- In the case of operations with a non-regular payment plan, the customer pays at least one instalment during the quarantine period in default;

- All the operations should comply with a quarantine of at least 3 months, including operations that are in default via the criterion of contagion of corporate; and
- By analysis of the credit risk of the customer/contract(s), in particular in the case of exposures subject to restructuring, situations that have established the payment of a material fixed sum or significantly larger payments at the end of the repayment plan should imply a specialised and prudent analysis.

#### *Incorporation of forward-looking information*

Pursuant to IFRS 9, various macroeconomic scenarios should be defined to obtain an expected loss value that reflects an unbiased and weighted vision of reality. To this end, 3 macroeconomic scenarios were defined (baseline, pessimistic and optimistic) whose projections and respective probabilities are established by one of the main External Credit Assessment Institutions (ECAI).

For each contract, the impairment values were calculated for each one of the three configured macroeconomic scenarios. Losses are calculated based on the corresponding risk factors for each scenario. Additionally, and to obtain an estimate of final loss, each one of the scenarios was duly weighted according to its probability of occurrence.

#### *Expected lifetime*

At the time of the initial recognition of a financial asset, the expected loan losses are calculated for 12 months (stage 1). If the credit risk of a financial asset 'increases significantly' in relation to the initial moment and the credit quality derived from this increase is not considered a low credit risk (stage 2) or the credit risk of a financial asset increases to the extent of being considered 'impaired' (stage 3), the expected losses are recognised for the respective maturity.

Purchased or originated credit impaired (POCI) assets are financial assets are impaired at initial recognition (reduction to their recoverable value). POCI financial assets are recorded at fair value at initial recognition and the interest is subsequently recognised based on the effective interest rate adjusted for credit losses. The expected credit loss ("ECL") is recognised/reversed to the extent that there is a subsequent change in the ECL.

### **e) Financial assets**

Financial assets are classified into three categories according to the business model associated with their holding, the type of financial instrument (debt, equity, or derivatives) and their features, namely:

- Fair value through profit or loss (FVTPL);
- Fair value through other comprehensive income (FVTOCI); or
- Amortised cost.

The classification and subsequent measurement of debt instruments depends on:

- (i) the features of the cash flow of the asset; and
- (ii) the business model.



If the contractual features of the cash flows of a financial asset do not correspond exclusively to principal and interest (criteria of SPPI – Solely payments of Principal and Interest), it shall mandatorily be recognised and measured at fair value through profit or loss.

Based on these factors, Caixa Central classifies its debt instruments into one of three measurement categories, namely:

#### **i) Financial assets at fair value through profit or loss**

Debt financial instruments at fair value through profit or loss are traded on active markets, acquired for the purpose of sale, or repurchase in the short-term.

These instruments are initially recognised at fair value with the gains and losses derived from subsequent measurement at fair value being recognised through profit or loss.

The interest inherent to financial assets and the differences between acquisition cost and nominal value (premium or discount) are calculated in accordance with the effective interest rate method and recognised in the income statement under the heading of “Interest income”.

The measurement of financial assets at fair value is based on the most representative values of the bid-ask range, in relation to the circumstances of the measurement, regardless of the IFRS 13 hierarchy level in which the instruments are classified. If a market price is not available, the fair value of the instrument is estimated based on valuation techniques, which include price assessment models or discounted cash flow techniques. When discounted cash flow techniques are used, the future financial flows are estimated in accordance with the management's expectations and the discount rate used corresponds to the market rate for financial instruments with similar features. In the price assessment models, the data used correspond to information about market prices.

These debt financial instruments at fair value through profit or loss are derecognised upon their sale or when the associated cash flows expire.

#### **ii) Financial assets at fair value through other comprehensive income**

Financial assets at fair value through other comprehensive income include financial instruments whose features exclusively refer to the SPPI criteria (principal and interest), and their objective is the receipt of contractual cash flows and their sale.

Financial assets at fair value through other comprehensive income are recorded at fair value. Gains and losses relative to subsequent fair value variation are reflected under a specific equity heading, named “Fair value changes of debt instruments measured at fair value through other comprehensive income”, until their sale, at which time they are transferred to profit or loss. Currency conversion gains or losses of debt instruments are recognised directly through profit or loss for the period.

The interest inherent to financial assets and the differences between acquisition cost and nominal value (premium or discount) are calculated in accordance with the effective interest rate method and recognised in the income statement under the heading of “Interest income”.

The quantification of the impairment of the securities portfolio (debt instruments) is calculated using the expected credit losses calculation tool (ECL), Moody's “ImpairmentStudio”, based on the calculation of the risk parameters, PD and LGD, based on models developed by Moody's and which consider, in particular, the rating, country, business sector and the probability of default implicit in credit default swaps (CDS). The calculation of conditional risk parameters, PD and LGD, is carried out using the MA Correlation Model (GCorr) and uses the distance-to-



default (DD) measure correlations, determined from the spreads, to calculate sovereign correlations. The impairment calculated is stated under a specific heading in equity against profit or loss.

During 2021 and 2022, sales were residual, not exceeding the limits defined in the investment policy.

### iii) Debt instruments at amortised cost

Debt instruments at amortised cost are financial instruments whose features refer exclusively to the SPPI criterion (principal and interest), with their objective being the receipt of contractual cash flows up to their redemption, namely debt securities, investments in credit institutions, purchase operations with resale agreement and loans and advances to customers (see Note 2.3 d)).

These instruments measured at amortised cost are recorded at acquisition cost. The interest inherent to financial assets, and the recognition of differences between acquisition cost and nominal value (premium or discount), are calculated in accordance with the effective interest rate method and recognised in the income statement under the heading of “Interest income”.

The quantification of impairment for the securities portfolio (debt instrument) recorded at amortised cost is based on the risk rating and risk factors established by the main credit risk rating agencies.

The quantification of the impairment of the securities portfolio (debt instruments) is calculated using the expected credit losses calculation tool (ECL), Moody’s “ImpairmentStudio”, based on the calculation of the risk parameters, PD and LGD, based on models developed by Moody’s and which consider, in particular, the rating, country, business sector and the probability of default implicit in credit default swaps (CDS). The calculation of conditional risk parameters, PD and LGD, is carried out using the MA Correlation Model (GCorr) and uses the distance-to-default (DD) measure correlations, determined from the spreads, to calculate sovereign correlations.

Securities sold with a repurchase agreement are kept in the portfolio in which they were originally recorded. The funds received are recorded, on the settlement date, in a specific liability account, with the respective interest being divided into periods through the effective interest rate method.

For debt financial instruments measured at amortised cost, maximum sale limits have been defined based on the frequency, amount, and proximity to maturity.

During 2021 and 2022, sales were residual, not exceeding the limits defined in the investment policy.

Debt instruments also include securitised loans (e.g., commercial paper) (Note 2.3 d) – Credit impairment).

### Equity instruments

Caixa Central considers equity instruments to include all those which, from the point of view of the issuer, are classified as equity, i.e., instruments that do not contain a contractual obligation to pay and which show a residual interest in the net assets of the issuer. Examples of equity instruments include basic ordinary shares.

Caixa Central measures all equity instruments at fair value through profit or loss, except when Caixa Central has decided, upon initial recognition, to irrevocably classify them as an equity investment at fair value through other comprehensive income. It is Caixa's policy to designate equity investments at fair value through other comprehensive income when they are held for different objectives of generating returns via their sale.

When this option is taken, the fair value of gains and losses are recognised through "other accumulated comprehensive income", and are not subsequently reclassified to profit or loss, inclusively upon their disposal. Dividends, when representing return on the equity invested, are recognised through profit or loss at the time when the right to receive them is established.

### Derivative financial instruments

Items that qualify as derivative financial instruments are financial instruments, or other contracts, which have the following characteristics:

- (i) Its value varies as a result of changes in specific variables, such as interest rates, commodity prices, exchange rates, etc. (if a given variable is non-financial, it must not be specific to one of the parties to the contract);
- (ii) They do not require initial net investment, or the initial net investment is less than would be required for other types of contracts for which similar behaviour would be expected in the face of changes in market factors; and
- (iii) The instrument/contract will be settled at a future date.

Derivative financial instruments are recorded at fair value on the date they are contracted and are subsequently measured at fair value through profit and loss (gains and losses in fair value for the year are recorded in the items "Gains or losses on hedge accounting, net" and "Gains or losses on financial assets and liabilities held for trading, net"). Furthermore, they are reflected under off-balance sheet headings at their notional value. Fair value is calculated as follows:

- Based on prices in active markets (for example, with respect to futures traded on organised markets); and
- Based on models which incorporate valuation techniques accepted in the market, including discounted cash flow and options valuation models.

Trading derivatives with net value receivable (positive fair value) are included under the heading of "Financial assets held for trading". Trading derivatives with net value payable (negative fair value) are included under the heading of "Financial liabilities held for trading".

### Hedge accounting

For financial instruments to qualify for hedge accounting, the following criteria must be fully met:

- The management must formally designate and document the hedge relationship at the beginning of the hedge. This includes identifying the hedge instrument, the hedged instrument (or transaction), the type of the risk being hedged, and how the institution will assess the effectiveness of the hedge, identification of sources of ineffectiveness, how the hedge ratio will be determined, and Caixa Central's risk management objectives and strategies that justify contracting the hedge;

- There must be an economic relationship between the hedge instrument and the hedged instrument, with the expectation that the value of the hedge instrument and the value of the hedged instrument will move in opposite directions, because of the common underlying assumptions, or the risk being hedged;
- Credit risk does not dominate changes in value. Even if an economic relationship exists, a change in the credit risk of the hedge instrument or the hedged instrument should not be of such magnitude as to dominate the changes in value that result from the economic relationship; and
- The designated hedging ratios are consistent with the risk management strategy. The hedge ratio is defined as the ratio between the quantity of the hedge instrument and the quantity of the hedged instrument, in terms of its relative proportions.

Management documents, on the initial date of the hedge relationship, the economic relationship between the hedge instruments and the hedged instruments, including the condition as to whether the hedge instruments will offset changes in the cash flows of the hedged instruments, in accordance with the risk management objectives and strategy defined for contracting hedge transactions.

Fair value hedge:

In a fair value hedge of an asset or liability, the book value of that asset or liability, determined in accordance with the respective accounting policy, is adjusted to reflect the change in its fair value attributable to the risk being hedged. Changes in the fair value of hedge derivatives are recognised in the profit or loss, together with changes in the fair value of the hedged asset or liability attributable to the hedged risk. When a hedge instrument expires or is sold, or when the hedge no longer meets the criteria for hedge accounting or the institution revokes the designation, the derivative financial instrument is transferred to the trading portfolio and the hedged assets and liabilities are no longer adjusted for changes in their fair value. If the hedged asset or liability corresponds to an instrument measured at amortised cost, the revaluation adjustment is amortised to maturity using the effective interest rate method and reflected in the net trading income.

vi) Restrictions of reclassification between financial asset categories, pursuant to IFRS 9

The principle of IFRS 9 is that there are no reclassifications between categories, unless the business model used by management is changed. In this case, the reclassification is carried out prospectively from the date of reclassification and does not result in the restatement of gains and losses previously recognised in the profit or loss statement.

In the event that Caixa Central reclassifies financial assets, such reclassification follows the following set of principles:

1. If Caixa Central reclassifies a financial asset, removing it from the category of measurement at amortised cost and placing it in the category of measurement at fair value through profit or loss, its fair value is measured as at the reclassification date. Any gain or loss derived from a difference between the previous amortised cost of the financial asset and the fair value should be recognised through profit or loss.
2. If Caixa Central reclassifies a financial asset, removing it from the category of measurement at fair value through profit or loss and placing it in the category of measurement at amortised cost, its fair value on the reclassification date will become its new book value.
3. If Caixa Central reclassifies a financial asset, removing it from the category of measurement at amortised cost and placing it in the category of measurement at fair value through other comprehensive income, its fair value is measured as at the reclassification date. Any gain or loss derived from a difference between the previous amortised

cost of the financial asset and the fair value should be recognised through other comprehensive income. The effective interest rate and the measurement of expected loan losses are not adjusted as a result of the reclassification.

4. If Caixa Central reclassifies a financial asset, removing it from the category of measurement at fair value through other comprehensive income and placing it in the category of measurement at amortised cost, the financial asset is reclassified at its fair value on the reclassification date. However, any accumulated gain or loss previously recognised in other comprehensive income is removed from the equity and adjusted according to the fair value of the financial asset on the reclassification date. As a result, the financial asset is measured on the reclassification date as if it had always been measured at amortised cost. This adjustment affects other comprehensive income but does not affect profit or loss and, consequently, does not consist of a reclassification adjustment. The effective interest rate and the measurement of expected loan losses are not adjusted as a result of the reclassification.

5. If Caixa Central reclassifies a financial asset, removing it from the category of measurement at fair value through profit or loss and placing it in the category of measurement at fair value through other comprehensive income, the financial asset continues to be measured at its fair value.

6. If Caixa Central reclassifies a financial asset, removing it from the category of measurement at fair value through other comprehensive income and placing it in the category of measurement at fair value through profit or loss, the asset continues to be measured at its fair value. However, any accumulated gain or loss previously recognised in other comprehensive income is reclassified from the equity to profit or loss as reclassification adjustment on the reclassification date.

Both the category of measurement at amortised cost and the category of measurement at fair value through other comprehensive income require that the effective interest rate should be determined upon initial recognition. Both measurement categories also imply the impairment requirements should be applied in the same way. Consequently, when an institution reclassifies a financial asset between the category of measurement at amortised cost and the category of measurement at fair value through other comprehensive income:

a) The recognition of income from interest remains unchanged and, consequently, the institution continues to apply the same effective interest rate;

b) The measurement of expected loan losses will remain unchanged, as both measurement categories apply to the same approach with respect to impairment. However, if a financial asset is reclassified from the category of measurement at fair value through other comprehensive income to the category of measurement at amortised cost, a provision for losses should be recognised in the form of an adjustment to the gross book value of the financial asset from the reclassification date. If a financial asset is reclassified from the category of measurement at amortised cost to the category of measurement at fair value through other comprehensive income, the provision for losses should be derecognised (thus no longer being recognised as an adjustment to the gross book value), being, instead recognised as an amount due to accumulated impairment (of the same value) in other comprehensive income and disclosed from the reclassification date.

Nonetheless, Caixa Central is not obliged to separately recognise the income from interest or the gains or losses due to impairment of a financial asset measured at fair value through profit or loss. Consequently, when an institution reclassifies a financial asset, removing it from the category of measurement at fair value through profit or loss, the effective interest rate is determined based on the fair value of the asset on the reclassification date.

#### f) Annulments/Write-offs of principal and interest

Pursuant to IFRS 9, the gross book value of a financial asset is reduced when there are no longer any reasonable expectations of recovery. A credit annulment constitutes a derecognition event. The annulment can involve the financial asset as a whole or merely part of it. Consequently, the gross book value of a financial asset is reduced at the time of annulment. A financial asset should be annulled (written off from the assets), as a whole or partially, in the period when the loan, or fraction of this loan, is considered irrecoverable. In assessing the recoverability of NPL and determining the internal annulment methods, attention should be given to the following particular situations: positions with extended arrears in repayment and positions under insolvency procedures.

Caixa Central believes that detailed records should be kept of all processes of annulment of uncollectible loans, stated under off-balance sheet accounts. The databases collating information about processes of annulment of loans considered uncollectible should fulfil requirements of depth, amplitude, reliability, up-to-dateness and traceability. The information collected in the databases should be included in management reports, to ensure that the reports and other pertinent documentation (recurring or occasional) for the decision-making process at various managerial levels, including at the level of the board of directors, are based on up-to-date, complete and coherent information.

Specific measures were adopted under the Strategic Non-Performing Loan Management Plan to annul uncollectible loans. In this context, the aim is to annul positions in Non-Performing Loans (NPL) deemed unrecoverable, with contracts (secured and unsecured) that have an impairment rate above 50%, irrespective of their status (regular or overdue), having been considered for the purpose.

Credit operations with the following non-cumulative features are mandatorily eligible for annulment:

- Impairment coverage level above 80% for loans backed by real estate collateral (mortgage).
- Impairment coverage level above 70% for all other loans.

Nevertheless, cases in which customer record good compliance in the context of judicial agreements, special revitalisation processes (PER) or insolvency plans that have been homologated and turned into final judgements should be safeguarded, as their annulment is thus not feasible.

The procedures for annulment of uncollectible loans comply with the following requirements:

- i) The loan should be entirely covered by impairments (100% provisioned). In cases where the degree of coverage of the exposure by impairments is less than 100%, the necessary impairments should be constituted up to this threshold.
- ii) Once the entirety of the loan has been called in and the main efforts of collection considered adequate have been developed, the expectations of loan recovery are reduced to a time horizon in which they can be reasonably estimated, thus leading to a high rate of coverage by impairment and/or the existence of default for an extended period of time.

In accounting terms, the annulment of loans considered uncollectible gives rise to the corresponding recognition in off-balance sheet accounts (see Circular Letter CC/2017/0000020), which should remain there until the effective limitation period of the debt has ended (ordinary period of 20 years, pursuant to Article 309 of the Civil Code) or, for any reason, the right to receive these loans extinguishes (e.g., debt recovery, debt remission, among others).

### g) Financial liabilities

An instrument is classified as a financial instrument when there is a contractual obligation of its settlement being made against the submission of money or another financial asset, independently of its legal form.

Financial liabilities, essentially funds of credit institutions, customer deposits, issued debt and financial assets acquired with repurchase agreement, are initially stated at fair value, which corresponds to the consideration received net of transaction costs, and are subsequently stated at amortised cost.

Except for derivatives, financial liabilities held for trading (for example, short positions) are classified at fair value through profit or loss upon initial recognition. Gains and losses arising from subsequent valuation at fair value are recognised in "Gains or losses on financial assets and liabilities held for trading, net".

Financial liabilities acquired with a resale agreement at a fixed price, or at a price equal to the purchase price plus the interest inherent to the period of the operation, are not recognised on the balance sheet, with the acquisition cost being recorded as loans and advances to other credit institutions. The difference between the purchase value and the resale value is treated as interest and is deferred over the life of the agreement, through the effective interest rate method.

A modification is defined as when the contractual terms of a financial liability are substantially altered, forcing the extinction of the original financial liability and the recognition of a new financial liability. The new financial liability resulting from the modification is recognised at its fair value and any difference in relation to the book value of the extinct financial liability, including all the associated costs and rates, is recognised through profit or loss. If the modification of a financial liability is not considered substantial, the amortised cost of the financial liability should be recalculated based on the present value of the estimated future contractual cash flows discounted at the associated original interest rate. All gains or losses arising from this recalculation will be recognised through profit or loss, and all costs and rates associated with the modification will be amortised over the remaining term of the modification. In order to determine whether the modification of a financial liability is significant, Caixa Central considers quantitative and qualitative assessments. With respect to the quantitative assessment, any difference between the present values of the cash flows of the original debt and those of the modified debt above 10% is considered substantial, where Caixa Central also conducts a qualitative analysis to identify other facts and circumstances not captured by the quantitative analysis. Furthermore, the financial liabilities cannot be reclassified between categories.

#### Derecognition of financial liabilities

An institution should remove a financial liability (or part of a financial liability) from its statement of financial position when, and only when, it is extinct, i.e., when the specific obligation in the contract is fulfilled, cancelled, or expires.

### h) Tangible assets

The tangible asset items used by Caixa Central for the development of its activity are measured at acquisition cost (including directly attributable costs) minus accumulated depreciation and impairment losses.

The acquisition cost includes the purchase/production price of the asset, the expenses directly attributable to its acquisition and costs incurred to prepare the asset to place it in condition for use. The financial costs incurred in relation to loans obtained for construction of tangible assets may also eventually be recognised as part of the cost of constructing the asset.

The depreciation of the tangible asset is recorded on a systematic basis over the estimated period of useful life of the asset, based on the following useful life periods:

Tangible assets	Years of useful life
Real estate properties for own use	50
Expenses on rented buildings	10
IT and office equipment	4 to 10
Interior furnishings and installations	6 to 10
Vehicles	4

The useful lives of tangible assets are reviewed in each financial reporting period so that the depreciation carried out is in accordance with the consumption patterns of the assets. Land is not depreciated. Alterations to useful lives are treated as an alteration of accounting estimate and are applied prospectively under the terms of IAS 8.

Expenditure related to investment in works which cannot be recovered, carried out in buildings that are not owned by Caixa Central are amortised over a period compatible with their expected utilisation or the rental agreement, whichever is lowest.

Whenever there are indications of loss of value in tangible assets, impairment tests are performed to estimate the recoverable amount of the asset, and when required, to record an impairment loss. The recoverable amount is determined as the highest between the fair value minus costs of selling and the value in use of the asset, with the latter calculated based on the present value of estimated future cash flow, arising from the continued use and disposal of the asset at the end of its defined useful life.

Gains or losses in the disposal of assets are determined by the difference between the realisation value and the book value of the asset, being recognised in the income statement, under the heading of “Gains or losses on derecognition of non-financial assets, net”.

#### i) Intangible assets

Caixa Central records under this heading the expenses during the development phase of projects relative to information systems that are already installed or under implementation, as well as the cost of acquired software, in both cases when the impact is expected to be reflected beyond the year when the costs are incurred.

Internally generated assets, namely expenses related to internal development, are recorded as costs when incurred, whenever it is not possible to distinguish between the research phase and the development phase, or when it is not possible to reliably determine the costs incurred at each phase or the probability of economic benefits flowing into Caixa Central.

Intangible assets are recorded at acquisition cost, minus accumulated depreciation and impairment losses.

Depreciation is recorded as costs for the year on a systematic basis over the useful life of the assets, which corresponds to a period of 3 to 6 years.



**j) Non-current assets held for sale**

Caixa Central records real estate properties, equipment and other assets received in loan recovery (e.g., in lieu of payment, judicial auction sale, other) under “Non-current assets and disposal groups classified as held for sale”, these assets are recorded at the lowest between the value agreed in the contract, which usually corresponds to the value of the existing debt which is thus extinguished, and the asset's valuation on the date of the operation. The asset's valuation is determined on the basis of sales history. Real estate properties are recorded in this heading from the time of the signing of the deed for transfer in lieu of repayment, auction sale or other.

Real estate properties previously stated in tangible assets can also be recorded as “Non-current assets and disposal groups classified as held for sale” from the moment when the expected realisation of the asset becomes through sale and provided that the criteria of IFRS 5 are met.

For these assets, there is the expectation of sale within the period of 12 months when actively on sale and the price is regularly analysed and if necessary adjusted.

As an exception to the arrangement referred to above, real estate properties which have some "burden" preventing them from being sold are recorded under “Other assets” and not as “Non-current assets and disposal groups classified as held for sale”, pursuant to IFRS 5(7) “Non-current Assets Held for Sale and Discontinued Operations”:

*“For this to be the case, the asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and its sale must be highly probable.”*

The valuation of these assets, and consequently the impairment losses, is supported by valuations performed by entities registered as "expert appraisers" with the Portuguese Securities Market Commission, which incorporate several assumptions. Three methods are used in the valuations of these assets:

- Market method

This method determines an estimate of the amount at which a property is believed to be transactable, after an appropriate marketing period, between an interested seller and buyer, where both parties act in an informed, prudent and unconditioned or uncoerced manner.

The value of the property is determined after analysing the transaction and offer values of comparable properties, obtained through local market knowledge and exhaustive real estate market data collection, which enables us to know the supply and demand situation for similar properties and which is a decisive factor in determining the market value of the property being assessed.

- Yield method

In this method, the market value of a property corresponds to the present value of all rights to future benefits arising from its ownership. This method assumes that the management and operation of the property is based on principles of legality, rationality and competence. The objective of the analysis is to determine the respective capacity to generate revenue streams, as well as the periodicity of their occurrence, also inferring all inherent expenses.

- Cost method

In this method, the estimated value of a property corresponds to the construction cost of a property that fulfils the same functions and has the same characteristics, materials and technology, at current market prices. The value includes the land value, the costs inherent to the construction and the profit margin of the investment promotion, as well as a deduction that corresponds to the depreciation, or loss in value of the property that results from physical, functional, economic or environmental obsolescence or a combination of these.



Caixa Central does not recognise potential capital gains for these assets. Changes in impairment losses on a non-current asset held for sale, such as realised gains or losses (at the date of sale) are recorded in profit or loss under the heading of "Profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations".

#### **k) Provisions and Contingent Liabilities**

This liability heading includes the provisions constituted to meet risks associated with lawsuits based on the assessment of probability of conviction made by the lawyers that follow the lawsuits and other specific risks arising from Caixa Central's activity.

The provisions recorded by Caixa Central are based on the assumptions of IAS 37 – "Provisions, contingent liabilities and contingent assets", corresponding to present liabilities or obligations with high probability of future occurrence or liability whose settlement is expected to give rise to an expenditure of funds. Their high degree of certainty necessarily implies the recording of provisions, so they cannot merely be disclosed as a "contingent liability".

The effect of the financial discount due to the updating of the provisions is considered.

Where one of the criteria for recognising provisions is not met or the existence of the obligation is conditioned on the occurrence (or non-occurrence) of a certain future event, Caixa Central this fact as a contingent liability, as set out in Note 19, unless the assessment of the requirement of the outflow of funds for payment is considered remote.

#### **l) Financial Guarantees:**

Contracts that require their issuer to make payments to compensate the holder for losses incurred because of a breach of the contractual terms of debt instruments, including the payment of principal and/or interest, are considered financial guarantees.

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

Financial guarantees issued by the Group normally have a defined maturity and a periodic fee charged in advance, which varies according to the counterparty risk, amount and period of the contract. On that basis, the fair value of the collateral at the date of its initial recognition is approximately equivalent to the amount of the initial commission received considering that the agreed terms are market terms. Thus, the amount recognised on the contract date equals the amount of the initial commission received, which is recognised through profit or loss during the period to which it relates. Subsequent commissions are recognised in profit or loss in the period to which they relate.

#### **m) Deposits**

After initial recognition, customers and credit institutions' deposits are valued at amortised cost, based on the effective interest rate method.

#### **n) Securitised debt issued by Caixa Central**

Subordinated loans issued by Caixa are recorded under the heading "Other financial liabilities". Subordinate loans

are stated at their fair value.

At the end of October 2021, Caixa Central made its first debt issue in the international market, specifically senior preferred debt securities linked to Social Sustainability

#### **o) Employee benefits**

Caixa Central signed the Collective Labour Agreement (ACT) for Crédito Agrícola (named Collective Labour Agreement of the Institutions of Crédito Agrícola Mútuo), therefore its employees and their families are entitled to pensions due to retirement, disability and survival. However, since the employees are enrolled in Social Security, Caixa Central's liabilities related to employee pensions consist of the payment of supplementary pensions in accordance with the stipulations of the previously mentioned collective agreement (ACT).

The defined benefit pension plan thus provides for the possibility of paying pensions set by the ACT in force, in the event of early retirement, old-age retirement, disability retirement and survivors' benefits, in addition to those granted by Social Security schemes.

The employees' post-employment benefits also include medical care (SAMS), whose liabilities are calculated based on the same assumptions as the liabilities related to supplementary pensions. In accordance with clause 116 of the ACT, the sum corresponding to 6.5% of the total retirement and survivor's pensions, provided for in the ACT, regardless of the pensions received from social security schemes, constitutes compulsory contributions by the Crédito Agrícola institutions to the SAMS. The benefits cover the relatives of the employees, under the terms of the internal regulations endorsed by the SAMS.

In December 2018, the constitutive agreement of the Pension Fund was amended to include the coverage of liabilities related to pre-retirement, relative to agreements concluded from 1 January 2019 onwards.

In 2019, that constitutive agreement was rectified to clarify that the pre-retirement liabilities thereafter covered by the Pension Fund include the respective mandatory social charges and medical care at a post-employment stage.

Caixa Central is part of the CA Group Pension Fund, with a view to covering its liabilities.

The managing institution of the CA Group Pension Fund is Crédito Agrícola Vida - Companhia de Seguros, S.A.

An actuarial evaluation is carried out annually with a reference date of 31 December of each year for the calculation of liabilities to be financed by the respective shares of the pension fund of Caixa Central, Caixas de Crédito Agrícola and other Associated Crédito Agrícola Institutions of the Pension Fund.

Pursuant to the Constitutive Agreement of the Crédito Agrícola Pension Fund, the members of their governing bodies are not covered by the benefits described above.

The ACT pension calculations are based on the following lengths of time of service:

- For future seniority bonuses and automatic promotions, the length of service time was considered for purposes of level and seniority; and
- For the calculations in Annex V, the starting point was the recruitment date recognised for the pension fund.

The present value of past service liabilities, as well as the corresponding current service costs, were calculated using the Projected Unit Credit method.

Only those legally married are accepted for survivor pensions. For surviving men, the age is taken as three years younger than the pensioner, and for women as three years older. The calculation of this benefit is based on the remuneration level of the participant, in line with Annex VI of the collective labour agreement (ACT).

Banco de Portugal Notice 4/2005 determines that it is compulsory for pension funds to assure the full financing of pension liabilities under current payment and a minimum level of 95% of liabilities related to past service of current personnel.

Due to the application of IAS 19 Reviewed (starting in 2013), the remeasurement (actuarial gains and losses; return on plan assets, excluding amounts included in net interest on liabilities (assets) net of defined benefits; and any change in the effect of the maximum limit on assets, excluding amounts included in net interest on liabilities (assets) net of defined benefits) resulting from (i) differences between the actuarial and financial assumptions used and the amounts actually recorded and (ii) changes in actuarial assumptions, are recognised in their entirety as comprehensive income in the respective year in which they occur, being recorded under "Other accumulated comprehensive income".

The amounts recorded in the year in profit or loss refer to:

- Cost of the service: The cost of the service includes the cost of current services, cost of past services and gains or losses upon settlement, and is recorded under the heading of "Administrative expenses - Staff expenses";
- Net interest: Net interest is determined by multiplying the discount rate by the net liability (asset) of defined benefits (both determined at the beginning of the annual reporting period, considering any variation of the net liability (asset) of defined benefits during the period as a consequence of the payment of contributions and benefits), which is recorded under the heading of "Administrative expenses - Staff expenses".

#### p) Seniority bonuses

Under the terms of the collective agreement (ACT), Caixa Central accepted the commitment to attribute a seniority bonus to active employees upon completing 15, 25 and 30 years of good and effective service of the value of 1, 2 and 3 months of their effective monthly retribution (in the year of attribution), respectively.

Caixa Central determines the present value of benefits related to seniority bonus through actuarial calculations using the Projected Unit Credit method. The actuarial assumptions (financial and demographic) are based on expected wage growth and mortality tables used to calculate pension liabilities. The discount rate is determined based on market rates of bonds of companies with high rating and similar maturity period to that of the settlement of the liabilities.

The impact of the estimated actuarial deviations in each year is recorded in the "income statement" under the heading of "Administrative expenses - Staff expenses", or "Other operating income", depending on the nature of the movement during the year.

#### q) Fee and commission income

The Fee and commission income received from a particular activity is recognised through profit or loss when the activity has been completed.

As the services are provided, Fee and commission income is recognised through profit or loss in the year to which it refers.

Fee and commission income that is an integral part of the effective interest rate of a financial instrument is recognised through profit or loss by the effective interest rate method.

The recognition of commissions associated with financial instruments will depend on the objective underlying their charging.

Distinction between:

- Commissions that are part of the effective interest rate of the financial instrument ("Effective interest rate method").
- Commissions that are received in accordance with the provision of the service ("Method of linear recognition over the period of the operation"); and
- Commissions charged at the time of execution of a significant act ("Recognition at the time").

Commissions associated with credit contracts paid at the initial time of the loan are deferred and recorded under the heading of "Revenue with deferred income", being subsequently recorded under income for the year throughout the useful life of the loan contracts and in accordance with the financial plan of the loans.

Commissions relative to operations of loans and other financial instruments, namely commissions charged or paid at the very beginning of the operations, are recognised throughout the period of the operations by the effective interest rate method under "commissions received" or "commissions paid".

Commissions for services rendered are normally recognised as income throughout the period that the service is rendered or once only if they correspond to compensation for the execution of single acts.

#### r) Income tax

Caixa Central is subject to the general scheme established by the Corporate Income Tax Code (CIRC).

Total income tax recorded through profit or loss incorporates current and deferred taxes.

Current tax is calculated based on the taxable profit for the year, which is different from the book value profit due to adjustments to taxable profit arising from expenses or income not relevant for tax purposes, or which will only be considered in other financial years, pursuant to the Corporate Income Tax Code.

Deferred tax assets and liabilities correspond to the value of the tax recoverable and payable in future years due to temporary differences between the book value of an asset or liability on recorded the balance sheet for financial reporting purposes and the value for tax purposes. Tax credits are also recorded as deferred tax assets (e.g., tax losses), provided that their recoverability is supported.

Deferred tax liabilities are usually recorded for all temporary taxable differences, while deferred tax assets are only recorded up to the amount for which future taxable profits are likely to enable the use of the corresponding deductible taxable differences or tax losses. However, it should be noted that IAS 12 excludes the possibility of recording deferred taxes, among other situations, in the following cases:

- Temporary differences arising on the initial recognition of assets and liabilities in transactions that do not affect the accounting profit or loss or taxable profit.
- Temporary differences arising from profit not distributed to subsidiaries and related companies, to the extent that Caixa Central is able to control their reversal and when it is probable that this will not occur in the predictable future.

Deferred taxes are calculated using tax rates that are expected to be in force on the date of the reversal of the temporary differences, which correspond to the rates approved, or largely approved, on the reporting date.

When there are distinct tax rates applicable to different levels of taxable profit (e.g., the case of the state surcharge), the deferred tax assets and liabilities are measured using the average rates that are presume applicable to the taxable profit (tax loss) of the years in which the reversal of the temporary differences is expected to occur.

Income taxes (current or deferred) are reflected in the profit or loss for the year, except in cases when their underlying transactions have been reflected in other equity headings (for example, in the case of the revaluation of financial assets available for sale). In these cases, the corresponding tax is also recognised against equity, and does not affect the profit for the year.

Caixa Central takes into account the guidelines of IFRIC 23 – Uncertainty over Income Tax Treatments and, accordingly, periodically assesses whether there are situations in which the application of the personal income tax legislation is subject to uncertain tax treatment and if it likely that that the Tax Authority or a Court accept the tax treatment adopted in the tax returns.

## s) Leases

### *Lease agreements - identification of assets*

At the start of the contract, Caixa Central evaluates whether a contract is or contains a lease. For a contract to be considered as a lease, the following three cumulative conditions must be met:

- the contract identifies one or more leased assets;
- the institution derives most of the economic benefits from using the leased asset; and
- the institution has the right to control the underlying asset, for the duration of the contract, in return for payment.

### *As the Lessee*

In accordance with IFRS 16, a lease liability is measured at the present value of the sum of future payments to be incurred under the lease contract. To discount the payments the Group should use the implicit interest rate of the contract, considering that all the information is known to determine it. If the implicit rate is not determinable, an incremental interest rate should be used, requiring the institution to develop a methodology duly supported by internal and external information for its calculation.

- I. Implicit interest rate is the discount rate that equals the fair value of the rents foreseen in the contract (including the residual value) to the fair value of the asset plus all the initial direct costs of the lessor. The main difficulty in ascertaining this rate is, in most cases, the scarce information available to the lessee relating to the residual value of the underlying asset and/or the amount of direct costs incurred by the lessor.
- II. Incremental interest rate is the rate that a third party would charge Caixa Central in a financing transaction for the acquisition of an asset like that underlying the lease, under similar conditions, namely in terms of duration and guarantees. The calculation of incremental interest rates was segmented by type of underlying asset, based on internal and external information.

The spreads of Commercial Mortgage-Backed Securities (CMBS) and Residential Mortgage-Backed Securities (RMBS) in Portugal and Europe were used as a reference in real estate leasing and car parking operations, given the similarity between the operations that make up this type of issue and the assets underlying these leasing contracts.

Lease payments are discounted using the discount rate implicit in the contract if this is determinable.

In relation to the maturity of the lease to be considered in the calculation of the lease liability, its determination should consider the non-cancellable period of the lease, as well as the period covered by any options for extension of the term and/or early cancellation, if there is reasonable certainty as to its exercise. In situations where there are options for extension and/or cancellation of the term, it is up to the management to assess the reasonableness of their occurrence - the concept of "reasonably certain", in relation to its future decision.

To support its analysis Caixa Central used internal and market data that may require professional judgement, such as:

- I. importance of the asset to the Group's business, lack of adequate alternatives.
- II. significant economic benefits to the Group in the event of exercising the option to extend/cancel the contract or purchase the underlying asset.
- III. any costs associated with the early cancellation of the contract, costs of changing and/or returning the asset; and
- IV. comparison of the terms and conditions of the contract with current market conditions; among other data considered relevant.

As a lessee, Caixa Central records an asset under right-of-use and a lease liability at the date on which control over the use of the leased asset is transferred to the Group.

The lease liability is measured at the present value of future rents to be incurred under the contract, discounting payments at the discount rate implicit in the contract, if this is determinable. When the implicit rate is not available or cannot be measured, an incremental Group borrowing rate should be used, corresponding to the rate that the lessee would use to pay the funds necessary to obtain an asset of similar value in an economic environment with comparable terms and conditions.

The payments taken into account in the calculation of the lease liability are: (i) fixed payments (including payments that are in substance fixed), less any amounts receivable for lease incentives, (ii) index or rate-dependent variable payments (if the payments considered variable are not dependent on an index or rate, they shall be recognised in the income statement at the time they are incurred), (iii) the amount relating to the exercise of the call option, if it is reasonably certain that Caixa Central will exercise it and (iv) payments for non-lease components.

Lease liabilities are subsequently adjusted upwards to reflect the interest on the lease liability (using the effective interest rate method) and reduced to reflect the payments made.

The liability is remeasured whenever there is a change in one of the following variables: (i) change in the value of index or rate-dependent variable payments (for the period in question only), (ii) change in assessment as to whether, or not, to exercise the call option on the underlying asset, (iii) change in the residual value of the asset, or (iv) change in the term of the contract. If there is a change of the assessment of the exercise of the call option or a change of the contract duration (points (ii) and (iv)), a new discount rate should be calculated for the remeasurement of the liability. If the modification qualifies as a separate lease, this shall give rise to the quantification and recognition of a new right-of-use asset together with the related lease liability.

When the lease liability is revalued, the difference arising from the revaluation is offset against the right-of-use asset or is recorded through profit or loss if the book value of the right-of-use asset has been reduced to zero.

The Right-of-use asset is initially measured at cost, corresponding to the initial value of the lease liability, adjusted for any payments incurred up to the inception date, plus any initial direct costs incurred and an estimate of the costs of dismantling and removing the underlying asset or restoring the underlying asset or the location in which it is located, less any lease incentives received.

Subsequently, the right-of-use asset is depreciated using the straight-line method, from the start date to the end of the useful life of the right-of-use asset or the end of the lease term. Additionally, the right-of-use asset is periodically adjusted for impairment losses if the lease liability is remeasured.

When there are indicators of loss in value, impairment tests are carried out on its right-of-use assets, reducing their value in situations of impairment losses.

Whenever Caixa Central incurs an obligation to dismantle and remove a leased asset, restore the site on which it is located, or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised in accordance with IAS 37. The expenses are included in the right-of-use asset.

Lease incentives (e.g., non-rental lease periods) are recognised as items of measuring right-of-use assets and lease liabilities, as received or receivable, respectively.

Variable rents that do not depend on an index or rate are not included in the measurement of lease liabilities or right-of-use assets. Such payments are recognised as expenses in the period in which the event or condition giving rise to the payments occurs.

*Practical expedients - Short-term leases, low value leases and separation of components*

As provided for in the standard, the Group has adopted the following practical expedients, in particular:

- Non-recognition of lease liabilities and respective right-of-use for lease contracts (i) with a duration not exceeding 12 months (short term) or (ii) where the underlying asset has a value, in its new state, of less than 5,000 euros (low value).
- Non-segregation of the non-leasing component in the estimate of the lease liability and corresponding right of use, therefore measuring the financial liability and the respective right of use considering the total amount to be incurred with the operation.
- These contracts are accounted for under "Other administrative expenses".

The right-of-use assets are included in the balance sheet under "Tangible assets" (Note 11) and the lease liabilities under "Other liabilities" (Note 18).



*As the Lessor*

When Caixa Central is a sublessor, the accounting for the main lease and the sublease is done as 2 separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset of the main lease.

The lessor of the sublease, simultaneously lessee with respect to the original lease, should recognise an asset, right-of-use, in the balance sheet relative to the primary lease (if classified as an operating lease) or a financial lease relative to the sublease (if classified as a finance lease). If the primary lease is of short duration, then the sublease should be classified as an operating lease.

When a given contract includes payments of lease components and other components, Caixa Central applies IFRS 15 - Revenue from contracts with customers, to allocate the consideration of the contract to each component, and only the lease components are considered for registration under IFRS 16.

Finance leasing

As a lessor, the assets disposed under finance leasing arrangements are derecognised from the balance sheet, with the recording of a loan granted "Loans to customers" (sum equivalent to the value of the net investment made in the leased assets, plus any unsecured residual in favour of Caixa Central), which is repaid through constant principal payments stipulated in the financial plan of the contracts. The interest included in the lease payments are recorded as financial income under "Interest Income", based on a constant periodic rate of return, calculated on the net investment value referred to above.

Upon the date of entry into force, the lessor should recognise the assets held under finance lease arrangements in its statement of financial position and present them as an account receivable for a value equal to that of the net investment in the lease.

Operating leasing

The lessor should recognise the operating lease payments as income, whether on a straight-line basis or another systematic basis. Another systematic basis should be applied if that basis is more representative of the model in which the benefit of the use of the underlying asset is reduced. Payments are recorded in the income statement under the heading of "Other operating income".

**t) Cash and cash equivalents**

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the acquisition/contracting date and which are not subject to risks of fluctuation of value, including cash and deposits at Central Banks and at other credit institutions.

**u) Provision of insurance or reinsurance mediation services**

Caixa Central has the status of a Tied Insurance Intermediary, pursuant to Article 8(a)(i) of Decree-Law 144/2006 of 31 July, conducting its intermediation activity on an exclusive basis with Crédito Agrícola Group's Insurers, namely Crédito Agrícola Seguros – Companhia de Seguros de Ramos Reais, S.A. (CA Seguros), which engages in the activity of insurance for all Non-Life Business, and Crédito Agrícola Vida – Companhia de Seguros, S.A. (CA Vida), which engages in the activity of insurance for the Life Business and Pension Funds.



Under its insurance mediation services, Caixa Central sells insurance contracts and subscriptions to Pension Funds, provides after-sales support to the insured persons and participates in forwarding insurance claims that are submitted at Caixa Central branches.

In exchange for the insurance mediation services provided to these insurers, Caixa Central receives remuneration for insurance mediation and for the placement of subscriptions in Pension Funds, which are defined in the agreement established between Caixa Central and these insurers.

The insurance mediation remunerations are recognised as an income in the Income Statement, under the heading of “Fee and commission income”. The remuneration values payable by the insurers, as at 31 December of each year, are recognised as a Balance Sheet asset under the heading of “Other assets”. On the reporting date of these financial statements, the mediation remuneration payable as at 31 December 2022 had already been fully paid by these insurers.

#### v) **Contingent assets**

Contingent assets arise due to unexpected or unplanned events, from which the possibility of an inflow of an economic benefit arises. Contingent assets are not recognised in the financial statements, merely being disclosed whenever relevant and when the existence of a future economic inflow of funds is probable.

#### w) **Offsetting financial instruments**

The financial assets and liabilities are presented in the balance sheet at their net value when there is a legally enforceable right to set off the amounts already recognised and there is an intention to settle them at their net value or realise the asset and settle the liability simultaneously. The exercisable legal right cannot be contingent on future events, and should be exercisable during normal business activity, and likewise in the case of default, bankruptcy or insolvency of the Group or counterpart.

#### x) **Classification of cash flows**

The cash flow statement reports cash flows during the period classified by operating, investment, and financing activities:

Operating activities – are the main activities producing revenue and other activities that are neither investment nor financing;

Investment activities – reflect the acquisition and disposal of assets in the long term and of other investments not included in cash equivalents;

Financing activities – are activities that lead to changes in the size and composition of the equity and in the loans obtained by the institution.

Cash flows related to leases are presented as follows:

- a) Payments of the principal components of lease liabilities are classified as cash flows from financing activities.
- b) Interest component payments are also classified as cash flows from financing activities; and

- c) Short-term leases, lease payments for immaterial assets and variable lease payments that are not included in the measurement of lease liabilities are classified as cash flows from operating activities.

**y) Fair value of financial instruments**

As established in IFRS 13, the financial instruments recorded in the balance sheet at fair value are classified according to the following hierarchy:

**Level 1 – Prices in active markets**

This level includes financial instruments valued based on active market prices (executable bids), disclosed through trading platforms;

**Level 2 – Valuation techniques based on market data**

This level considers financial instruments valued by inhouse models which use observable market data, namely interest rate or exchange rate curves.

**Level 3 - Valuation techniques using inputs not based on observable market data**

This level includes financial instruments valued based on in-house valuation methods essentially considering inputs not observable in markets with significant impact on the valuation of the instrument or valued based on indicative bids calculated by third parties through valuation models.

For items classified at this level, the assumptions used to obtain the fair value was the price/sales quotation of the last transaction made between unrelated parties.

**z) Subsequent events**

Subsequent events refer to the accounting treatment to be given to events occurring after the reporting date and before the issue date of the financial statements.

Events that occurred after the reporting date and before the issue of the financial statements, which provide additional information, or confirm situations pending at the reporting date are adjusted in this set of financial statements.

Events that occurred after the reporting date and before the issue of these financial statements, which are not related to situations that existed at the reporting date, do not give rise to adjustments in the financial statements and are disclosed, if considered material.

**aa) Segmental reporting**

Pursuant to IFRS 8 – Operating Segments, the financial information is disclosed by operating segments.

An operating segment is a component:

- (a) that pursues business activities in which revenue can be gained or expenses may be incurred;

(b) whose operating results are regularly reviewed by the Institution's chief operating decision maker for purposes of allocating resources to the segment and assessment of its performance; and

(c) relative to which distinct financial information is available.

Caixa Central has decided to report information by the following segments: treasury and commercial banking (see Note 47).

### 3. Main estimates and uncertainties associated with the application of accounting policies

The estimates and judgements with impact on Caixa Central's individual financial statements are continually evaluated, representing the best estimate of the Executive Board of Directors at each reporting date, considering the historical performance, accumulated experience and expectations regarding future events, which under the circumstances in question are believed to be reasonable.

The intrinsic nature of the estimates may lead to the real reflection of the situations that have been estimated, for financial reporting purposes, being different from the estimated amounts.

The preparation of the financial statements requires the preparation of estimates and the adoption of assumptions by the management, which might affect the value of the assets and liabilities, income, and costs, as well as the contingent liabilities that are disclosed.

The most significant estimates and assumptions used by the management are the following:

#### 3.1. Impairment in credit portfolio to customers and with off-balance sheet liabilities

Caixa Central conducts a periodic assessment of its portfolio of loans and advances to customers, as well as its liabilities due to guarantees provided and irrevocable commitments, to assess the existence of evidence of impairment, based on Crédito Agrícola Group's impairment model (see Notes 8 and 17).

The estimates depend on the Executive Board of Directors' professional judgement regarding the assessment of the economic and financial situation of the customers and their capacity to fulfil the financial plans, on the estimated future cash flows that the institution will generate, and on the determination of the amount of the collateral associated with the granted credit operations.

In this context, the customers identified as having loans in default and whose total liabilities are deemed to be of a significant amount, are analysed individually to assess the need to record impairment losses.

Furthermore, a collective impairment analysis is also made to all other credit operations which were not subject to individual analysis, by allocating these operations to credit segments, with similar features and risks, with collective impairment losses being estimated, whose calculation is based on the historical behaviour of losses for similar assets. Loans analysed individually, for which the impairment is null (compliance with financial plan) following the

evaluation made by the credit risk analyst, are grouped together based on similar risk features and assessed collectively for purposes of impairment.

The impairment quantification model is harmonised with the analytical models (e.g., rating and scoring) used in the internal management of credit risk, as well as, whenever applicable, with the respective segmentation (e.g., customer, product, type of collateral, relationship between the loan and the value of the collateral (LTV)), promoting the more consistent estimation of the risk parameters, applied in the collective perspective. There is also a specialised procedure for exposures with financial collateral.

The expected loss model enables recognising the expected loan losses throughout the life for all financial instruments for which there has been a significant increase of credit risk, from initial derecognition, considering the entire range of information, provided that it is reasonable and substantiated, including based on future economic estimates (prospective/ forward-looking approach).

The process of evaluation of credit portfolio to customers and off-balance sheet liabilities, used to determine whether an impairment loss should be recognised, is subject to various estimates and judgments. This process includes factors such as the frequency of default, risk ratings, loss recovery rates and the estimation of both the amount and timing of future cash flows. The models are regularly reviewed and validated, as well as the inputs included in the models, to reduce any differences between estimated credit losses and actual experience with credit losses.

Note 43 presents sensitivity analyses for variations in the assumptions of the impairment models (forward-looking scenarios) according to the Management analytical models.

The use of different methodologies and/or assumptions could result in different levels of impairment losses recognised and presented in notes 8 and 17, with the consequent impact on the results of Caixa Central.

### 3.2. Fair value of financial instruments

Fair value of financial instruments is based on market prices, whenever available. However, in the absence of a market price, the financial instruments are valued based on indicative bids calculated by third parties using valuation models or pursuant to valuation methodologies essentially using inputs that can be observed in markets with a significant impact on the valuation of the instrument (see Notes 5, 6, 7, 9 and 43).

Thus, there may be a significant impact on the valuation of these instruments either due to their valuation calculated by third parties or through internal valuation.

The use of different methodologies and/or assumptions could result in different levels of fair value of the financial instruments recognised and presented in Notes 5, 6, 7 and 9, with the consequent impact on Caixa Central's results.

### 3.3. Employee benefits

Liabilities related to supplementary retirement and survivor pensions are estimated based on actuarial and financial assumptions, in particular with respect to mortality, wage and pension growth and long-term interest rates. In this sense, the actual results may differ from these estimates. The sensitivity analysis carried out by Caixa Central on changes in assumptions is presented in Note 42.

The change in the stated assumptions could have an impact on the values determined and presented in Note 42, with the consequent impact on the results of Caixa Central.

### 3.4. Deferred tax assets

Unused deferred taxes assets due to tax losses are recognised, to the extent that it is probable that, within the reporting period established by law, there will be taxable profits which can absorb these tax losses. To this end, judgements are made to determine the amount of deferred tax assets which may be recognised, based on projections of future taxable earnings which are, in turn, constructed based on economic and financial projections under conditions of uncertainty. Should these estimates prove incorrect, there is a risk of impairment to the value of deferred tax assets (see Note 13), with the consequent impact on the results of Caixa Central.

### 3.5 Valuation of real estate assets (Tangible assets and Other assets)

The valuation service is carried out by independent experts, registered at the Portuguese Securities Commission (CMVM), who are qualified and have recognised competence and professional experience for the duties they perform.

These valuation procedures require the collection of precise information from updated documentation, from inspection of the property and surrounding area, and from the analysis of the market, transactions, supply/demand relationship and development prospects. The treatment of the information enables the adoption of basic values for the calculation, applying the method and using it for comparative purposes.

The realisation value of the assets will depend on the future evolution of the real estate market (see Notes 11 and 14).

The use of different methodologies and/or assumptions in valuation procedures could result in different levels of fair value of the financial instruments recognised and presented in Notes 11 and 14, with the consequent impact on Caixa Central's results.

### 3.6 Valuation of non-current assets held for sale (real estate properties)

The valuation of these assets, and consequently the impairment losses, is based on assessments made by independent expert valuers, which incorporate various assumptions, in particular about the evolution of the real estate market, the best use of the property, and when applicable, expectations regarding the development of real estate projects, and also considering the Bank's intentions about the marketing of these assets. The assumptions used in the valuation of these properties have impact on their valuation and consequently on the determination of impairment (see Note 15). Also considered for the fair value of the real estate properties are the selling costs estimated by Caixa Central considering the history supported. All these assets are in condition for immediate sale.

The book value of these real estate properties corresponds to the lowest between the valuation amount minus selling costs and the purchase price.

The expected period for sale of these real estate properties varies according to local market conditions, as well as their type or segment that influence the expected demand. As such, the expected period of sale of these real estate

properties, assuming favourable market circumstances, is one year. The residential segment typically shows higher sale turnover levels than assets of the commercial segment which, in turn, have greater liquidity than the “plots of land” segment, defined herein in a broad perspective as the portfolio of non-current assets held for sale includes rural, urban and plots of land. The management directs its activity based on a Real Estate Property Divestment Plan, approved by the Executive Board of Directors, which is progressing soundly. The management is endeavouring to sell the real estate properties classified as non-current assets held for sale with the time limit of 12 months. All real estate properties that are able to be sold immediately in their present condition are widely publicised with a view to their sale within that time limit. Also, see point 2.3 j).

The use of different methodologies and/or assumptions could result in different levels of fair value of the financial instruments recognised and presented in Note 15, with the consequent impact on Caixa Central's results.

### 3.7 Measurement of Lease Liabilities

The extension and rescission options contained in the lease contracts were considered in the calculation of the lease liability of various items of equipment and real estate properties of Caixa Central, presented in Note 18. These options are used to maximise operational flexibility in terms of contract management. The majority of these options may only be exercised by Caixa Central, and not by the respective lessor.

For new contracts concluded during 2022, the implicit interest rates were considered (real estate property leasing 1.1% and 3% and vehicle leasing between 3.5% and 4.32%).

In fiscal terms, Caixa Central does not expect any relevant impact of the application of IFRS 16, considering that it submitted an application requesting the Tax Authority for authorisation to use, during the tax period of 2019 and in future tax periods, depreciation shares higher than the maximum depreciation shares stipulated in Regulatory Decree 25/2009 (namely, in the case of the real estate properties in which it is the tenant).

### 3.8 Provisions for legal proceedings

The provisions set up to cover the risks associated with legal proceedings are recorded based on the assessment of the probability of conviction carried out by the lawyers that monitor the proceedings and other specific risks arising from Caixa Central's activity (see Note 17).

The use of different methodologies and/or assumptions in determining the probability of conviction could result in different levels of provisions set up and presented in Note 17, with the consequent impact on Caixa Central's results.

## 4. Cash, cash balances at central banks and other demand deposits

The composition of this heading is as follows:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
Cash on hand	46,333,742	49,299,407
Cash balances at central banks (without interest)	1,161,560,131	3,793,019,676
Other demand deposits (without interest)	20,971,923	11,517,375
Interest	124,178	4,502
	<u><b>1,228,989,974</b></u>	<u><b>3,853,840,961</b></u>

The credit institutions established in the Member States of the European Union are subject to the constitution of minimum reserves in accounts at the National Central Banks.

The minimum reserve requirements of the European Central Bank are applicable to credit institutions in the eurozone, being primarily aimed at stabilising monetary market interest rates and creating (or expanding) structural liquidity scarcity.

The value of the minimum reserves to be met by each institution is determined based on the application of the reserve coefficients to the base of incidence, which arises from the sum of a sub-group of its balance sheet liability headings. Currently, the coefficient is 1% for liabilities falling due in two years or less.

The periods of maintenance of minimum reserves are defined in accordance with the time frame prepared by the ECB. To pursue the goal of stabilising interest rates, the ECB minimum reserve requirements enable institutions to use an average figure. Thus, compliance with the minimum reserves is verified by comparing the average figures of daily balances for Demand deposits held by the institution at Banco de Portugal throughout the reserve maintenance period with the value of reserves to be met referred to above.

The minimum reserves effectively constituted are remunerated, during their maintenance period, at their average marginal placement rate (weighted according to the number of calendar days) of the main refinancing operations of the Eurosystem. Pursuant to the Decision of the Board of the European Central Bank (ECB/2014/23 of 5 June 2014), deposits which exceed the average value of minimum reserves to be met shall be remunerated at a rate of zero per cent, or at the interest rates for the permanent deposit facility, whichever is lower. As such, a negative interest rate may be applied on surplus reserves.

The year 2022 was characterised by the start of the process of monetary policy normalisation. In July 2022, with the aim of countering the high inflation that began to emerge in the last quarter of 2021, the ECB began a cycle of rises that took the Deposit Facility Rate from an initial value of -0.50% to a rate of 2.00% at the end of the year.

The change in the course of monetary policy implied, due to the need to apply effective mechanisms for transmitting its effects, a relevant reflection on the remuneration conditions of deposited balances. As from the reserve maintenance period starting on 14/09/2022, the Governing Council of the ECB decided to discontinue the two-tier system of remuneration of excess reserves, setting the multiplier at zero. In addition, the reference rate for remuneration of the minimum cash reserves (MCR) was also changed. With effect from the reserve maintenance

period starting on 21/12/2022, the remuneration rate of the MCRs will no longer be the main refinancing operations (MRO) rate but the deposit facility rate (DFR).

The change in the value of demand deposits at Banco de Portugal between 31 December 2021 and 31 December 2022 is essentially explained by the repayment of series of TLTROs, by the natural management of the minimum cash reserves throughout the period of maintenance of reserves and by the temporary liquidity deposits associated with movements of recomposition of the portfolio of financial assets.

## 5. Financial assets and liabilities held for trading

As at 31 December 2022 and 2021, the breakdown of Financial assets and liabilities held for trading was as follows:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
<u>Financial assets held for trading</u>		
Debt instruments	50,042,283	-
Derivative financial instruments with positive fair value		
Currency futures	1,841	27
Interest rate Swaps	5,705,153	713,310
	<u><b>55,749,277</b></u>	<u><b>713,337</b></u>
 <u>Financial liabilities held for trading</u>		
Derivative financial instruments with negative fair value		
Currency futures	183	1,096
Interest rate Swaps	5,215,610	386,110
Other derivatives	-	4,340,439
	<u><b>5,215,793</b></u>	<u><b>4,727,645</b></u>

The financial assets held for trading are measured at fair value, which reflects any credit risk and the corresponding losses, and represents Caixa Central's maximum exposure to credit risk.

The change in this heading results from investment proposals that the Financial Department considers appropriate in view of the market situation and in the framework of the approved policy and limits in force. These proposals are short-term and arise from the volatility of the market itself.



Foreign exchange operations, interest rate swaps and debt securities are detailed as follows:

	31-Dec-2022			
	Notional Value	Assets	Liabilities	Net
<u>Foreign exchange forward transactions</u>				
Currency futures				
Purchases	75,735	1,841	(183)	1,657
Sales	75,375	-	-	-
	151,110	1,841	(183)	1,657
<u>Swaps</u>				
Interest rate swaps	195,451,096	5,705,153	(5,215,610)	489,543
Other derivatives	-	-	-	-
<u>Bonds</u>				
Debt securities	50,212,000	50,042,283	-	50,042,283
<b>Total</b>	<b>245,814,205</b>	<b>55,749,277</b>	<b>(5,215,793)</b>	<b>50,533,484</b>

	31-Dec-21			
	Notional Value	Assets	Liabilities	Net
<u>Foreign exchange forward transactions</u>				
Currency futures				
Purchases	821	27	(1,096)	(1,069)
Sales	816	-	-	-
	1,637	27	(1,096)	(1,069)
<u>Swaps</u>				
Interest rate swaps	17,575,320	713,310	(386,110)	327,200
Other derivatives	23,941,716	-	(4,340,439)	(4,340,439)
<u>Bonds</u>				
Debt securities	-	-	-	-
<b>Total</b>	<b>41,518,672</b>	<b>713,337</b>	<b>(4,727,645)</b>	<b>(4,014,308)</b>

The distribution, by residual periods, of the notional value of the debt securities and derivative financial instruments contracted by Caixa Central as at 31 December 2022 and 2021 is detailed as follows:

	31-Dec-2022					Total
	<= 3 months	> 3 months	> 6 months	> 1 year and <= 5 years	> 5 years	
<u>Foreign exchange forward transactions</u>						
Currency futures						
Purchases	75,735	-	-	-	-	75,735
Sales	75,375	-	-	-	-	75,375
	151,110	-	-	-	-	151,110
<u>Swaps</u>						
Interest rate swaps	-	-	-	133,557,227	61,893,869	195,451,096
Other derivatives	-	-	-	-	-	-
<u>Bonds</u>						
Debt securities	50,212,000	-	-	-	-	50,212,000
<b>Total</b>	<b>50,363,110</b>	<b>-</b>	<b>-</b>	<b>133,557,227</b>	<b>-</b>	<b>245,814,205</b>

	31-Dec-2021					Total
	<= 3 months	> 3 months	> 6 months	> 1 year and <= 5 years	> 5 years	
<u>Foreign exchange forward transactions</u>						
Currency futures						
Purchases	821	-	-	-	-	821
Sales	816	-	-	-	-	816
	1,637	-	-	-	-	1,637
<u>Swaps</u>						
Interest rate swaps	-	-	-	17,575,320	-	17,575,320
Other derivatives	-	-	-	23,941,716	-	23,941,716
<u>Bonds</u>						
Debt securities	-	-	-	-	-	-
<b>Total</b>	<b>1,637</b>	<b>-</b>	<b>-</b>	<b>41,517,036</b>	<b>-</b>	<b>41,518,672</b>

The intervals of the indexes associated with derivatives correspond to the 3-month and 6-month Euribor.

The movement of the debt securities held for trading occurred as at 31 December 2022 and 2021 is as follows:

Nature	31-Dec-2021		Additions		2022		Changes in fair value	31-Dec-2022	
	Opening Balance		Fair value		Disposals			Closing Balance	
	Quantity	Fair value	Quantity	Fair value	Quantity	Fair value		Quantity	Fair value
Debt instruments	-	-	3,019,683,000	2,892,327,349	(2,969,471,000)	(2,842,240,356)	(44,709)	50,212,000	50,042,283
<b>Total - Financial assets held for trading</b>	<b>-</b>	<b>-</b>	<b>3,019,683,000</b>	<b>2,892,327,349</b>	<b>(2,969,471,000)</b>	<b>(2,842,240,356)</b>	<b>(44,709)</b>	<b>50,212,000</b>	<b>50,042,283</b>

\* Does not include foreign exchange transactions

Nature	31-Dec-2020		2021				Changes in fair value	31-Dec-2021	
	Opening Balance		Additions		Disposals			Closing Balance	
	Quantity	Fair value	Quantity	Fair value	Quantity	Fair value		Quantity	Fair value
Debt instruments	2,200,000	2,112,637	2,726,970,000	3,727,513,062	(3,729,170,000)	(3,729,715,107)	89,408	-	-
<b>Total - Financial assets held for trading</b>	<b>2,200,000</b>	<b>2,112,637</b>	<b>2,726,970,000</b>	<b>3,727,513,062</b>	<b>(3,729,170,000)</b>	<b>(3,729,715,107)</b>	<b>89,408</b>	<b>-</b>	<b>-</b>

\* Does not include foreign exchange transactions

The impact arising from changes in the fair value of financial assets and liabilities held for trading is shown under the heading of “Gains or (-) losses on financial assets and liabilities held for trading, net” (see Note 29) and the “Interest income” of these assets in Note 23.

## 6. Non-trading financial assets mandatorily at fair value through profit or loss

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
Equity instruments	145,240,481	178,698,752
	<b><u>145,240,481</u></b>	<b><u>178,698,752</u></b>

The impact of changes in the fair value of financial assets and liabilities is presented under the heading of “Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net” (see Note 30).

There are no collaterals received or mortgages constituted on the equity instruments.

The movement of the financial assets at fair value through profit or loss occurred on 2022 and 2021 is as follows:

Nature	31-Dec-2021		2022				Changes in fair value	31-Dec-2022			
	Opening Balance		Additions		Disposals			Closing Balance			
	Quantity	Fair value	Quantity	Fair value	Quantity	Fair value		Quantity	Fair value		
Equity Instruments	40,307,955	178,698,752	5,061,043	2,851,709	(159,203)	(2,594,610)	(3,357,909)	(30,452,899)	(3,262,472)	41,851,886	145,240,481
<b>Total - Non-trading financial assets mandatorily at FVTPL</b>	<b>40,307,955</b>	<b>178,698,752</b>	<b>5,061,043</b>	<b>2,851,709</b>	<b>(159,203)</b>	<b>(2,594,610)</b>	<b>(3,357,909)</b>	<b>(30,452,899)</b>	<b>(3,262,472)</b>	<b>41,851,886</b>	<b>145,240,481</b>

Nature	31-Dec-2020		2021				Changes in fair value	31-Dec-2021	
	Opening Balance		Additions		Disposals			Closing Balance	
	Quantity	Fair value	Quantity	Fair value	Quantity	Fair value		Quantity	Fair value
Equity Instruments	41,557,894	211,732,389	20,476	64,817	(1,270,414)	(31,297,876)	(1,800,577)	40,307,955	178,698,752
<b>Total - Non-trading financial assets mandatorily at FVTPL</b>	<b>41,557,894</b>	<b>211,732,389</b>	<b>20,476</b>	<b>64,817</b>	<b>(1,270,414)</b>	<b>(31,297,876)</b>	<b>(1,800,577)</b>	<b>40,307,955</b>	<b>178,698,752</b>

Of the total balances classified as “Non-trading financial assets mandatorily at fair value through profit or loss”, 119,768,706 euros (2021: 153,513,019 euros) refer to balances with Group Companies (see Note 41 ii).

During 2022, participation units were sold, all in Level 3 of the fair value hierarchy, at the value at which they were valued in accordance with the Funds at that date.

It should be noted that the valuation of the equity instruments held by Caixa Central was calculated taking into account updated information as at December 2022, whereby the fair value of the said instruments was obtained based on the last equity value disclosed by the entities responsible for the management, with rare exceptions where the last equity value disclosed refers to periods prior to 31 December 2022.

The impact on profit or loss resulting from dividend income from these assets is presented in Note 25 and gains and losses in Note 30.

## 7. Financial assets at fair value through other comprehensive income

The composition of this heading is as follows:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
Debt securities		
Sovereign Debt		
Issued by residents	14,292,138	48,324,675
Issued by non-residents	<u>42,936,966</u>	<u>4,901,450</u>
	57,229,104	53,226,125
Other issuers		
Issued by residents	20,432,642	36,494,786
Issued by non-residents	<u>6,440,899</u>	<u>8,286,887</u>
	26,873,541	44,781,673
	<u><b>84,102,644</b></u>	<u><b>98,007,798</b></u>

The reduction observed in the portfolios stated at fair value through other comprehensive income (FVTOCI) was due to the maturity of short-term positions or remunerated at variable rates, issued by peripheral issuers of the eurozone. The disposal of a long-term exposure in eurozone peripheral debt was also recorded.

The impairment of financial assets at fair value through other comprehensive income is reflected in equity.

All the debt instruments are classified at stage 1 of the Expected Credit Loss (ECL) model, having remained unchanged during 2022. See movement of impairment in Note 17.

The potential capital gains and capital losses of financial assets at fair value through other comprehensive income are recorded in the assets against revaluation reserves in equity. The fair value adjustments of this portfolio showed the following movement in 2022:

Description	31-Dec-2021	Valuation gains or losses taken to equity			31-Dec-2022
	Opening balance fair value reserves (Note 22)	Fair value increase	Fair value decrease	Transfer to profit or loss by disposal	Closing balance fair value reserves (Note 22)
Financial assets at fair value through other comprehensive income					
Issued by residents					
Debt instruments	(491,294)	-	(4,952,034)	(188,452)	(5,631,780)
Issued by non-residents					
Debt instruments	(68,409)	-	(13,288,852)	-	(13,357,261)
<b>Total</b>	<b>(559,703)</b>	<b>-</b>	<b>(18,240,886)</b>	<b>(188,452)</b>	<b>(18,989,041)</b>

The impacts on equity are shown in Note 22.

There are no debt instruments at fair value through other comprehensive income given as collateral.

The portfolio of financial assets at fair value through other comprehensive income shows the following residual contractual periods as at 31 December 2022 and 2021:

	31-Dec-2022	31-Dec-2021
On demand	-	-
Up to three months	-	10,079,189
Three months to one year	-	35,538,042
One year to three years	14,292,138	14,840,029
Three to five years	12,504,569	37,550,539
Over five years	57,305,937	-
Undetermined	-	-
<b>Total</b>	<b>84,102,644</b>	<b>98,007,798</b>

The movement of the financial assets at fair value through other comprehensive income occurred in the 2022 and 2021 financial years are as follows:

Nature	31-Dec-2021		2022					31-Dec-2022		
	Quantity	Fair Value	Quantity	Fair Value	Quantity	Fair Value	Changes in Fair Value	Interest/Amortisation premium discount	Quantity	Fair Value
Debt instruments	98,522,000	98,007,798	77,000,000	76,136,208	(72,105,000)	(72,367,200)	(18,429,337)	755,176	103,417,000	84,102,644
<b>Total:</b>	<b>98,522,000</b>	<b>98,007,798</b>	<b>77,000,000</b>	<b>76,136,208</b>	<b>(72,105,000)</b>	<b>(72,367,200)</b>	<b>(18,429,337)</b>	<b>755,176</b>	<b>103,417,000</b>	<b>84,102,644</b>

During 2022 only two Luxembourg public debt securities were sold.

Nature	31-Dec-2020		2021					31-Dec-2021		
	Quantity	Fair Value	Quantity	Fair Value	Quantity	Fair Value	Changes in Fair Value	Interest/Amortisation premium discount	Quantity	Fair Value
Debt instruments	373,858,000	381,409,656	965,000,000	971,289,849	(1,240,336,000)	(1,253,980,312)	(3,486,518)	2,775,124	98,522,000	98,007,798
<b>Total:</b>	<b>373,858,000</b>	<b>381,409,656</b>	<b>965,000,000</b>	<b>971,289,849</b>	<b>(1,240,336,000)</b>	<b>(1,253,980,312)</b>	<b>(3,486,518)</b>	<b>2,775,124</b>	<b>98,522,000</b>	<b>98,007,798</b>

## 8. Financial assets at amortised cost

### 8.1 Debt Securities

The composition of this heading is as follows:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
<b>Debt securities</b>		
<b>Sovereign Debt</b>		
Issued by residents	1,679,276,372	2,077,021,847
Issued by non-residents	4,558,296,043	4,649,645,034
	<u>6,237,572,415</u>	<u>6,726,666,881</u>
<b>Other issuers</b>		
Issued by residents	46,379,017	34,000,000
Issued by non-residents	1,631,841,697	654,948,283
	<u>1,678,220,714</u>	<u>688,948,283</u>
<b>Interest income receivable</b>	57,554,756	48,938,548
<b>Accumulated impairment</b>	(5,654,548)	(2,797,169)
Sovereign Debt	(4,737,294)	(2,330,393)
Other issuers	(917,254)	(466,777)
	<u>7,967,693,337</u>	<u>7,461,756,542</u>
<b>Certified</b>		
Commercial Paper	245,567,973	227,667,364
Commercial Paper interest	51,520	411,253
Deferred interest received	(2,105,958)	(1,001,967)
	<u>243,513,535</u>	<u>227,076,651</u>
Accumulated impairment	(210,766)	(151,219)
	<u>8,210,996,107</u>	<u>7,688,681,973</u>

The movement in debt instruments at amortised cost during 2022 and 2021 is as follows:

Nature	31-Dec-2021		Additions		2022		Amortisation premium	Variation hedge adjustment	31-Dec-2022	
	Opening Balance		Fair value		Maturity				Closing Balance	
	Quantity	Fair value	Quantity	Fair value	Quantity	Fair value			Quantity	Fair value
Debt instruments	7,029,087,000	7,415,615,164	1,662,130,000	1,630,277,134	(175,450,000)	(175,450,000)	(60,281,038)	(894,368,131)	8,515,767,000	7,915,793,129
<b>Total - Financial assets at amortised cost</b>	<b>7,029,087,000</b>	<b>7,415,615,164</b>	<b>1,662,130,000</b>	<b>1,630,277,134</b>	<b>(175,450,000)</b>	<b>(175,450,000)</b>	<b>(60,281,038)</b>	<b>(894,368,131)</b>	<b>8,515,767,000</b>	<b>7,915,793,129</b>

Nature	31-Dec-2020		Additions		2021		Amortisation premium	Variation hedge adjustment	31-Dec-2021	
	Opening Balance		Fair value		Disposals				Closing Balance	
	Quantity	Fair value	Quantity	Fair value	Quantity	Fair value			Quantity	Fair value
Debt instruments	5,398,150,000	5,786,165,563	2,675,500,000	2,746,941,979	(1,044,563,000)	(1,131,047,842)	(23,850,602)	37,406,066	7,029,087,000	7,415,615,164
<b>Total - Financial assets at amortised cost</b>	<b>5,398,150,000</b>	<b>5,786,165,563</b>	<b>2,675,500,000</b>	<b>2,746,941,979</b>	<b>(1,044,563,000)</b>	<b>(1,131,047,842)</b>	<b>(23,850,602)</b>	<b>37,406,066</b>	<b>7,029,087,000</b>	<b>7,415,615,164</b>

The nominal value of securities at amortised cost is 8,516 million euros as at 31 December 2022, and 7,029 million euros as at 31 December 2021.

The accumulated adjustment relative to the hedge relations at fair value stands at 857.0 million euros as at 31 December 2022 (37.4 million euros as at 31 December 2021) as presented in Note 9.

The average interest rates earned by these instruments in 2022 were 2.25% (2021: 1.77%).

Caixa Central's investment policy determines that maximum limits of 10% should be observed in the annual sales ratios in terms of amount and quantity of securities in the portfolio. During 2022 no portfolio securities were sold at amortised cost, and in 2021 they did not exceed the defined limits. During 2022 around 175 million euros of securities reached maturity.

There are debt instruments at amortised cost given as collateral, of the value of 561,150 thousand euros (31 December 2021: 3,512,140 thousand euros). These instruments have not undergone any change in their credit risk stage and remain at stage 1.

Debt instruments at amortised cost, without interest receivable, impairment and without hedge adjustment, show the following contractual residual maturities as at 31 December 2022 and 2021:

Amounts in euros	31-Dec-2022	31-Dec-2021
Up to three months	31,623,150	12,501,178
Three months to one year	265,256,836	175,590,486
One year to three years	865,077,033	825,261,013
Three to five years	854,473,910	665,865,645
Over five years	5,899,362,200	5,736,396,842
<b>Total</b>	<b><u>7,915,793,129</u></b>	<b><u>7,415,615,164</u></b>

All the debt instruments at amortised cost are classified at stage 1 of the Expected Credit Loss (ECL) model. Additionally, see Note 43 presenting details on the credit quality of these financial assets (fair value).

## 8.2 Loans and Advances

<u>Loans and advances</u>	<b>31-Dec-2022</b>	<b>31-Dec-2021</b>
Investments:		
Deposits	216,789,467	1,521,784
<i>of which Associated Caixas (note 41) i)</i>	216,789,467	1,521,784
Loans	29,000,000	22,800,000
Loans to Associated Caixas (note 41) i)	7,718,523	7,374,263
Subordinated investments (note 41) i)	4,000,000	4,000,000
Other investments in Caixas Agrícolas (note 41) i)	43,778	68,505
Interest income receivables from loans	6,045,576	78,843
<i>of which Associated Caixas (note 41) i)</i>	<u>5,918,061</u>	<u>28,807</u>
	263,597,344	35,843,396
Investment impairments	<u>(56,769)</u>	<u>(39,848)</u>
<b>Investments Total</b>	<b>263,540,575</b>	<b>35,803,548</b>
Credit Portfolio		
Mortgage Loans	304,780,636	301,153,891
Loans with and without collateral	854,839,668	908,006,226
Loans to group companies (note 41) ii)	90,751,087	78,952,578
Financial leasing contracts		
Customers	211,785,642	208,261,066
Group companies (note 41) ii)	-	-
Current account loans and advances		
Customers	6,551,740	9,050,833
Group companies (note 41) ii)	3,710,000	6,784,964
Current account overdrafts		
Other residents	18,086	27,928
Consumer loans and advances	15,180,324	13,521,767
Other credits		
Credit cards	6,927,052	7,014,235
Credit cards to group companies (note 41) ii)	6,499	2,932
Other loans and advances to customers	<u>100,581</u>	<u>89,030</u>
	<u>1,494,651,315</u>	<u>1,532,865,450</u>
Interest income receivables	4,286,070	3,304,482
<i>includes group interest (note 41) ii)</i>	302,539	240,538
Commissions associated with amortised cost		
Expenses with deferred charges	1,103,716	930,475
<i>of which Associated Caixas (note 41) i)</i>	272,413	293,957
Revenue with deferred income	(1,951,207)	(1,855,112)
<i>includes income with deferred income group (note 41) ii)</i>	(6,876)	(8,384)
Total loans not immediately due	<u>1,498,089,894</u>	<u>1,535,245,294</u>
Overdue loans and interest		
Overdue loans	3,326,103	2,691,806
Overdue interest	453,277	539,460
Total overdue loans and interest	<u>3,779,380</u>	<u>3,231,266</u>
Accumulated impairment	(50,421,190)	(47,244,430)
<b>Total Credit Portfolio</b>	<b>1,451,448,083</b>	<b>1,491,232,130</b>
<b>Total debt at amortised cost (note 8.1)</b>	<b>8,210,996,107</b>	<b>7,688,681,973</b>
Total Financial Assets at amortised cost	<u>9,925,984,765</u>	<u>9,215,717,651</u>



Of the total balances classified as "Loans and advances", 234,742,241 euros (2021: 13,287,316 euros) refer to balances with the Associated Caixas (see Note 41 i)) and 94,763,250 euros (2021: 85,962,629 euros) refer to balances with Group Companies (see Note 41 ii).

As at 31 December 2022 and 2021, the residual periods of the investments in credit institutions, without impairment, presented the following structure:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
Up to three months	1,593,446	1,530,310
Three months to one year	4,065,307	2,815,674
One year to three years	240,416,530	20,264,425
Three to five years	4,075,932	125,205
Over five years	7,400,553	11,028,938
	<u>257,551,768</u>	<u>35,764,553</u>
Interest income receivable	6,045,576	78,843
	<u>263,597,344</u>	<u>35,843,396</u>

The most significant variation in the heading of "Loans and advances" as at 31 December 2022 relates to term deposits made by the Caixas de Crédito Agrícola with Caixa Central, which came to 215 million euros and an associated interest of 5.9 million euros. As at 31 December 2021, these deposits do not exist.

The heading of loans and advances to customers, according to the type of guarantee, is as follows:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
Loans receivable:		
Asset-backed loans	966,455,489	1,076,005,676
Unsecured loans	607,285,100	478,823,808
Loans with personal guarantees	167,863,031	207,492,460
	<u>1,741,603,620</u>	<u>1,762,321,945</u>
Overdue loans:		
Asset-backed loans	1,455,876	1,355,658
Unsecured loans	943,351	715,738
Loans with personal guarantees	1,380,153	1,159,870
	<u>3,779,380</u>	<u>3,231,266</u>
	<u>1,745,383,000</u>	<u>1,765,553,211</u>
Fair value of asset backed guarantees	<u>1,928,657,000</u>	<u>1,981,241,000</u>

As at 31 December 2022 and 2021, there is no overdue credit without impairment, as shown in the table below:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
Overdue loans with impairment	3,779,380	3,231,266
Overdue loans without impairment	-	-
	<u>3,779,380</u>	<u>3,231,266</u>

As at 31 December 2022 and 2021, the residual periods of the loans and advances to customers presented the following structure:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
Up to three months	205,639,551	112,366,842
Three months to one year	168,529,370	192,812,685
One year to three years	157,318,375	162,581,243
Three to five years	258,234,595	222,138,323
Over five years	954,210,422	1,074,065,662
Without term	1,450,688	1,588,455
	<u>1,745,383,000</u>	<u>1,765,553,211</u>

As at 31 December 2022 and 2021, loans and advances to customers was divided between fixed and variable rates, as follows:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
Fixed rate	595,318,552	556,483,112
Variable rate	1,150,064,448	1,209,070,099
	<u>1,745,383,000</u>	<u>1,765,553,211</u>

The variable interest rates associated with the loans granted to customers are mainly indexed to the Euribor.

The duration of overdue credit balances with impairment for the periods presented is as follows:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
Up to three months	639,026	489,501
Three months to one year	1,189,608	460,552
One year to three years	1,042,672	1,404,356
Three to five years	378,340	108,111
Over five years	529,733	768,746
	<u>3,779,380</u>	<u>3,231,266</u>

Up to date, Caixa Central has not carried out any securitisation operation in its credit portfolio.

As at 31 December 2022 and 2021, Caixa Central has approximately 181,780 thousand euros and 182,533 thousand euros, respectively, of loans written off from the assets, that, due to their recovery being considered remote, are stated under off-balance sheet headings.

The variation of the heading of "Impairment losses" during the periods of 2022 and 2021 is as presented in Note 17. The remaining impact on profit or loss is presented in Note 23.

Also see Note 43 – Disclosures relative to financial instruments: Credit risk, which details credit rating, for example.

## 9. Hedge derivatives

The composition of this heading is as follows:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
Swaps - Interest rate risk	885,429,290	73,485,867
Derivatives - Hedge accounting (Assets)	<b>885,429,290</b>	<b>73,485,867</b>
Swaps - Interest rate risk	(27,415,374)	(126,448,063)
Derivatives - Hedge accounting (Liabilities)	<b>(27,415,374)</b>	<b>(126,448,063)</b>
	<u><b>858,013,916</b></u>	<u><b>(52,962,196)</b></u>

The details of assets recorded in the Balance Sheet are as follows:

31-Dec-2022		Hedging instrument			Hedged instrument		
Derivative instrument	Associated financial assets/liabilities	Notional	Fair value (1)	Fair value variation for the year	Fair value component of the hedged instrument	Fair value variation for the year	Book value
Interest rate swap	Debt instruments	4,389,280,000	858,013,916	910,976,112	(856,962,065)	(894,368,131)	4,637,764,909

1) Includes accrued interest

31-Dec-2021		Hedging instrument			Hedged instrument		
Derivative instrument	Associated financial assets/liabilities	Notional	Fair value (1)	Fair value variation for the year	Fair value component of the hedged instrument	Fair value variation for the year	Book value
Interest rate swap	Debt instruments	4,050,350,000	(52,962,196)	168,319,751	37,406,066	(170,623,756)	4,331,113,735

1) Includes accrued interest

The details of the estimated notional values of effective derivatives, by their maturity in 2022, are as follows:

	2024	2025	2026	2027	2028	2029	2030	> 2031 to 2040
Fair value hedge of interest rate risk								
Notional value	29,730,000	10,700,000	545,700,000	230,500,000	681,650,000	87,000,000	275,000,000	2,529,000,000
	29,730,000	10,700,000	545,700,000	230,500,000	681,650,000	87,000,000	275,000,000	2,529,000,000

The details of the estimated notional values of effective derivatives, by their maturity in 2021, are as follows:

	2026	2027	2028	2029	2030	2031	2033	> 2034 to 2040
Fair value hedge of interest rate risk								
Notional value	507,000,000	100,000,000	671,350,000	78,000,000	265,000,000	240,000,000	484,000,000	1,705,000,000
	507,000,000	100,000,000	671,350,000	78,000,000	265,000,000	240,000,000	484,000,000	1,705,000,000

Under its interest rate risk management, Caixa Central contracted a series of interest rate swap aimed at mitigating the impact on the fair value of debt financial instruments arising from interest rate variations, where it is expected that the fair value of the respective interest rate swap should evolve inversely to the fair value of the hedged risk of the hedged instrument. Accordingly, and as all the requirements of IFRS 9 were met, Caixa Central applied hedge accounting, namely of the “fair value hedge” type.

The exchanged interest rates of these swaps are Euribor 6 months and Euribor 1 month. The variation in this heading is essentially justified by the difference in Euribor rates. The maturities of these swaps vary between 2 and 18 years.

## 10. Investments in subsidiaries, joint ventures and associates

As at 31 December 2022 and 2021, this heading shows the following composition:

Company	Activity sector	Head office	31-Dec-2022			31-Dec-2021	
			Effective holding	Type of investment	Book value	Effective holding	Book value
Crédito Agrícola SGPS, S.A.	Sociedade Gestora de Participações Sociais	Lisboa	100%	Subsidiary	62,500,000	100%	62,500,000
Crédito Agrícola Serviços, ACE *	Complementary Business Group	Lisboa	17.39%	Associate	-	17.83%	-
CCAM do Algarve	Credit Institution	Algarve	0.14%	Associate	6,484	0.14%	6,484
					<b>62,506,484</b>		<b>62,506,484</b>
Impairment (Note 17)							
Crédito Agrícola SGPS, S.A.	Sociedade Gestora de Participações Sociais				-		(3,337,844)
CCAM do Algarve	Credit Institution				(6,484)		(6,484)
					<b>(6,484)</b>		<b>(3,344,328)</b>
					<b>62,500,000</b>		<b>59,162,156</b>

\* ACE has no share capital

During 2022, the impairment of about 3 million euros on the financial investment held in CA SGPS, resulting from the valuation of the entity with reference to December 2022, was reverted.

As at 31 December 2022 and 2021, the most significant financial data taken from the financial statements of these companies may be summarised as follows:



Caixa Central has an option to purchase certain equipment at its nominal value at the end of the lease period. The obligations of Caixa Central are guaranteed by the ownership rights of the lessor in relation to the leased assets, for such leases.

## 12. Intangible assets

The movement which occurred in Intangible Assets during 2022 and 2021 was as follows:

Description	31-Dec-2021		2022				31-Dec-2022		Net value
	Gross value	Accumulated amortisations	Acquisitions	Amortisations for the year	Write-offs		Gross value	Accumulated amortisations	
					Gross value	Amortisations for the year			
Automatic data treatment system (software)	4,084,206	(4,084,206)	-	-	-	-	4,084,206	(4,084,206)	-
Other intangible assets	421,695	(421,694)	-	-	-	-	421,695	(421,694)	-
<b>Total</b>	<b>4,505,900</b>	<b>(4,505,900)</b>	-	-	-	-	<b>4,505,900</b>	<b>(4,505,900)</b>	-

Description	31-Dec-2020		2021				31-Dec-2021		Net value
	Gross value	Accumulated amortisations	Acquisitions	Amortisations for the year	Write-offs		Gross value	Accumulated amortisations	
					Gross value	Amortisations for the year			
Automatic data treatment system (software)	6,438,347	(6,438,348)	-	-	(2,354,142)	2,354,142	4,084,206	(4,084,206)	-
Other intangible assets	592,995	(592,995)	-	-	(171,300)	171,300	421,695	(421,694)	-
<b>Total</b>	<b>7,031,342</b>	<b>(7,031,343)</b>	-	-	<b>(2,525,442)</b>	<b>2,525,442</b>	<b>4,505,900</b>	<b>(4,505,900)</b>	-

## 13. Income tax

The table below presents the balances of income tax assets and liabilities recorded in the Balance Sheet as at 31 December 2022 and 31 December 2021.

	<u>31-12-2022</u>	<u>31-12-2021</u>
Deferred tax assets		
Due to temporary differences	17,052,984	11,085,823
Due to tax losses carried forward	-	-
	<u>17,052,984</u>	<u>11,085,823</u>
Deferred tax liabilities		
Due to temporary differences	(648,430)	(701,714)
	<u>(648,430)</u>	<u>(701,714)</u>
	<u><b>16,404,554</b></u>	<u><b>10,384,109</b></u>
Current tax assets		
Income tax recoverable	1,715,164	-
	<u>1,715,164</u>	-
Current tax liabilities		
Income tax payable	-	(2,179,353)
	-	<u>(2,179,353)</u>
	<u><b>1,715,164</b></u>	<u><b>(2,179,353)</b></u>

At the end of 2022, the balance of current tax assets is influenced by the (i) by payments on account and additional payments on account made during 2022, of a total of 8,649,197 euros (credit balance); (ii) withholdings at source incurred in 2022, of a total of 707,675 euros (credit balance); and (iii) estimated current tax payable, of a total of 7,641,708 euros (debit balance).

Current tax was calculated considering the current tax system applicable to credit impairments, established in Law 98/2019 of 4 September.

Current taxes were calculated using the rates in force established in the tax legislation, more specifically (i) the general corporate income tax rate (21%), (ii) the maximum municipal surcharge rate (up to 1.5%) and (iii) the state surcharge rates, which vary according to the calculated taxable profit (between 3% and 9%).

Deferred taxes were calculated using the tax rates that are considered to reflect the realisation of these assets and liabilities. Thus, the rate of 24.5% was considered in relation to time differences, as the management expects that their realisation will occur in a taxable profit scenario which will generate the saving of the general corporate income tax (21%), as well as the municipal surcharge (1.5%) and state surcharge (with the effective saving rate being estimated at around 2% in this case).

The movements occurred in deferred taxes during 2022, and during 2021 for comparative purposes, are detailed below, by nature of temporary difference.

Description	31-12-2021			Bal. Sheet var.	31-12-2022
	Opening balance	Variation in profit or loss	Variation in reserves		Closing balance
Impairment of loans and advances to customers	8,796,735	(510,783)	-		8,285,952
Impairment of other debtors	12,976	(5,474)	-		7,502
Impairment of guarantees given and irrevocable commitments	602,313	146,996	-		749,309
Impairment of securities	40,171	(14,765)	-		25,406
Impairment of financial holdings	1,588	-	-		1,588
Impairment for TFA	(0)	-	-		(0)
Fair value variation through profit or loss (FVTPL portfolio)	168,844	1,826,282	-		1,995,126
Provisions for other risks and expenses	318,571	(316,050)	-		2,521
Seniority bonus	877,970	(88,479)	-		789,491
Cost of early retirement	34,902	15,375	-		50,278
Fair value reserve (FVTOCI portfolio)	183,298	-	4,469,017		4,652,315
Revaluation of real estate properties - DL 66/2016	48,456	(10,095)	-		38,361
Recoverable tax - investment funds	-	-	-		-
Right-of-use assets - IFRS 16	-	455,135	-		455,135
Tax losses	(0)	-	-		(0)
<b>Total Deferred Tax Assets</b>	<b>11,085,823</b>	<b>1,498,144</b>	<b>4,469,017</b>	<b>-</b>	<b>17,052,984</b>
Fair value reserve (FVTOCI portfolio)	(54,797)	-	36,248		(18,550)
Fair value variation through profit or loss (FVTPL portfolio)	(639,003)	16,643	-		(622,360)
Legal revaluation reserves	(7,913)	-	393		(7,520)
<b>Total Deferred Tax Liabilities</b>	<b>(701,714)</b>	<b>16,643</b>	<b>36,641</b>	<b>-</b>	<b>(648,430)</b>
<b>Total</b>	<b>10,384,109</b>	<b>1,514,787</b>	<b>4,505,658</b>	<b>-</b>	<b>16,404,554</b>

As observed in the tables above, the most significant amount of the deferred tax assets refers to credit impairment, a situation that arises from the application of the tax regime that had been in force up to 31/12/2018, under which part of the impairments recorded in the accounts was not deducted for tax purposes, as well as to uses that occurred in previous periods that are still pending tax recovery. In 2019, the publication of Law 98/2019 of 4 September gave rise to the entry into force of the current tax system applicable to credit impairments, which provides for the tax deduction of impairments recorded under the accounting and regulatory rules. In relation to the impairment stock taxed until 31/12/2018, a transitional scheme is established which foresees, in general terms,

that the tax recovery of that amount shall occur at the time of the reversal of the impairments and/or realisation of the losses.

The table below details the amounts (costs and/or gains) associated with income taxes recorded through profit or loss as at 31 December 2022 and 2021, as well as the respective tax load in each period, which is measured by the relationship between the net cost related to income tax and the earnings before tax.

	<u>31-12-2022</u>	<u>31-12-2021</u>
Current taxes		
Tax on profit for the year	7,641,708	9,577,046
Tax corrections relative to previous years	808,349	(2,882,263)
	<u>8,450,057</u>	<u>6,694,783</u>
Deferred taxes		
Recording and reversal of temporary differences	(1,514,787)	5,491,219
Tax losses carried forward		-
	<u>(1,514,787)</u>	<u>5,491,219</u>
<b>Total tax recognised through profit or loss</b>	<b><u>6,935,270</u></b>	<b><u>12,186,003</u></b>
Earnings before taxes	29,277,968	54,955,392
<b>Tax payable</b>	<b><u>23.69%</u></b>	<b><u>22.17%</u></b>

As shown in the table above, Caixa Central has an effective tax rate of 23.69% as at 31 December 2022.

At the end of 2022, the heading of "Tax corrections of previous years" shows a debit balance of 808,349 euros, which essentially relates to: (i) an additional corporate income tax assessment paid by Caixa Central as a result of the tax inspection conducted for the 2019 financial year. The additional income tax assessment received will be subject to judicial challenge in 2023, even though the corrections made to the tax base are merely temporary; (ii) the insufficient estimated current tax at the end of 2021 compared to the tax actually paid upon submission of the tax return form 22 in May 2022 (within the framework of the tax return form 22 of 2021 a tax benefit was computed, related to the Extraordinary Tax Credit for Investment II, in the amount of 131,826 euros).



The table below presents the reconciliation of the effective tax rate as at 31 December 2022, and as at 31 December 2021 for comparative purposes:

Description	31-12-2022		31-12-2021	
	Tax rate	Amount	Tax rate	Amount
Earnings before taxes		29,277,968		54,955,392
IRC - general rate (21%)	21%	6,148,373	21%	11,540,632
Municipal surcharge (1.5%)	1.5%	439,170	1.5%	824,331
State surcharge (3% - 9%)	4.33%	1,268,898	6.10%	3,350,985
	<b>26.83%</b>	<b>7,856,441</b>	<b>28.60%</b>	<b>15,715,948</b>
Interest paid - Subordinated debt	(2.56%)	(750,233)	0.00%	
Pension fund actuarial loss	0.00%	-	(0.64%)	(350,330)
Expenses relative to previous years	0.75%	218,879	0.66%	362,827
Non-deductible impairments and provisions	(4.94%)	(1,446,832)	(12.73%)	(6,994,662)
Contribution of the banking sector	4.30%	1,260,131	1.75%	963,482
Additional solidarity of the banking sector	0.78%	229,114	0.42%	229,649
Other non-deductible expenses	0.61%	178,095	(0.72%)	(394,886)
Tax benefits	(0.11%)	(31,411)	(0.08%)	(45,497)
CFEI	0.00%		(0.09%)	(46,874)
Autonomous taxation	0.44%	127,524	0.25%	137,387
Impact of current tax on profit or loss	26.10%	7,641,708	17.43%	9,577,046
Impact of deferred tax on profit or loss(*)	(5.17%)	(1,514,787)	9.99%	5,491,219
<b>Tax cost for the year</b>	<b>20.93%</b>	<b>6,126,921</b>	<b>27.42%</b>	<b>15,068,265</b>
Tax corrections relative to previous years	2.76%	808,349	(5.24%)	(2,882,263)
<b>Total tax cost</b>	<b>23.69%</b>	<b>6,935,270</b>	<b>22.17%</b>	<b>12,186,003</b>

(\*) See the details of this amount in the table on the movement of deferred taxes in 2022

According to the legislation in force, Caixa Central's tax returns may be reviewed by the Taxation and Customs Authority (AT), as a rule, for a period of 4 years, unless any tax deduction or credit is made (e.g., deduction of tax losses), in which case the expiry period is the time limit for the exercise of this right.

Therefore, the tax returns of Caixa Central with reference to the financial years from 2020 to 2022 can still be reviewed by the AT and are thus subject to possible corrections to the tax base.

Law 27-A/2020 of 24 July (Supplementary Budget) approved the Extraordinary Investment Tax II (CFEI II), a tax benefit corresponding to a corporate income tax deduction of the value of 20% of expenses related to investment in assets allocated to operating activity made between 1 July 2020 and 30 June 2021. The deduction is made in the settlement of corporate income tax relative the tax period starting in 2020 or 2021, up to the concurrence of 70 % of the collection of this tax, according to the relevant dates of the eligible investments. The amount that cannot be deducted in the same year may be deducted, under the same conditions, in the five subsequent taxation periods.

Caixa Central calculated an overall benefit, with reference to CFEI II, of 308,405 euros, which gave rise to a deduction from its corporate income tax for 2020 and 2021 of 100,187 euros and 131,826 euros, respectively. As at 31 December 2022, the amount of 76,392 euros is pending deduction from taxable income.

The Supplementary Budget for 2020 also created the Additional Solidarity for the Banking Sector, whose subjective and objective incidence is identical to the Contribution on the Banking Sector, with applicable rates of 0.02% on eligible liabilities and 0.00005% on the notional value of off-balance sheet derivative financial instruments. In 2022 and 2021, Caixa Central recognised an expense related to this extraordinary contribution, amounting to 853,820 euros and 803,035 euros, respectively.

## 14. Other assets

The composition of this heading is as follows:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
<u>Other assets</u>		
Other cash balances	196,523	243,219
Gold and other precious metals	51,750	78,370
Pledged account investments	2,020,683	1,982,805
Administrative Public Sector		
VAT receivable	8,230,690	10,265,352
Credit litigation expenses	52,961	52,961
Shareholders' loans		
Crédito Agrícola SGPS, S.A. ii)	99,000,000	112,000,000
Subsidies receivable	206,170	200,492
Miscellaneous receivables - Associated Caixas i)	1,317,619	967,186
Miscellaneous receivables - Group Companies ii)	9,273,896	9,127,306
Other assets due to credit recovery	2,987,048	1,393,932
Other miscellaneous receivables		
Other	1,328,719	1,675,490
	<b><u>124,666,060</u></b>	<b><u>137,987,113</u></b>
 <u>Income receivable</u>		
From irrevocable commitments undertaken	21,755	31,005
From banking services	2,493,147	2,263,327
<i>of which Group Companies ii)</i>	72,637	90,141
Other income receivable	432,479	87,417
<i>of which Group Companies ii)</i>	432,479	87,417
	<b><u>2,947,381</u></b>	<b><u>2,381,748</u></b>

Expenses with deferred charges

Insurance	272,978	252,623
<i>of which Group Companies ii)</i>	202,844	115,267
Rentals and leasing	-	-
Other	147,756	148,543
<i>of which Group Companies ii)</i>	22,335	26,459
	<b>420,734</b>	<b>401,166</b>

Amounts to be settled

Foreign exchange position	188,814	20,209
Transactions of securities to be settled	2,235,743	172,728
ATM to be settled	1,072,115	1,328,385
Off-setting of amounts	18,832	13,515
Margin Call	123,753,892	132,438,179
SIBS invoicing	210,854	57,982
Protocol agreements	2,881,090	518,551
IT systems	601	416
Other transactions to be settled - electronic transfers	2,492,258	204,662
Other transactions to be settled	15,304,540	75,174,943
	<b>148,158,739</b>	<b>209,929,569</b>
	<b>276,192,913</b>	<b>350,699,597</b>

Liabilities related to pensions and other benefits (Note 42)

Total liabilities	(12,169,087)	-
Equity of the pension fund	12,207,566	-
	<b>38,479</b>	<b>-</b>

Impairment - Other assets

Real estate properties - loan recovery	(44,549)	(185,128)
Receivables and other investments	(610,291)	(646,979)
	<b>(654,840)</b>	<b>(832,107)</b>
	<b>275,576,553</b>	<b>349,867,490</b>

Of the total balances classified as “Other assets”, 1,317,619 euros (2021: 967,186 euros) refer to balances with the Associated Caixas (see Note 41 i)) and 109,004,191 euros (2021: 121,446,590 euros) refer to balances with Group Companies (see Note 41 ii).

As at 31 December 2022, the heading of “Other assets – Shareholders' loans” refers to a shareholders' credit line granted to Crédito Agrícola, SGPS, S.A. of a total of 99,000,000 euros. During 2022, shareholders' loans amounting to 13,000,000 euros were reimbursed. In 2022, shareholders' loans are detailed as follows:

Institution	Amount	Start date	Repayment periods	Rate
Crédito Agrícola SGPS, S.A.	99,000,000	10/31/2016	1 year, with automatic renewals of the same	Fixed rate 0.5%

In 2021, Shareholders' loans are detailed as follows:

Institution	Amount	Start date	Repayment periods	Rate
Crédito Agrícola SGPS, S.A.	1,000,000	4/9/2020	1 year, with automatic renewals of the same period	Fixed rate 0.5%
Crédito Agrícola SGPS, S.A.	99,000,000	10/31/2016		
Crédito Agrícola SGPS, S.A.	12,000,000	6/26/2017		
	112,000,000			

The fair value of the shareholders' loans, updated at market rates, stands at 101,571 thousand euros. Corresponds to a level 2 fair value hierarchy (2021: 139,798 thousand euros, corresponding to a level 2 fair value hierarchy). The fair value was obtained by updating the book value, discounted at a market rate, as at 31 December 2022.

The value recorded under the heading of "Other assets due to credit recovery" as at 31 December 2022, as had been the case as at 31 December 2021, refers to real estate properties that, although intended for sale, cannot be classified as "Non-current assets held for sale" because they are "encumbered" in a manner preventing their sale, pursuant to IFRS 5(7).

The rating level of the exposures of "Other receivables", dispersed over various debtors, is indeterminate.

Caixa Central assesses the credit risk of receivables from third parties based on an assessment of the counterpart's track record, such as fulfilment of its payments to Caixa Central, in addition to an analysis of fulfilment of future payments.

The increased balance of Group Companies under the heading of "Miscellaneous receivables" as at 31 December 2022 refers to invoicing of the last quarter, whose settlement was still outstanding at the end of the year, especially related to CA Serviços (see Note 41).

The decrease in Margin Call values is due to the allocation of liquidity to this specific activity, which results from two tranches. On the one hand, an initial margin, calculated according to the value transferred and the maturity of the exposures and, on the other hand, a variation margin, derived from the market value of the outstanding positions. As at 31 December 2022, the counterparties of these credit amounts are Commerzbank (123.8 million euros).

As at 31 December 2022 and 2021, the balance of the heading "Other transactions to be settled" includes the movements of the corresponding demand deposit accounts, namely in foreign currency made by customers of Caixa Central, which remain pending the value date of the movement. These amounts were mostly settled in early January 2023 and 2022, respectively.

The heading of "income receivable - for banking services rendered" is mainly due to placement and marketing commissions of the Funds which were only settled in early 2023.

The movement in impairment of "Other assets" is as follows:

	31-Dec-2021	2022			31-Dec-2022	
	Closing Balance	Top-ups	Write-backs & annulments	Uses and write-offs	Transf.	Closing Balance
<u>Impairment - Other assets</u>						
Real estate properties - loan recovery	185,128	17,303	(5,742)	-	(152,140)	44,549
Receivables and other investments	646,979	17,939	(6,735)	(47,892)	-	610,291
	<u>832,107</u>	<u>35,242</u>	<u>(12,477)</u>	<u>(47,892)</u>	<u>(152,140)</u>	<u>654,840</u>

Impairment of debtors refers essentially to litigation, where the stage of impairment is level 3.

## 15. Non-current assets and disposal groups classified as held for sale

The composition of this heading is as follows:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
Real estate properties		
Real estate properties received in loan recovery	7,668,389	10,357,768
Equipment received in loan recovery	417,554	417,554
	<u>8,085,943</u>	<u>10,775,322</u>
Impairment		
Impairment of real estate properties	(971,611)	(855,520)
Impairment of equipment	(232,048)	(232,048)
	<u>(1,203,659)</u>	<u>(1,087,568)</u>
	<u>6,882,284</u>	<u>9,687,754</u>

It can thus be summed up in:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
Real estate properties	6,696,778	9,502,248
Equipment	185,506	185,506
	<u>6,882,284</u>	<u>9,687,754</u>

The type of real estate properties (net value) included is as follows:

	Quantity	31-Dec-2022	Quantity	31-Dec-2021
Farmland/rural land	2	301,909	2	316,918
Land with construction permits	2	163,396	2	164,254
Constructed buildings	61	6,231,473	68	9,021,077
	<b>65</b>	<b>6,696,778</b>	<b>72</b>	<b>9,502,248</b>

The variation of the heading of other real estate properties held for sale relates mainly to real estate properties received in loan recovery during 2022.

The method used to calculate the impairment of the real estate properties is the result of the lowest amount between their fair value, obtained through valuation minus costs of sale, and the book value of the credit. The valuations are carried out by external expert valuers, registered with the CMVM. The main characteristics of the valuations are related to obtaining the fair value of the real estate property through the market or comparative method. The calculated losses are recognised through profit or loss at the time when they occur.

The movement in non-current assets held for sale during 2022 and 2021 may be presented as follows:

Description	31-Dec-2021			Inflow/outflow			Impairments				31-Dec-2022		
	Gross value	Impairment	Net value	Transfers	Acquisitions	Disposals	Transfers	Charges	Write-back	Uses	Gross value	Impairment	Net value
Real estate properties received in loan recovery	10,357,768	(855,520)	9,502,248	1,123,617	169,144	(3,982,140)	(152,140)	(138,265)	4,684	169,630	7,668,389	(971,611)	6,696,778
Equipment received in loan recovery	417,554	(232,048)	185,506	-	28,605	(28,605)	-	(2,364)	439	1,925	417,554	(232,048)	185,506
<b>Total</b>	<b>10,775,322</b>	<b>(1,087,568)</b>	<b>9,687,754</b>	<b>1,123,617</b>	<b>197,749</b>	<b>(4,010,745)</b>	<b>(152,140)</b>	<b>(140,629)</b>	<b>5,123</b>	<b>171,556</b>	<b>8,085,943</b>	<b>(1,203,659)</b>	<b>6,882,284</b>

Description	31-Dec-2020			Inflow/outflow			Impairments				31-Dec-2021		
	Gross value	Impairment	Net value	Transfers	Acquisitions	Disposals	Transfers	Charges	Write-back	Uses	Gross value	Impairment	Net value
Real estate properties received in loan recovery	8,369,429	(1,320,263)	7,049,166	1,401,041	3,727,321	(3,140,023)	(34,255)	(191,850)	56,625	634,223	10,357,768	(855,520)	9,502,248
Equipment received in loan recovery	259,848	(223,302)	36,546	-	630,078	(472,371)	-	(91,472)	-	82,727	417,554	(232,048)	185,506
<b>Total</b>	<b>8,629,276</b>	<b>(1,543,565)</b>	<b>7,085,711</b>	<b>1,401,041</b>	<b>4,357,399</b>	<b>(3,612,394)</b>	<b>(34,255)</b>	<b>(283,322)</b>	<b>56,625</b>	<b>716,949</b>	<b>10,775,322</b>	<b>(1,087,568)</b>	<b>9,687,754</b>

Impairment tests were performed on assets transferred to non-current assets held for sale.

The fair value hierarchy to which the fair value calculated for the valuation of the assets corresponds is level 3.

Pursuant to Banco de Portugal Instruction 4/2016, Caixa Central has requested extensions of the period of holding and maintaining its real estate assets acquired via credit recovery.

Furthermore, a sensitivity analysis was carried out based on the assumption of a variation of -0.5% and +0.5% in the m2 value of the valuations, minus the cost of selling:

	Quantity	-0.5%	+0.5%
Farmland/rural land	2	301,909	301,909
Land with construction permits	2	163,396	163,396
Constructed buildings	61	6,207,268	6,224,062
	<b>65</b>	<b>6,672,573</b>	<b>6,689,367</b>
Non-current assets held for sale - Real estate properties		<b>6,696,778</b>	<b>6,696,778</b>
Impact		-24,204	-7,410

The age of the properties in Caixa Central's portfolio is as follows:

	Quantity	31-Dec-2022	Quantity	31-Dec-2021
< 1 year	1	88,400	14	3,724,415
Between 1 and 2 years	16	1,329,314	15	2,920,135
Between 3 and 4 years	20	3,056,997	7	378,170
Over 5 years	28	2,222,067	36	2,479,528
	<b>65</b>	<b>6,696,778</b>	<b>72</b>	<b>9,502,248</b>

## 16. Financial liabilities measured at amortised cost

As at 31 December 2022 and 2021, this heading is detailed as follows:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
<u>Deposits</u>		
Loans - Banco de Portugal	28,167,692	3,052,860,183
Associated Caixas i)	9,905,502,008	8,418,294,524
Loans to Other Credit Institutions	8,958,500	36,367,574
<u>Customer deposits</u>		
Demand	602,331,239	675,870,710
<i>of which Group Companies ii)</i>	69,501,689	-
Term	209,018,134	518,847,707
<i>of which Group Companies ii)</i>	2,850,938	118,166,943
Other customers' funds	40,280,178	30,076,234
Cheques and orders payable	227,764	196,239
Other	-	45,773
Interest payable - Banco de Portugal	35,915	(46,807,047)
Interest payable/receivable	10,958,142	38,391,135
<i>of which to the Associated Caixas i)</i>	9,464,193	37,096,739
<i>of which to the Other Credit Institutions</i>	2,381	570
<i>of which Group Companies ii)</i>	1,426	6,887
	<u>10,805,479,572</u>	<u>12,724,143,031</u>
<u>Debt securities issued</u>		
Debt issued	300,000,000	300,000,000
Interest payable	1,171,233	1,171,233
	<u>301,171,233</u>	<u>301,171,233</u>
<u>Other financial liabilities</u>		
Loans	36,078,298	138,750,000
Interest payable	21,040	21,250
<i>of which to the Associated Caixas i)</i>	-	-
	<u>36,099,338</u>	<u>138,771,250</u>
	<u>11,142,750,143</u>	<u>13,164,085,514</u>

Of the total balances classified as “Financial liabilities at amortised cost”, 9,914,966,202 euros (2021: 8,455,391,263 euros) refer to balances with the Associated Caixas (see Note 41 i)) and 72,354,053 euros (2021: 118,173,830 euros) refer to balances with Group Companies (see Note 41 ii).



Loans - Banco de Portugal

The table below details the loans granted by Banco de Portugal which are included in this heading, as at 31 December 2022:

Institution	Original currency amount	Currency	Amount in euros	Start date	Repayment date	Rate
Banco de Portugal	30,000,000	USD	28,167,692	12/22/2022	1/5/2023	4.59%
<b>Total</b>			<b>28,167,692</b>			

The details of the loans granted by Banco de Portugal as at 31 December 2021 are as follows:

Institution	Original currency amount	Currency	Amount in euros	Start date	Repayment date	Rate
Banco de Portugal	3,030,790,000	Euros	3,030,790,000	6/24/2020	6/28/2023	-1.00%
Banco de Portugal	25,000,000	USD	22,070,183	12/23/2021	1/6/2022	0.33%
<b>Total</b>			<b>3,052,860,183</b>			

The European Central Bank launched the second series of targeted longer-term refinancing operations (TLTRO) aimed at strengthening the accommodative monetary policy of the Eurosystem and increasing the incentive to grant bank credit to the real economy. As a result of the change in the rules regarding the cost associated with the TLTRO III financing, namely the decision announced on 27/10/2022 to apply from 23/11/2022 and until the maturity date of the operation a financing cost equivalent to the average of the deposit facility rate verified over the period, Caixa Central made the full early repayment on 23/11/2022.

The securities pledged as collateral to Banco de Portugal to cover financing operations with the Eurosystem, as at 31 of December 2021, were valued at 3,346 million euros.

In 2022, in the absence of this loan, there are no securities given as guarantee.

Deposits (excluding Banco de Portugal) and Other financial liabilities

In 31 December 2022 and 2021, the residual maturity of the remaining deposits presented the following structure:

	31-Dec-2022	31-Dec-2021
Up to three months	4,373,213,496	4,098,117,400
Three months to one year	5,814,989,132	5,136,116,043
One year to three years	610,446,320	580,586,047
Three to five years	1,437,169	973,746
Over five years	2,310,006	2,655,523
	<b>10,802,396,123</b>	<b>9,818,448,760</b>
Interest payable	10,979,182	38,412,385
	<b>10,813,375,305</b>	<b>9,856,861,145</b>

The variation of the heading of "Other financial liabilities – loans" is essentially explained by the reduction in credit lines granted by the European Investment Bank (EIB), aimed at funding medium and long-term investments for small and medium-sized enterprises operating in Portugal. The average rate of this loan is 0.78% and the maturity ranges from 6 days to 6 months.

The funds related to the Associated Caixas are remunerated within the range of 0.025% and 1.70% and customer funds are remunerated within the range of 0.00% and 5.86%, according to the maturity of each operation.

Additionally, see the contracted values tiered by repricing periods of the interest rate in Note 43.

### Debt securities issued

At the end of October 2021, Caixa Central made its first debt issue in the international market, specifically senior preferred debt securities linked to Social Sustainability. The issue, amounting to 300 million euros, has a maturity of 5 years, with an early repayment option at the end of the fourth year and an issue price of 99.906%, with an annual coupon rate of 2.50% in the first 4 years, and bearing interest at the 3M Euribor rate plus a spread of 260 basis points thereafter. The settlement occurred on 5 November 2021. Moody's Investor Services assigned a rating of "Ba2", with a stable Outlook for this issue.

Original currency amount	Currency	Amount in euros	Start date	Anticipated repayment date	Repayment date	Coupon rate over 4 years	5th year rate
300,000,000	Euros	300,000,000	11/5/2021	4 years	5 years	2.50%	Euribor 3M
		<b>300,000,000</b>					

## 17. Provisions and impairment

The movement in provisions and impairment of Caixa Central during 2022 and 2021 is shown in the tables below.

Description	31-Dec-2021		2022				31-Dec-2022
	Closing balance	Top-ups	Write-backs & annulments	Uses and write-offs	Transf.	Adjust. exch. differences	Closing balance
<u>Impairments</u>							
Impairment of Financial assets at fair value through other comprehensive income (Note 22)	35,211	112,890	(72,388)	-	-	-	75,713
Impairment of Financial assets at amortised cost (Note 8)	50,232,667	45,469,687	(37,886,089)	(1,472,992)	-	-	56,343,272
Impairment of Investments in subsidiaries, joint ventures and associates (Note 10)	3,344,328	-	(3,337,844)	-	-	-	6,484
Other impairments:							
- Non-current assets and disposal groups classified as held for sale (Note 15)	1,087,568	140,629	(5,123)	(171,556)	152,140	-	1,203,659
- Property, plant and equipment (Note 11)	-	-	-	-	-	-	-
- Other assets (Note 14)	832,107	35,242	(12,477)	(47,892)	(152,140)	-	654,840
	<b>55,531,881</b>	<b>45,758,449</b>	<b>(41,313,921)</b>	<b>(1,692,440)</b>	<b>-</b>	<b>-</b>	<b>58,283,969</b>
<u>Provisions</u>							
- Guarantees provided and irrevocable commitments	2,458,419	2,867,596	(2,267,611)	-	-	-	3,058,404
- Other risks and expenses	5,329,199	5,549,425	(5,246,264)	(143,377)	-	-	5,488,984
	<b>7,787,618</b>	<b>8,417,021</b>	<b>(7,513,875)</b>	<b>(143,377)</b>	<b>-</b>	<b>-</b>	<b>8,547,388</b>
<b>Total</b>	<b>63,319,499</b>	<b>54,175,470</b>	<b>(48,827,796)</b>	<b>(1,835,817)</b>	<b>-</b>	<b>-</b>	<b>66,831,357</b>

Description	31-Dec-2020		2021			31-Dec-2021	
	Closing balance	Top-ups	Write-backs & annulments	Uses and write-offs	Transf.	Adjust. exch. differences	Closing balance
<u>Impairments</u>							
Impairment of Financial assets at FVTOCI (Note 21)	309,997	353,704	(628,489)	-	-	-	35,212
Impairment of Financial assets at amortised cost (Note 8)	70,588,115	36,768,724	(42,406,231)	(14,717,942)	-	-	50,232,666
Impairment of Investments in subsidiaries, associates and joint ventures (Note 10)	6,484	3,337,844	-	-	-	-	3,344,328
Other impairments:							
- Non-current assets held for sale (Note 15)	1,543,565	283,322	(56,625)	(716,949)	34,255	-	1,087,568
- Property, plant and equipment (Note 11)	-	-	-	-	-	-	-
- Other assets (Note 14)	1,001,182	143,355	(224,638)	(53,538)	(34,255)	-	832,107
	<u>73,449,343</u>	<u>40,886,949</u>	<u>(43,315,983)</u>	<u>(15,488,429)</u>	<u>-</u>	<u>-</u>	<u>55,531,881</u>
<u>Provisions</u>							
- Guarantees provided and irrevocable commitments	2,922,665	2,262,165	(2,726,412)	-	-	-	2,458,419
- Other risks and expenses	13,311,862	19,597,391	(27,580,052)	-	-	-	5,329,199
	<u>16,234,527</u>	<u>21,859,556</u>	<u>(30,306,464)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,787,618</u>
<b>Total</b>	<b><u>89,683,870</u></b>	<b><u>62,746,505</u></b>	<b><u>(73,622,447)</u></b>	<b><u>(15,488,429)</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>63,319,499</u></b>

As shown in the table above, in 2022 there was an increase in impairment for assets at amortised cost of about 6.1 million euros. This amount results from the reinforcement of impairment by 2.9 million euros in debt securities and the reinforcement of approximately 3.2 million euros in loans and advances to customers, resulting from write-offs and the evolution of the risk associated with the credit portfolio.

During 2022, the assessment of impairment for guarantees given and irrevocable commitments recorded under off-balance sheet items resulted in an increase in impairment of only 600 thousand euros.

In 2022, there was a residual net increase of impairment for securities at fair value through other comprehensive income of the value of 41 thousand euros.

As already mentioned in Note 10, during 2022, the impairment of about 3 million euros on the financial investment held in CA SGPS, resulting from the valuation of the entity with reference to December 2022, was reverted.

In terms of provisions, we highlight that the heading of "Provisions for other risks and charges", of the total value of 5,488,984 euros, essentially corresponds to (i) a provision for general risks of the activity (2,351,623 euros); (ii) a provision for lawsuits (2,248,295 euros) and (iii) a provision for potential liabilities arising from the disposal of assets (878,778 euros).

## 18. Other liabilities

This heading is detailed as follows:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
<u>Payables and other funds</u>		
Other funds	3,536,782	2,825,586
Administrative Public Sector		
Tax withholdings at source	1,376,785	2,342,261
Social Security contributions	914,799	805,942
Collections on behalf of third parties	61,560	61,322
Contributions to other health systems	149,925	151,512
Miscellaneous payables		
Payables due to supply of goods (finance leasing)	3,165,292	1,244,990
Payables due to supply of goods (Group companies) (Note 41)	720,986	431,633
Payables due to supply of goods (other)	3,391,907	3,479,704
Other payables - Associated Caixas (Note 41)	1,167,598	12,777,569
Other payables	562,166	570,666
Lease liabilities	13,558,913	14,581,680
<i>at less than 12 months (fixed payments)</i>	<i>2,337,794</i>	<i>2,167,196</i>
<i>at more than 12 months (fixed payments)</i>	<i>11,221,119</i>	<i>12,414,484</i>
	<b><u>28,606,712</u></b>	<b><u>39,272,866</u></b>
 <u>Liabilities related to pensions and other benefits (Note 42)</u>		
Total liabilities	-	14,832,271
Equity of the pension fund	-	(14,361,935)
	<b><u>-</u></b>	<b><u>470,336</u></b>

Charges payable

Staff expenses		
Provisions for holidays and holiday allowance	2,744,808	2,767,298
Seniority bonus (Note 42)	3,222,414	3,583,551
Other	-	-
Other	1,225,045	500,475
	<b>7,192,266</b>	<b>6,851,324</b>

Revenue with deferred income

Commissions on guarantees provided	121,578	127,835
Rents	5,389	5,389
Other	409,725	233,894
	<b>536,693</b>	<b>367,118</b>

Amounts to be settled

Foreign exchange position	-	-
Interest - swaps	-	-
Margin call	879,760,098	-
Transactions of securities to be settled	2,235,015	172,257
Advances of promissory contracts for purchase and sale of real estate properties	1,720,130	1,000,500
Other transactions to be settled - electronic transfers	61,387,839	92,295,985
Other transactions to be settled - protocol agreements	2,745,287	-
Other transactions to be settled	14,573,970	7,626,707
	<b>962,422,340</b>	<b>101,095,448</b>
	<b>998,758,010</b>	<b>148,057,093</b>

Of the total balances classified as "Other liabilities", 1,167,598 euros (2021: 12,777,569 euros) refer to balances with the Associated Caixas (see Note 41 i)) and 720,986 euros (2021: 473,743 euros) refer to balances with Group Companies (see Note 41 ii).

The most significant amount under "Other liabilities" is related to the heading "Margin Call". The increased margin call values were due to the allocation of liquidity to this specific activity, which arises from two spheres. On the one hand, an initial margin, calculated according to the value transferred and the maturity of the exposures and, on the other hand, a variation margin, derived from the market value of the outstanding positions. The counterparties to these amounts are Commerzbank (635.9 million euros), Santander (0.9 million euros), BBVA (242.8 million euros) and Citibank Europe (0.2 million euros). The market context changed significantly in 2022. In effect, the sharp rise in inflation rates in the world economy, to which the eurozone was not immune, forced the ECB to reverse the course of the accommodative monetary policy followed until then, initiating a rapid rate hike from its July meeting. For reference, the deposit facility rate, which stood at -0.50% at the beginning of 2022, ended the year at 2.00%. The increase in interest rates had a favourable effect on the market value of swaps from Caixa Central's point of view. The increase in the market value of the derivatives portfolio had a direct impact on the amount of the maintenance margin, which now has a materially relevant positive value.

The heading of "Other transactions to be settled – electronic transfers" refers to bank transfers to be dispatched on their value date, through Banco de Portugal.

The heading of "Other transactions to be settled - protocol agreements" refers to collection processes opened in the name of Crédito Agrícola's customer entities that were settled in the first days of January 2023.

The maturity of the lease liabilities (buildings, equipment and vehicles) is broken down as follows:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
Due within 1 year	2,337,794	95,661
Between 1 and 2 years	4,368,973	170,846
Between 3 and 4 years	3,821,392	632,212
Over 5 years	3,030,754	13,682,961
	<u>13,558,913</u>	<u>14,581,680</u>

The most significant value of the lease liabilities refers to rented buildings.

The amounts to be settled presented under "Other transactions to be settled – protocol agreements", whose balances refer to amounts charged to Caixa Central customers under the protocol agreements concluded between Caixa Central and other institutions, were settled in the first days of January 2023 and 2022, respectively.

Finally, the balance of the heading of "Other transactions to be settled" includes the movements of the *Nostro* accounts, namely in foreign currency, which continue awaiting the value date of the movement. Most of this amount refers to transactions with value date in early January 2023 and 2022, respectively, with the transactions being settled at that time.

## 19. Contingent liabilities and commitments

The off-balance-sheet items associated with guarantees provided, irrevocable commitments and other liabilities due to services rendered are shown in the table below:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
Guarantees provided and any other possible liabilities		
Guarantees granted	30,868,519	33,368,797
of which to the Associated Caixas i)	5,101,693	5,467,783
of which to Group Companies ii)	985,617	1,084,885
Opened documentary credits	1,814,320	2,191,096
Assets given as guarantee	3,386,233,087	3,674,063,642
Commitments to third parties		
Due to credit lines		
Irrevocable commitments	121,628,725	143,649,858
of which to the Associated Caixas i)	1,378,213	769,606
of which to Group Companies ii)	13,623,933	12,583,448
Revocable commitments	68,287,323	65,981,807
Irrevocable commitments for buying and selling securities	-	47,346,805
Due to securities underwritten	56,500,000	47,495,817
Potential liability in relation to the System of indemnity of investors	1,469,016	1,305,425
Liabilities due to services rendered		
Deposit and custody of values	1,706,612,282	1,730,237,780
Amounts received for collection	15,813,272	11,768,572
Other	407,070	1,032,025
	<u><b>5,389,633,614</b></u>	<u><b>5,758,441,623</b></u>

Of the total off-balance sheet balances, 6,479,907 euros (2021: 6,237,389 euros) refer to balances with the Associated Caixas (see Note 41 i) and 14,609,550 euros (2021: 13,668,333 euros) refer to balances with Group Companies (see Note 41 ii).

In 31 December 2022 and 2021, the off-balance-sheet heading of "Assets given as guarantee - securities" includes the value of the securities included in the pool of collateral at Banco de Portugal to back financing operations from the Eurosystem. This heading also includes securities given as guarantee to cover repos contracted with other non-resident financial institutions.

The entirety of the balance of the heading of "Commitments to third parties – Due to subscription of securities" corresponds to the underwriting of commercial paper.

Lastly, in this context, it is important to mention the potential liabilities related to the Resolution Fund, which includes Caixa Central, as described in Note 46 of these Notes. On this reporting date there are no records of contingent liabilities.

## 20. Capital

Caixa Central's statutory capital, divided and represented by registered equity securities, with the unit value of 5 euros, stands at 312,706,855 euros as at 31 December 2022, being 100% held by the Caixas de Crédito Agrícolas Mútuo comprising SICAM. In 31 December 2022, Caixa Central's equity stands at 523,735,006 euros (415,797,037 euros in 2021).

In 2022, to ensure compliance with Article 6 of the Articles of Association of Caixa Central, its statutory capital was increased by 1,608,990 euros relative to the following Caixas de Crédito Agrícola:

	<u>Variation</u>
CCAM Vila Verde e Terras do Bouro, CRL	21,260
CCAM de Vale de Sousa e Baixo Tâmega, CRL	421,845
CCAM Paredes, CRL	43,545
CCAM Área Metropolitana do Porto, CRL	25,530
CCAM Alto Douro, CRL	381,285
CCAM do Vale do Távora e Douro, CRL	138,885
CCAM de Terras de Viriato, CRL	71,900
CCAM Região do Fundão e Sabugal, CRL	59,445
CCAM Estremoz, CRL	76,720
CCAM da Beira Baixa (Sul), CRL	212,155
CCAM Aljustrel e Almodovar, CRL	39,295
CCAM do Ribatejo Sul, CRL	16,645
CCAM Oliveira do Hospital, CRL	490
CCAM do Norte Alentejano, CRL	48,565
CCAM Serras de Ansião, CRL	18,175
CCAM Oliveira do Bairro, Albergaria e Sever, CRL	33,250
	<b>1,608,990</b>

The Legal Framework for Crédito Agrícola Mútuo (RJCAM) currently in force is established in Decree-Law 142/2009 of 16 June, which obliged the adjustment of the Articles of Association of Caixa Central in conformity with its provisions. Accordingly, during 2009, the Articles of Association of Caixa Central were amended and approved at the General Meeting, held on 12 December 2009, to subject the exoneration of the associates to a decision of the General Meeting. For this reason, Caixa Central maintained the capital classification of the registered securities subscribed by the Caixas de Crédito Agrícolas included in SICAM. Pursuant to the provisions of IAS 32, if the Articles of Association of Caixa Central were not changed as described above, this could have placed in question the need to classify part of the capital as a liability.

Pursuant to Article 10 of the Articles of Association of Caixa Central, the conditions of exoneration are as follows:

- The associates may be exonerated after three years have elapsed counted from the date of their admission, by notice of termination.
- The exoneration takes effect on the last day of the year following the year during which the associate has informed the General and Supervisory Board of Caixa Central of its determination to be exonerated.



- Caixa Central may also constrain the effectiveness of the exoneration to Caixa de Crédito Agrícola's prior meeting of all its obligations to Caixa Central, which should be disclosed to the associate within 90 days, counted from the date when the notice of termination was received, with all the obligations with a subsequent due date falling due on the exoneration date.
- In the case of the previous number, all the obligations of Caixa Central to its associate also fall due on the same day.
- The exonerated associate shall be entitled to the reimbursement of its equity securities at their book value on the date that the exoneration takes effect, after exclusion of the required reserves.
- The reimbursement of equity securities in each year is limited to the amount that shall not imply a reduction of Caixa Central's share capital to a value below that recorded at Banco de Portugal.
- The General Meeting of Caixa Central is responsible for approving the terms, periods and conditions of reimbursement.
- An exonerated associate cannot be readmitted until three years have elapsed since the date on which the exoneration took effect, unless determined otherwise at the General Meeting of Caixa Central.

As at 31 December 2022 and 2021, the structure of Caixa Central's corporate capital is as follows:

Institution	31-Dec-2022			31-Dec-2021		
	No. of equity securities	Amount	Equity holding (%)	No. of equity securities	Amount	Equity holding (%)
CCAM de Pombal, CRL	5,582,966	27,914,830	8.93%	5,582,966	27,914,830	8.97%
CCAM Costa Azul, CRL	2,851,905	14,259,525	4.56%	2,851,905	14,259,525	4.58%
CCAM Batalha, CRL	2,300,054	11,500,270	3.68%	2,300,054	11,500,270	3.70%
CCAM de Alcobaça, Cartaxo, Nazaré, Rio Maior e Santarém, CRL	1,804,830	9,024,150	2.89%	1,804,830	9,024,150	2.90%
CCAM do Noroeste, CRL	1,780,116	8,900,580	2.85%	1,780,116	8,900,580	2.86%
CCAM Açores, CRL	1,661,832	8,309,160	2.66%	1,661,832	8,309,160	2.67%
CCAM C. da Rainha, Óbidos e Peniche, CRL	1,589,699	7,948,495	2.54%	1,589,699	7,948,495	2.55%
CCAM Alto Cávado e Basto, CRL	1,589,246	7,946,230	2.54%	1,589,246	7,946,230	2.55%
CCAM do Baixo Mondego, CRL	1,576,674	7,883,370	2.52%	1,576,674	7,883,370	2.53%
CCAM da Serra da Estrela, CRL	1,563,356	7,816,780	2.50%	1,563,356	7,816,780	2.51%
CCAM Alto Douro, CRL	1,606,431	8,032,155	2.57%	1,530,174	7,650,870	2.46%
CCAM Alentejo Sul, CRL	1,389,198	6,945,990	2.22%	1,389,198	6,945,990	2.23%
CCAM Terras Sousa, Ave, Basto e Tâmega, CRL	1,280,355	6,401,775	2.05%	1,280,355	6,401,775	2.06%
CCAM de São Teotónio, CRL	1,272,506	6,362,530	2.03%	1,272,506	6,362,530	2.05%
CCAM de Vale de Sousa e Baixo Tâmega, CRL	1,348,456	6,742,280	2.16%	1,264,087	6,320,435	2.03%
CCAM do Algarve, CRL	1,215,671	6,078,355	1.94%	1,215,671	6,078,355	1.95%
CCAM de Cantanhede e Mira, CRL	1,142,477	5,712,385	1.83%	1,142,477	5,712,385	1.84%
CCAM do Baixo Vouga, CRL	1,078,802	5,394,010	1.72%	1,078,802	5,394,010	1.73%
CCAM de Trás-os-Montes e Alto Douro, CRL	1,058,837	5,294,185	1.69%	1,058,837	5,294,185	1.70%
CCAM Alentejo Central, CRL	996,785	4,983,925	1.59%	996,785	4,983,925	1.60%
CCAM da Zona do Pinhal, CRL	986,783	4,933,915	1.58%	986,783	4,933,915	1.59%
CCAM P. Varzim, V. Conde e Esposende, CRL	985,505	4,927,525	1.58%	985,505	4,927,525	1.58%
CCAM do Douro e Côa, CRL	935,503	4,677,515	1.50%	935,503	4,677,515	1.50%
CCAM Alcácer-Sal e Montemor-Novo, CRL	894,550	4,472,750	1.43%	894,550	4,472,750	1.44%
CCAM do Sotavento Algarvio, CRL	878,637	4,393,185	1.40%	878,637	4,393,185	1.41%
CCAM Loures, Sintra e Litoral, CRL	835,628	4,178,140	1.34%	835,628	4,178,140	1.34%
CCAM Alenquer, CRL	814,818	4,074,090	1.30%	814,818	4,074,090	1.31%
CCAM do Vale do Távora e Douro, CRL	801,936	4,009,680	1.28%	774,159	3,870,795	1.24%
CCAM Beira Douro e Lafões, CRL	771,230	3,856,150	1.23%	771,230	3,856,150	1.24%
CCAM do Guadiana Interior, CRL	749,861	3,749,305	1.20%	749,861	3,749,305	1.21%
CCAM Porto de Mós, CRL	744,040	3,720,200	1.19%	744,040	3,720,200	1.20%
CCAM Coimbra, CRL	738,391	3,691,955	1.18%	738,391	3,691,955	1.19%
CCAM Costa Verde, CRL	704,233	3,521,165	1.13%	704,233	3,521,165	1.13%
CCAM Coruche, CRL	688,095	3,440,475	1.10%	688,095	3,440,475	1.11%
CCAM Lourinhã, CRL	679,585	3,397,925	1.09%	679,585	3,397,925	1.09%
CCAM Vale do Dão e Alto Vouga, CRL	666,047	3,330,235	1.06%	666,047	3,330,235	1.07%
CCAM Ribatejo Norte e Tramagal, CRL	611,908	3,059,540	0.98%	611,908	3,059,540	0.98%
CCAM Cadaval, CRL	610,485	3,052,425	0.98%	610,485	3,052,425	0.98%
CCAM Vagos, CRL	604,072	3,020,360	0.97%	604,072	3,020,360	0.97%
CCAM Oliveira Azeméis e Estarreja, CRL	601,192	3,005,960	0.96%	601,192	3,005,960	0.97%
CCAM Pernes e Alcanhões, CRL	599,027	2,995,135	0.96%	599,027	2,995,135	0.96%
CCAM de Moraviz, CRL	568,520	2,842,600	0.91%	568,520	2,842,600	0.91%
CCAM Albufeira, CRL	564,599	2,822,995	0.90%	564,599	2,822,995	0.91%
CCAM Douro e Sabor, CRL	545,733	2,728,665	0.87%	545,733	2,728,665	0.88%
CCAM da Bairrada e Aguireira, CRL	534,737	2,673,685	0.86%	534,737	2,673,685	0.86%
CCAM Vila Franca de Xira, CRL	533,648	2,668,240	0.85%	533,648	2,668,240	0.86%
CCAM Sobral de Monte Agraço, CRL	505,202	2,526,010	0.81%	505,202	2,526,010	0.81%
CCAM de Terras de Viriato, CRL	476,277	2,381,385	0.76%	461,897	2,309,485	0.74%
CCAM Salvaterra de Magos, CRL	456,720	2,283,600	0.73%	456,720	2,283,600	0.73%
CCAM Região do Fundão e Sabugal, CRL	450,539	2,252,695	0.72%	438,650	2,193,250	0.71%
CCAM Médio Ave, CRL	435,241	2,176,205	0.70%	435,241	2,176,205	0.70%
CCAM da Terra Quente, CRL	418,728	2,093,640	0.67%	418,728	2,093,640	0.67%
CCAM Nordeste Alentejano, CRL	363,718	1,818,590	0.58%	363,718	1,818,590	0.58%
CCAM Vila Verde e Terras do Bouro, CRL	362,212	1,811,060	0.58%	357,960	1,789,800	0.58%
CCAM Arruda dos Vinhos, CRL	327,527	1,637,635	0.52%	327,527	1,637,635	0.53%
CCAM Estremoz, CRL	334,815	1,674,075	0.54%	319,471	1,597,355	0.51%
CCAM Paredes, CRL	319,576	1,597,880	0.51%	310,867	1,554,335	0.50%
CCAM da Beira Baixa (Sul), CRL	337,648	1,688,240	0.54%	295,217	1,476,085	0.47%
CCAM Área Metropolitana do Porto, CRL	270,678	1,353,390	0.43%	265,572	1,327,860	0.43%
CCAM Aljuztel e Almodovar, CRL	260,704	1,303,520	0.42%	252,845	1,264,225	0.41%
CCAM Azambuja, CRL	227,357	1,136,785	0.36%	227,357	1,136,785	0.37%
CCAM Beira Centro, CRL	201,917	1,009,585	0.32%	201,917	1,009,585	0.32%
CCAM do Ribatejo Sul, CRL	195,540	977,700	0.31%	192,211	961,055	0.31%
CCAM Oliveira do Hospital, CRL	181,178	905,890	0.29%	181,080	905,400	0.29%
CCAM do Norte Alentejano, CRL	189,456	947,280	0.30%	179,743	898,715	0.29%
CCAM Serras de Ansião, CRL	135,382	676,910	0.22%	131,747	658,735	0.21%
CCAM Entre Tejo e Sado, CRL	98,372	491,860	0.16%	98,372	491,860	0.16%
CCAM Terras de Santa Maria, CRL*	546,557	2,732,785	0.87%	-	-	0.00%
CCAM Vale de Cambra, CRL*	-	-	0.00%	194,962	974,810	0.31%
CCAM Arouca, CRL*	-	-	0.00%	351,595	1,757,975	0.57%
CCAM Oliveira do Bairro, Albergaria e Sever, CRL*	495,347	2,476,735	0.79%	-	-	0.00%
CCAM de Albergaria e Sever, CRL*	-	-	0.00%	249,130	1,245,650	0.40%
CCAM Oliveira do Bairro, CRL*	-	-	0.00%	239,567	1,197,835	0.39%
CCAM Elvas, Campo Maior e Borba, CRL*	750,140	3,750,700	1.20%	-	-	0.00%
CCAM Elvas e Campo Maior, CRL*	-	-	0.00%	497,618	2,488,090	0.80%
CCAM Borba, CRL*	-	-	0.00%	252,522	1,262,610	0.41%
CCAM Terras do Arade, CRL*	861,581	4,307,905	1.38%	-	-	0.00%
CCAM S. Bart. Messin, e S. Marcos Serra, CRL*	-	-	0.00%	407,946	2,039,730	0.66%
CCAM de Silves, CRL*	-	-	0.00%	453,635	2,268,175	0.73%
<b>Total</b>	<b>62,541,371</b>	<b>312,706,855</b>	<b>100%</b>	<b>62,219,573</b>	<b>311,097,865</b>	<b>100%</b>

Note (\*) - Corresponds to CCAMs with mergers during the year 2022.

## 21. Equity instruments issued, except capital

In March 2022, Caixa Central conducted an issue of perpetual and subordinated debt, in the form of investment securities, as ISIN PTCCCF3M0018, eligible for its additional Tier 1 capital for the amount of 100 million euros. This issue was placed exclusively with Caixas Agrícolas, as detailed below:

Institution	Amount
CCAM de Pombal, CRL	9,054,000
CCAM Costa Azul, CRL	4,603,000
CCAM Batalha, CRL	3,715,000
CCAM do Noroeste, CRL	2,903,000
CCAM Alcobça Cartaxo NZ RRMaior Santarém CRL	2,901,000
CCAM Açores, CRL	2,702,000
CCAM do Baixo Mondego, CRL	2,567,000
CCAM C. da Rainha, Óbidos e Peniche, CRL	2,555,000
CCAM Alto Cávado e Basto, CRL	2,554,000
CCAM da Serra da Estrela, CRL	2,533,000
CCAM Alto Douro, CRL	2,493,000
CCAM do Alentejo Sul, CRL	2,257,000
CCAM Terras Sousa, Ave, Basto e Tâmega, CRL	2,058,000
CCAM de São Teotónio, CRL	2,045,000
CCAM de Vale de Sousa e Baixo Tâmega, CRL	2,032,000
CCAM do Algarve, CRL	1,954,000
CCAM de Cantanhede e Mira, CRL	1,852,000
CCAM do Baixo Vouga, CRL	1,746,000
CCAM Alentejo Central, CRL	1,607,000
CCAM da Zona do Pinhal, CRL	1,605,000
CCAM P. Varzim, V. Conde e Esposende, CRL	1,584,000
CCAM do Douro e Cãa, CRL	1,504,000
CCAM de Trás-os-Montes e Alto Douro, CRL	1,500,000
CCAM Costa Verde, CRL	1,454,000
CCAM Alcácer-Sal e Montemor-Novo, CRL	1,438,000
CCAM do Sotavento Alentejo, CRL	1,420,000
CCAM Loures, Sintra e Litoral, CRL	1,343,000
CCAM Alenquer, CRL	1,310,000
CCAM do Vale do Távora e Douro, CRL	1,261,000
CCAM Beira Douro e Lafões, CRL	1,240,000
CCAM do Guadiana Interior, CRL	1,216,000
CCAM Elvas e Campo Maior, CRL	1,206,000
CCAM Porto de Mós, CRL	1,196,000
CCAM Coimbra, CRL	1,195,000
CCAM Lourinhã, CRL	1,104,000
CCAM Coruche, CRL	1,100,000
CCAM Vale do Dão e Alto Vouga, CRL	1,070,000
CCAM Cadaval, CRL	995,000
CCAM Ribatejo Norte e Tramagal, CRL	983,000
CCAM Vagos, CRL	971,000
CCAM Oliveira Azeméis e Estarreja, CRL	966,000
CCAM de Pernes e Alcanhões, CRL	964,000
CCAM Albufeira, CRL	956,000
CCAM de Morais, CRL	922,000
CCAM Douro e Sabor, CRL	892,000
CCAM de Terras de Santa Maria, CRL	878,000
CCAM da Bairrada e Aguiçeira, CRL	859,000
CCAM Vila Franca de Xira, CRL	858,000
CCAM Sobral de Monte Agraço, CRL	812,000
CCAM Oliveira do Bairro, Alberg. e Sever CRL	785,000
CCAM Salvaterra de Magos, CRL	748,000
CCAM de Terras de Vriato, CRL	742,000
CCAM Terras do Arade, CRL	733,000
CCAM Região do Fundão e Sabugal, CRL	705,000
CCAM Médio Ave, CRL	700,000
CCAM da Terra Quente, CRL	673,000
CCAM Nordeste Alentejano, CRL	585,000
CCAM Vila Verde e Terras do Bouro, CRL	581,000
CCAM Arruda dos Vinhos, CRL	526,000
CCAM Estremoz, CRL	513,000
CCAM Paredes, CRL	500,000
CCAM da Beira Baixa (Sul), CRL	474,000
CCAM Área Metropolitana do Porto, CRL	427,000
CCAM Aljustrel e Almodovar, CRL	406,000
CCAM Azambuja, CRL	365,000
CCAM Beira Centro, CRL	324,000
CCAM do Ribatejo Sul, CRL	309,000
CCAM do Norte Alentejano, CRL	299,000
CCAM Oliveira do Hospital, CRL	291,000
CCAM Serras de Ansião, CRL	212,000
CCAM Entre Tejo e Sado, CRL	169,000
<b>Total</b>	<b>100,000,000</b>

In 2022, dividends of the value of 2.795,833 euros relating to this issue were paid.

## 22. Other accumulated comprehensive income, retained earnings and reserves

As at 31 December 2022 and 31 December 2021, the headings of other accumulated comprehensive income, retained earnings and reserves are broken down as follows:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
Reserves derived from measurement at fair value		
Fair value changes of financial assets at FVTOCI		
Potential capital gains/(losses) (Note 7)	(18,989,041)	(559,703)
Impairment	75,713	35,211
<i>Sovereign Debt</i>	10,104	11,907
<i>Other issuers</i>	65,610	23,304
Deferred taxes	4,633,765	128,501
<b>Fair value changes of financial assets at FVTOCI</b>	<b>(14,279,562)</b>	<b>(395,991)</b>
Fixed asset revaluation reserves	460,988	460,988
Deferred taxes on tangible asset revaluation	(7,520)	(7,914)
Other reserves	96,115,896	55,913,322
Actuarial gains or (-) loss on defined benefit pension plans (Note 42)	(2,832,122)	(3,497,414)
Retained earnings	9,227,774	9,456,792
Profit or loss for the year	22,342,698	42,769,389
	<u><b>111,028,151</b></u>	<u><b>104,699,171</b></u>

The movement of "Other accumulated comprehensive income" in 2022 and 2021 is as follows:

	31-Dec-2021	Increases / (decreases) in valuations	Disposals	Impairments	Taxes	Other	31-Dec-2022
<b>Items that will not be reclassified to profit and loss</b>							
Actuarial gains or (-) loss on defined benefit pension plans	(3,497,414)	665,292	-	-	-	-	(2,832,122)
<b>Items that can be reclassified to profit or loss</b>							
Fair value changes of debt instruments measured at fair value through other comprehensive income	(403,905)	(18,240,886)	(188,452)	40,502	4,505,658	-	(14,287,083)
<b>Other accumulated comprehensive income</b>	<b>(3,901,319)</b>						<b>(17,119,205)</b>
	31-Dec-2020	Increases / (decreases) in valuations	Disposals	Impairments	Taxes	Other	31-Dec-2021
<b>Items that will not be reclassified to profit and loss</b>							
Actuarial gains or (-) loss on defined benefit pension plans	(2,247,437)	(1,249,977)	-	-	-	-	(3,497,414)
<b>Items that can be reclassified to profit or loss</b>							
Fair value changes of debt instruments measured at fair value through other comprehensive income	2,651,843	(1,262,488)	(2,224,031)	(274,786)	940,158	(234,602)	(403,905)
<b>Other accumulated comprehensive income</b>	<b>404,406</b>						<b>(3,901,319)</b>

Following the changes in the fair value of the securities and the disposals/acquisitions made during 2022, Caixa Central recognised in capital (14,279,562) euros.

In conformity with the provisions in the RJCAM, Caixa Central constitutes a legal reserve up to its concurrence with the share capital. For such, a fraction of not less than 20% of the profit for the year is transferred annually to this reserve, until it reaches the previously mentioned amount. If there are accumulated losses of previous years, the value of the profit for the year, after reversal of the legal minimum reserve requirements, is entirely used to cover the losses recorded under retained earnings, until they are fully covered.

As at 31 December 2022, the heading of "Other reserves" varied by approximately 40.2 million euros due to the appropriation of results for the year 2022 and payment of dividends. broken down as follows: (i) free reserves (66,572,659 euros); (ii) legal reserve (29,363,658 euros); (iii) reserve for cooperative training and education (114,730 euros); and (iv) reserve for mutualism (64,850 euros). Moreover, the conditions for movement of reserves can be consulted in the Article 5 of the RJCAM. There are no restrictions of use of the "Other reserves".

The heading of "Retained earnings" varied by about 229 thousand euros due to the transfer of this amount to "Other reserves".

## 23. Interest income

The composition of this heading is as follows:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
<u>Interest of financial assets held for trading</u>		
Debt securities issued by residents	-	16,832
Debt securities issued by non-residents	38,545	49,623
Interest rate Swaps	402,492	107,378
	<u>441,037</u>	<u>173,833</u>

<u>Interest of financial assets at fair value through other comprehensive income</u>		
Debt securities issued by residents	1,298,225	3,692,384
Debt securities issued by non-residents	338,388	602,688
	<b>1,636,613</b>	<b>4,295,073</b>
<u>Interest of financial assets at amortised cost</u>		
Interest of securities at amortised cost		
Debt securities issued by residents	49,678,219	50,477,394
Debt securities issued by non-residents	97,834,803	65,195,876
Interest of investments at other credit institutions		
Investments in domestic credit institutions	6,389,735	245,780
<i>of which Associated Caixas i)</i>	6,018,857	157,761
Investments in credit institutions abroad	-	-
Interest on loans and advances to customers		
Loans and advances not represented by securities		
Domestic loans and advances		
Companies and public administration		
Discounts and other certified receivables	-	-
Loans	21,097,733	20,553,204
<i>of which Group Companies ii)</i>	1,108,951	936,787
Current account loans and advances	227,009	354,291
<i>of which Group Companies ii)</i>	28,697	33,742
Current account overdrafts	13,143	10,160
<i>of which Group Companies ii)</i>	174	268
Finance lease operations		
Movables	2,916,641	2,587,364
<i>of which Group Companies ii)</i>	-	-
Real estate	749,897	651,596
Credit card	3,584	3,595
Commercial paper	3,756,608	3,205,472
Individuals		
Mortgage	2,704,856	1,880,473
Consumer	1,882,050	1,820,286
Other purposes		
Loans	499,744	465,715
Current account loans and advances	2,702	4,401
Current account overdrafts	2,425	20,050
Finance lease operations	314,259	318,034
Credit abroad		
Companies and public administration		
Loans	-	-
Commercial paper	284,472	84,445
Individuals		
Mortgage	101,410	91,702
Consumer		
Credit card	10,950	10,702
Other credits	9,949	8,009
Other purposes		
Loans	1,542	4,993
Current account overdrafts	15	781
Interest on overdue loans	345,582	155,326
	<b>188,827,328</b>	<b>148,149,650</b>
Interest of cash balances at Banco de Portugal	19,523,153	38,768,855
Interest deliverable to the Associated Caixas i)	-	(7,633,726)
Interest of derivatives	10,509,532	942,059
Subordinated debt securities (Group Companies ii)	-	-
Other interest and similar income	9,823,996	861,440
<i>of which Associated Caixas i)</i>	64,694	76,823
<i>of which Group Companies ii)</i>	535,820	567,779
	<b>230,761,659</b>	<b>185,557,183</b>

Of the total balances classified as “Interest income”, 6,083,551 euros (2021: -7,399,142 euros) refer to balances with the Associated Caixas (see Note 41 i) and 1,673,641 euros (2021: 1,538,576 euros) refer to balances with Group Companies (see Note 41 ii).

The variation in the heading of Interest income is mainly explained by two opposite effects: an increase of 31.8 million euros in interest from debt securities issued at amortised cost, an increase of 6.1 million euros in interest from investments made in Caixas Agrícolas; and a decrease of 9.2 million euros in interest on cash balances at Banco de Portugal.



## 24. Interest expenses

The composition of this heading is as follows:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
<u>Interest of financial liabilities held for trading</u>		
Interest of securities held for trading	303,923	56,795
	<b>303,923</b>	<b>56,795</b>
<u>Interest of financial liabilities at amortised cost</u>		
Interest of funds of central banks	36,940	1,821
Interest of funds of other credit institutions		
Domestic	30,792,989	35,583,762
<i>of which Associated Caixas i)</i>	30,399,338	35,561,313
Abroad	168,378	223,243
Interest of customer funds and other loans	460,993	509,934
<i>of which Group Companies ii)</i>	19,991	51,543
Interest of bond loans	7,500,000	1,453,233
Interest of subordinated debt - (Associated Caixas i)	-	-
	<b>38,959,301</b>	<b>37,771,993</b>
<u>Interest of hedge derivatives</u>		
Interest rate swaps - hedge	26,924,910	36,203,734
	<b>26,924,910</b>	<b>36,203,734</b>
<u>Other liabilities</u>		
Interest of leases	239,322	267,220
<i>of which Group Companies ii)</i>	884	1,866
Other interest and charges	10,235,205	14,575,103
	<b>10,474,527</b>	<b>14,842,323</b>
<u>Interest expense on assets</u>		
Amortisation of the premium on bond transactions		
in the capital market	69,010,322	60,896,781
Other interest and charges	10,663	18,396
	<b>69,020,985</b>	<b>60,915,177</b>
	<b>145,683,646</b>	<b>149,790,022</b>

Of the total balances classified as “Interest expenses”, 30,399,338 euros (2021: 35,561,313 euros) refer to balances with the Associated Caixas (see Note 41 i)) and 20,874 euros (2021: 53,409 euros) refer to balances with Group Companies (see Note 41 ii)).

The main interest expenses that contribute to the balance of the heading are: interest expenses related to repayment of the premium on bond transactions in the capital market of the value of 69.0 million euros, which represents an increase of 8.1 million euros compared to 2021; interest of funds of other credit institutions of the value of 30.8 million euros, corresponding to a decrease of 4.8 million euros in relation to the previous year (about

5.2 million euros refer to the Caixas Agrícolas); and the interest from interest rate hedge swaps of the value 26.9 million euros, 9.3 million euros less than in 2021.

## 25. Dividend income

The composition of this heading is as follows:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
<u>Dividends of non-trading financial assets stated at fair value through profit or loss</u>		
Equity instruments issued by residents	185,185	181,491
Equity instruments issued by non-residents	73,142	68,174
	<u>258,328</u>	<u>249,664</u>

## 26. Fee and commission income

The composition of this heading is as follows:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
<u>From guarantees</u>		
Guarantees and sureties	353,681	403,293
<i>of which Group Companies ii)</i>	7,789	8,549
Opened documentary credits	54,718	56,212
	<u>408,399</u>	<u>459,505</u>
<u>For commitments assumed before third parties</u>		
Irrevocable commitments		
Irrevocable credit lines	445,126	353,345
<i>of which Group Companies ii)</i>	974	1,187
Other irrevocable commitments	3,414	25,419
	<u>448,540</u>	<u>378,764</u>
<u>For services rendered</u>		
Deposit and custody of values	4,463,063	4,081,290
<i>of which Associated Caixas i)</i>	2,058	2,828
<i>of which Group Companies ii)</i>	1,063,415	1,164,532
Collection of values	500,292	475,146
<i>of which Associated Caixas i)</i>	24	-
<i>of which Group Companies ii)</i>	377,593	368,722
Transfer of amounts	1,689,956	1,415,397
<i>of which Associated Caixas i)</i>	257,474	257,762
<i>of which Group Companies ii)</i>	24,135	25,044
Management of cards	11,282	11,109
<i>of which Group Companies ii)</i>	-	-
Annuities	306,100	146,094
<i>of which Group Companies ii)</i>	1,549	739
Assembly of operations	3,465,050	2,505,456
Credit operations		
Other credit operations	3,072,552	2,863,821
<i>of which Associated Caixas i)</i>	141,935	125,480
<i>of which Group Companies ii)</i>	4,094	4,056
Other services rendered		
Other interbank commissions	1,823,884	1,614,695
<i>of which Associated Caixas i)</i>	2,679	2,970
Intermediation commissions	327,187	250,502
Placement	9,431,865	8,145,634
<i>of which Group Companies ii)</i>	1,136,177	762,217
	<u>25,091,230</u>	<u>21,509,143</u>
<u>For transactions conducted on account of third parties</u>		
For securities		
In Stock Exchange transactions	158,273	131,486
In transactions outside the Stock Exchange	73,261	12,681
Other transactions conducted on behalf of third parties	5,954,068	4,804,484
<i>of which Associated Caixas i)</i>	205,415	130,590
<i>of which Group Companies ii)</i>	38	29
	<u>6,185,602</u>	<u>4,948,650</u>
Other commissions received	933,018	661,330
<i>of which Group Companies ii)</i>	174	199
	<u>33,066,788</u>	<u>27,957,392</u>

Of the total balances classified as “Fee and commission income”, 609,585 euros (2021: 519,629 euros) refer to balances with the Associated Caixas (see Note 41 i)) and 2,615,937 euros (2021: 2,335,274 euros) refer to balances with Group Companies (see Note 41 ii).

Fee and commission income presented a positive variation of 5.1 million euros from 2021 to 2022, primarily due to the income from services rendered (increase of 3.6 million euros), which include, for example, the fees and commission income from placement and marketing, deposit and custody of values, and credit operations.

## 27. Fee and commission expenses

The composition of this heading is as follows:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
<u>From banking services</u>		
Deposit and custody of values	893,276	1,161,839
Credit operations (Associated Caixas i)	745,031	863,782
Collection of values	71,026	62,506
<i>of which Associated Caixas i)</i>	<u>69,581</u>	<u>60,691</u>
	<u>1,709,332</u>	<u>2,088,126</u>
 <u>Other commissions paid</u>		
Cards	8,536,887	6,339,092
<i>of which Associated Caixas i)</i>	62,243	71,828
Intermediation commissions	5,985,073	5,373,818
<i>of which Associated Caixas i)</i>	5,985,073	5,373,743
Other	6,984,867	6,134,390
<i>of which Associated Caixas i)</i>	2,379,868	1,900,850
<i>of which Group Companies ii)</i>	4,518	14,644
	<u>21,506,826</u>	<u>17,847,300</u>
	<u><b>23,216,159</b></u>	<u><b>19,935,426</b></u>

Of the total balances classified as “Fee and commission expenses”, 9,241,796 euros (2021: 8,270,969 euros) refer to balances with the Associated Caixas (see Note 41 i)) and 4,518 euros (2021: 14,644 euros) refer to balances with Group Companies (see Note 41 ii).

Fee and commission expenses related to cards and intermediation are those that most contribute to this heading.

## 28. Gains or losses on financial assets and liabilities not measured at fair value through profit or loss, net

The composition of this heading is as follows:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
<u>Financial assets at fair value through other comprehensive income</u>		
Securities		
Issued by residents		
Debt instruments	-	-
Issued by non-residents		
Debt instruments	262,200	(596,898)
	<u>262,200</u>	<u>(596,898)</u>
<u>Financial assets at amortised cost</u>		
Securities		
Issued by residents		
Debt instruments	-	19,290,520
Issued by non-residents		
Debt instruments	-	28,861,566
Other	75,767	62,721
	<u>75,767</u>	<u>48,214,807</u>
	<u><b>337,967</b></u>	<u><b>47,617,909</b></u>

Portfolio securities at amortised cost were disposed during 2021, within the limit defined in the investment policy of Caixa Central. In 2022 no securities of this portfolio were divested.

The gains recognised result from capital gains on disposals in the financial year of financial assets acquired in the same year or already held at the end of the previous year.

## 29. Gains or losses on financial assets held for trading, net

The composition of this heading is as follows:

Description	31-Dec-2022			31-Dec-2021		
	Gains	Losses	Net	Gains	Losses	Net
Financial assets and liabilities held for trading						
Debt instruments	5,177,068	(4,402,454)	774,614	5,496,085	(5,054,068)	442,017
Trading derivatives	26,701,232	(20,726,269)	5,974,963	3,815,926	(705,072)	3,110,854
<b>Total</b>	<u><b>31,878,300</b></u>	<u><b>(25,128,723)</b></u>	<u><b>6,749,577</b></u>	<u><b>9,312,011</b></u>	<u><b>(5,759,140)</b></u>	<u><b>3,552,871</b></u>

Gains and losses on debt instruments refer to capital gains and losses on the disposal of foreign public debt securities acquired or divested in 2022.

The net value of debt instruments includes losses of 45 thousand euros related to changes in fair value (see Note 5).

### 30. Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss, net

The composition of this heading is as follows:

Description	31-Dec-2022			31-Dec-2021		
	Gains	Losses	Net	Gains	Losses	Net
Non-trading financial assets mandatorily at fair value through profit or loss						
Equity instruments	5,423,698	(4,927,240)	496,458	3,361,311	(3,047,380)	313,932
Investment fund units	23,307,197	(37,656,985)	(14,349,788)	5,053,108	(11,705,310)	(6,652,202)
<b>Total</b>	<b>28,730,895</b>	<b>(42,584,225)</b>	<b>(13,853,330)</b>	<b>8,414,420</b>	<b>(14,752,690)</b>	<b>(6,338,271)</b>

The main asset contributing to the losses recorded in this heading was Addressza Arrendamento FIIF with -8.8 million euros.

In 31 December 2019, a contract had been made for the sale of Participation Units of Addressza Arrendamento FIIF. Considering all the risks and expenses that were not transferred to the buyer on that date (namely credit risk and real estate risk), Caixa Central continues to recognise these participation units in its accounts until the outstanding amount is paid off, which occurred in 2022.

The gains or losses result from capital gains or losses on disposals in the financial year of financial assets already held at the end of the previous year.

The net value includes 3,262 thousand euros of losses related to changes in fair value (see Note 6).

### 31. Gains or losses from hedge accounting, net

The composition of this heading is as follows:

Description	31-Dec-2022			31-Dec-2021		
	Gains	Losses	Net	Gains	Losses	Net
Swaps - Interest rate risk hedge	1,019,999,368	(1,020,696,715)	(697,347)	383,806,651	(386,110,656)	(2,304,005)
<b>Total</b>	<b>1,019,999,368</b>	<b>(1,020,696,715)</b>	<b>(697,347)</b>	<b>383,806,651</b>	<b>(386,110,656)</b>	<b>(2,304,005)</b>

The gains and losses recorded under this heading refer to interest rate risk swaps (see Note 9 – Derivatives and hedging).

### 32. Foreign exchange differences (gains or losses), net

The composition of this heading is as follows:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
<u>Earnings from currency revaluation</u>		
Spot foreign exchange transactions	1,947,204	1,673,296
	<u>1,947,204</u>	<u>1,673,296</u>

The earnings recorded in this heading refer to the currency revaluation of monetary assets and liabilities expressed in foreign currency, of foreign exchange spot transactions.

Being spot transactions, they are settled within two business days or less.

### 33. Gains or losses on derecognition of non-financial assets, net

The composition of this heading is as follows:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
Gains or (-) losses on non-financial assets		
Other tangible assets	398,630	(18,845)
Other assets	5,783	279
	<u>404,413</u>	<u>(18,566)</u>

### 34. Other operating income

The composition of this heading is as follows:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
Rents	1,300,355	1,177,242
<i>of which Group Companies ii)</i>	<i>1,289,311</i>	<i>1,163,431</i>
Reimbursement of expenses	1,005,868	1,090,649
<i>of which Associated Caixas i)</i>	<i>552,939</i>	<i>416,852</i>
<i>of which Group Companies ii)</i>	<i>152,980</i>	<i>428,480</i>
Recovery of credit, interest and expenses		
Recovery of bad debts	2,233,462	4,094,758
Recovery of interest and expenses of overdue loans	386,615	198,570
Income from miscellaneous services rendered	1,030,007	1,424,190
<i>of which Associated Caixas i)</i>	<i>137,846</i>	<i>309,856</i>
<i>of which Group Companies ii)</i>	<i>40,757</i>	<i>2,362</i>
Gains relative to previous years	154,283	61,210
<i>of which Group Companies ii)</i>	<i>24,400</i>	<i>20,777</i>
Other	707,137	314,116
<i>of which Associated Caixas i)</i>	<i>91,565</i>	<i>-</i>
<i>of which Group Companies ii)</i>	<i>850</i>	<i>7,065</i>
	<b><u>6,817,727</u></b>	<b><u>8,360,735</u></b>

Of the total balances classified as “Other operating income”, 782,350 euros (2021: 726,708 euros) refer to balances with the Associated Caixas (see Note 41 i)) and 1,508,298 euros (2021: 1,622,116 euros) refer to balances with Group Companies (see Note 41 ii).

The variation of “Other operating income” is essentially explained by the decrease, of the value of 1.9 million euros, in the recovery of bad debt during 2022.



### 35. Other operating expenses

The composition of this heading is as follows:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
Levies and donations	22,205	137,823
Annulment of overdue interest	89,704	378,154
Contribution of the banking sector	5,549,848	4,172,132
Other operating charges and expenses	4,714,208	2,117,138
<i>of which Associated Caixas i)</i>	<i>21,995</i>	<i>-</i>
	<u><b>10,375,966</b></u>	<u><b>6,805,247</b></u>

From the total balances classified as "Other operating expenses", 21,995 euros refer to balances with the Associated Caixas (see Note 41 i)).

The variation of the heading of "Other operating expenses" was essentially due to other operating charges and expenses, more specifically the reduction of losses in credit sales.

### 36. Staff expenses

The composition of this heading is as follows:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
<u>Salaries and wages</u>		
Management and Supervisory Bodies	2,820,785	2,631,868
Employees	11,321,150	10,903,944
	<u>14,141,935</u>	<u>13,535,812</u>
<u>Mandatory social security charges</u>		
Pension Funds (Note 42)	727,037	159,854
Charges relative to remunerations		
Social Security	2,638,826	2,609,248
SAMS	503,244	526,280
Other	118,140	102,377
Occupational accident insurance	121,959	68,265
<i>of which Group Companies (Note 41)</i>	<i>106,083</i>	<i>46,954</i>
	<u>4,109,207</u>	<u>3,466,024</u>
<u>Other staff expenses</u>		
Contractual indemnities	42,542	1,520
Other	179,120	95,059
	<u>221,662</u>	<u>96,579</u>
	<u><b>18,472,804</b></u>	<u><b>17,098,415</b></u>

The average number of employees of Caixa Central in 2022 is 618, corresponding to 40 more than the average employees of the previous year.

<u>Position</u>	<u>2022</u>	<u>2021</u>
Directors / Senior Staff / Management	101	95
Other	517	483
<b>Total</b>	<b>618</b>	<b>578</b>

The strongest contribution to this increase was mainly due to the human resources in the Compliance, Audit, Digital and Risk areas.

Of the total 618 employees, 471 are under the multi-employment arrangement (employees of Caixa Central who are simultaneously employees of other companies of the Crédito Agrícola Group, namely of the Group's shared services centre, CA Serviços A.C.E.)

### 37. Other administrative expenses

The composition of this heading is as follows:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
<u>Related to supplies</u>		
Water, energy and fuel	249,278	324,000
Consumables	2,065	2,795
Consumables - Group companies i)	24,891	20,197
Hygiene and cleaning material	41,039	40,685
Hygiene and cleaning material - Group companies i)	374	515
Publications	37,396	43,059
Material for assistance and repair	5,368	7,213
Other third party supplies	96,635	42,018
Other third party supplies - Group companies i)	803	2,031
	<u>457,849</u>	<u>482,514</u>
<u>Related to services</u>		
Rentals and leasing	108,103	90,497
<i>of which Group companies i)</i>	-	1,777
Maintenance and related services	335,574	330,416
<i>of which Group companies i)</i>	17,807	15,057
Communications	465,302	499,118
<i>of which Group companies i)</i>	145,791	145,218
Advertising and publishing	824,727	471,945
<i>of which Group companies i)</i>	3,333	4,163
Travel, hotel and representation	102,600	66,209
Insurance	199,812	189,179
<i>of which Group companies i)</i>	170,603	157,325
Staff training	206,388	188,487
<i>of which Group companies i)</i>	-	1,516
Transportation	11,606	9,803
Specialised services:		
IT	1,385,085	1,093,809
<i>of which Group companies i)</i>	1,326,360	1,036,004
Retainers and fees	697,027	1,325,810
Security, surveillance and cleaning	627,128	599,294
Information	1,005,293	887,079
Occasional manpower	132,184	92,698
Legal and notary expenses	92,111	50,871
Database	278	803
Other specialised services:		
Multibanco services - Group companies i)	428,607	360,135
External valuers	121,457	128,409
<i>of which Group companies i)</i>	27,998	16,543
Other third party services - Group companies i)	17,201,149	14,755,503
Other third party services	2,541,239	2,082,045
	<u>26,485,670</u>	<u>23,222,110</u>
	<u><u>26,943,519</u></u>	<u><u>23,704,624</u></u>

Of the total balances classified as “Other administrative expenses”, 19,347,717 euros (2021: 16,515,986 euros) refer to balances with Group Companies (see Note 41 ii).

The fees invoiced during the year by the audit firm are detailed as follows:

Description	2022	2021
Statutory Audit	814,810	1,040,645
Non-audit services required by law	323,170	400,638
Non-audit services not required by law	88,000	357,150
<b>Total</b>	<b>1,225,980</b>	<b>1,798,433</b>

The fees for statutory audits include the statutory audit of the consolidated accounts and services concerning audits to the legal and regulatory standards and rules.

The fees for non-audit services, required by the applicable legislation, include the services under Agreed procedures - Contribution to the Single Resolution Fund, the services within the scope of issuing the reports on the impairment of the individual credit portfolio and SICAM and the Report on the safeguarding of customers' assets.

### 38. Cash contributions to resolution funds and deposit guarantee schemes

The composition of this heading is as follows:

	31-Dec-2022	31-Dec-2021
Contributions to FACAM	45,203	39,850
Contributions to the Single Resolution Fund	2,415,408	594,268
Contributions to the Resolution Fund	1,693,737	736,145
Contributions to the Deposit Guarantee Fund	3,206	428
	<b>4,157,554</b>	<b>1,370,691</b>

### 39. Modification gains or losses, net

The composition of this heading is detailed as follows:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
<u>Modified</u>		
Financial assets at amortised cost	810,568	(8,227)
	<u>810,568</u>	<u>(8,227)</u>

As a result of contractual modifications made to credit contracts, a net amount of 811 thousand euros was determined to be recognised in gains for the year.

### 40. Profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations

The composition of this heading is as follows:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
<u>Gains or losses on non-current assets held for sale</u>		
Realised gains and losses	204,746	78,038
Impairment top-ups and reversals	(135,506)	(226,697)
	<u>69,240</u>	<u>(148,659)</u>

Additionally, see Note 17 – Impairment, with the movement of impairment in 2022.

## 41. Related institutions

In addition to the subsidiaries and related companies (see Note 10), Caixa Central consolidates with the Associated Caixas de Crédito Agrícola Mútuo and with other companies of the CA Group:

### Asset management

Crédito Agrícola Gest - SGOIC S.A.

### Insurance

Crédito Agrícola Seguros - Companhia de Seguros de Ramos Reais, S.A.

Crédito Agrícola Vida – Companhia de Seguros, S.A.

### Venture Capital

CA Capital - Sociedade de Capital de Risco, S.A.

### Other

Crédito Agrícola Serviços - Centro de Serviços Partilhados, ACE

CA Informática – Sistemas de Informação, S.A.

Crédito Agrícola SGPS S.A.

Crédito Agrícola Seguros & Pensões SGPS S.A.

Crédito Agrícola Imóveis, Unipessoal, Lda.

CCCAM Gestão de Investimentos e Consultoria, Unipessoal Lda.

Associação – Fundo de Assistência do Crédito Agrícola Mútuo (FACAM)

Federação Nacional das Caixas de Crédito Agrícolas Mútuo, FCRL (FENACAM)

FEIIA CA Imobiliário

FEIIF ImoValorCA

FII CA Institucionais

The institutions are described below:

- FENACAM - Federação Nacional das Caixas de Crédito Agrícola Mútuo, FCRL, whose corporate object consists of the representation and development of Crédito Agrícola Mútuo, strengthening the spirit of solidarity and cooperation between the associates, as well as the promotion, coordination and conduct of activities of common interest to them, and especially: i) representation of the Caixas Agrícolas and regional unions of their associates before any national, foreign or international institutions in the realisation and defence of the rights and interests of the associates; and ii) promotion of cooperativism within the Group;

- Crédito Agrícola S.G.P.S., S.A. and Crédito Agrícola Seguros e Pensões S.G.P.S., whose object is the management of equity holdings in other CA Group companies;

- The insurers Crédito Agrícola Seguros, S.A. and Crédito Agrícola Vida, S.A., dedicated to insurance activity in all non-life technical segments (except for the air, credit, and surety segments) and in the life segment, respectively;
- Crédito Agrícola Serviços – Serviços Informáticos e de Gestão – ACE, whose object is the provision of information technology, operational, technical and management services in a manner complementing the individual and group activities of its Group members;
- Crédito Agrícola Informática – Serviços de Informática, S.A., essentially dedicated to the provision of information technology services, including consulting on matters of selection of software and hardware, the development and support to the development of applications, data processing, staff training and provision of consulting services in organisation and management, as well as the marketing and management of information technology equipment and products;
- Crédito Agrícola GEST - SGOIC, S.A., whose main activity is the management of collective investment undertakings. It also carries out the activity of discretionary and individualised management of portfolios on behalf of others and consultancy for investments in securities. In 2019, it took up the management of Real Estate Collective Investment Undertaking;
- Crédito Agrícola Imóveis Unipessoal, Lda whose object is the holding, management and administration of real estate properties and the purchase of real estate properties for resale;
- CCCAM Gestão de Investimentos e Consultoria, Unipessoal, Lda. which, in general, provides economic and financial or specialised strategic advisory services, as well as accounting or consulting services for corporate direction or management and the preparation of economic and financial studies;
- CA Capital – Sociedade de Capital de Risco S.A., which, as a venture capital firm, has the core object of carrying out investments in venture capital reflected in the acquisition of equity instruments, both within and outside the Group in companies showing high potential for development;
- The real estate investment fund “FEIIA CA Imobiliário”, whose holding company is Square Asset Management – Sociedade Gestora de Fundos de Investimento Imobiliário S.A., the real estate investment fund "FEIIF Imovalor CA" and the real estate investment fund "FIMF CA Institucionais", managed by Crédito Agrícola GEST;
- Associação – Fundo de Assistência do Crédito Agrícola Mútuo (FACAM) aims to adopt and implement recovery and assistance measures for its Associates experiencing financial difficulties in terms of liquidity or solvency, as well as the other procedures set out in its internal Regulations.

During 2022, as all the risks and charges were transferred to the purchaser (namely credit risk and real estate risk), the Addressa Arrendamento FIIFT fund ceased to be part of the CA Group's consolidation perimeter, as did the Rústicodivinal entity, which was liquidated and dissolved on 28 December 2022.

As at 31 December 2022 and 31 December 2021, Caixa Central's financial statements include the following balances and transactions with related institutions:

	31-Dec-2022			31-Dec-2021		
	Group Companies	Associated Caixas	Total	Group Companies	Associated Caixas	Total
<b>Assets</b>						
Cash, cash balances at central banks and other demand deposits	-	13,067	13,067	-	-	-
Non-trading financial assets mandatorily at fair value through profit or loss	119,768,706	-	119,768,706	153,513,019	-	153,513,019
Financial assets at amortised cost	94,763,250	234,742,241	329,505,492	85,972,629	13,287,316	99,259,945
Investments in subsidiaries, joint ventures and associates	62,500,000	6,484	62,506,484	62,500,000	6,484	62,506,484
Tangible and intangible assets	3,440,733	-	3,440,733	3,633,221	-	3,633,221
Other assets	109,004,191	1,317,619	110,321,811	121,446,590	967,186	122,413,776
	<b>389,476,880</b>	<b>236,079,412</b>	<b>625,556,292</b>	<b>427,065,459</b>	<b>14,260,986</b>	<b>441,326,445</b>
<b>Liabilities:</b>						
Financial liabilities measured at amortised cost	72,354,053	9,914,966,202	9,987,320,255	118,173,830	8,455,391,263	8,573,565,093
Other liabilities	720,986	1,167,598	1,888,584	473,743	12,777,569	13,251,312
	<b>73,075,039</b>	<b>9,916,133,800</b>	<b>9,989,208,839</b>	<b>118,647,573</b>	<b>8,468,168,832</b>	<b>8,586,816,405</b>
<b>Gains:</b>						
Interest income	1,673,641	6,083,551	7,757,192	1,538,576	(7,399,142)	(5,860,566)
Fee and commission income	2,615,937	609,585	3,225,522	2,335,274	519,629	2,854,903
Dividend income	-	-	-	-	-	-
Other operating income	1,508,298	782,350	2,290,648	1,622,116	726,708	2,348,824
	<b>5,797,876</b>	<b>7,475,486</b>	<b>13,273,362</b>	<b>5,495,966</b>	<b>(6,152,805)</b>	<b>(656,839)</b>
<b>Losses:</b>						
Interest expenses	20,874	30,399,338	30,420,212	53,409	35,561,313	35,614,722
Fee and commission expenses	4,518	9,241,796	9,246,314	14,644	8,270,969	8,285,613
Other operating expenses	-	21,995	21,995	-	-	-
Staff expenses	106,083	-	106,083	46,954	-	46,954
Administrative expenses	19,347,717	-	19,347,717	16,515,986	41	16,516,026
	<b>19,479,192</b>	<b>39,663,129</b>	<b>59,142,320</b>	<b>16,630,992</b>	<b>43,832,322</b>	<b>60,463,314</b>
<b>Off-balance sheet:</b>						
Guarantees provided and any other possible liabilities	985,617	5,101,693	6,087,310	1,084,885	5,496,914	6,581,800
Guarantees received	-	5,869,386	5,869,386	-	6,206,282	6,206,282
Commitments to third parties	13,623,933	1,378,213	15,002,147	10,565,457	2,278,457	12,843,914
	<b>14,609,550</b>	<b>12,349,292</b>	<b>26,958,843</b>	<b>11,650,343</b>	<b>13,981,653</b>	<b>25,631,996</b>

The transactions with related institutions are carried out based on the market values on the respective dates.

As at 31 December 2022 and 2021, the amount of loans granted to members of Caixa Central's Governing Bodies and the total remuneration earned by them, who are related parties of Caixa Central, are detailed as follows:

Description	31-Dec-2022		31-Dec-2021	
	Loans granted	Earned income	Loans granted	Earned income
General and Supervisory Board	126,191	724,288	3,728	694,098
Executive Board of Directors	161,348	2,403,106	176,746	2,046,555
Superior Council	-	202,483	-	131,750
<b>Total</b>	<b>287,540</b>	<b>3,329,877</b>	<b>180,474</b>	<b>2,872,403</b>

The benefits attributed to the Governing Bodies (executive and non-executive members) are included in the respective remuneration policy (see the Corporate Governance Report contained in this Annual Report).



## 42. Retirement pensions and healthcare

To determine Caixa Central's liabilities due to past services of active and retired employees/pensioners, actuarial studies were conducted by Companhia de Seguros Crédito Agrícola Vida, S.A.

As at 31 December 2022, the accumulated value recorded under revaluation reserves ("comprehensive income", relative to remeasurement, was negative by 2,832,122, euros (negative by 3,497,414 euros in 2021).

The impact on profit or loss is recognised under the heading of "Staff expenses", which refers to the value of costs related to current service and net interest, jointly with insurance premiums paid by Caixa Central to the employees, of the value of 269,451 euros (in December 2021 the value was 159,854 euros).

The employees' post-employment benefits also include medical care (SAMS), whose liabilities are calculated based on the same assumptions as the liabilities related to supplementary pensions. The present value of liabilities by type of benefit breaks down as follows:

Benefit	31-Dec-2022	31-Dec-2021
Pensions	2,018,543	2,341,960
Pre-retirement benefits	2,179,537	2,075,036
Contributions to SAMS	7,971,007	10,415,274
Total	12,169,087	14,832,270

The actuarial and financial assumptions used in the calculation of the liabilities as at 31 December 2022 and 2021 were as follows:

	31-Dec-2022	31-Dec-2021
<u>Demographic assumptions</u>		
Mortality table	TV – 88/90	TV – 88/90
Disability table	EVK 80	EVK 80
Retirement age	(*)	(*)
Assessment methods	"Projected Unit Credit"	"Projected Unit Credit"
<u>Financial assumptions</u>		
Discount rate:		
- Active workers and Leave with actuarial age < 55 years old	3.55%	1.40%
- Active workers and Leave with actuarial age ≥ 55 years old	3.50%	1.05%
- Pre-retired, retired and pensioners	3.45%	0.85%
Growth rate of wages and other benefits	1.80%	1.20%
Pension growth rate	1.40%	0.80%
Total wage for Social Security purposes	2.30%	1.20%
<u>Wage revaluation rate for Social Security:</u>		
- pursuant to Decree-Law 187/2007 27(2)	2.08%	1.20%
- pursuant to Decree-Law 187/2007 27(1)	2.08%	1.20%

(\*) Pursuant to Decree-Law 167-E/2013

The number of participants of pension plans financed by the pension fund are detailed below:

	31-Dec-2022	31-Dec-2021
Active workers and those on unpaid leave	628	596
Pre-retired	42	35
Former participants	1	1
Retired and pensioners	52	47
<b>Total</b>	<b>723</b>	<b>679</b>

The liabilities related to retirement pensions, healthcare and seniority bonus, as at 31 December 2022 and 2021, as well as their coverage, was detailed as follows:

	31-Dec-2022	31-Dec-2021
Active and former employees	7,954,297	10,364,045
Unpaid leave	234,729	242,752
Pre-retired	2,372,863	2,607,530
Retired and pensioners	1,607,198	1,617,945
<b>Total</b>	<b>12,169,087</b>	<b>14,832,271</b>

In 2022 and 2021, the liabilities related to past services of Caixa Central according to the conducted actuarial studies and the respective assets allocated to their coverage, were detailed as follows:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
Total liabilities for past services (Note 14)	(12,169,087)	(14,832,271)
Equity of the pension fund (Note 14)	12,207,566	14,361,935
(Excess)/(Shortfall) of coverage	38,479	(470,336)
Liability funding level	100.32%	96.83%

Pursuant to Bank of Portugal Notice 12/2001, which establishes the minimum solvency level (with past services of active staff financed at a minimum level of 95%, without prejudice to compliance with the minimum solvency levels determined by the Insurance and Pension Funds Supervisory Authority), the present value of liabilities for past services to be recognised as at 31 December 2022 was 11,759,634 euros (as at 31 December 2021 it was 14,301,930 euros).

Banco de Portugal Notice 4/2005 determines that it is compulsory for pension funds to assure the full financing of pension liabilities under current payment and a minimum level of 95% of liabilities related to past service of current personnel.

Pursuant to Banco de Portugal Circular Letter 106/08/DSBDR of 18 December, from 2008 onwards, the cost of current service and net interest were recorded in the heading of "Staff expenses".

The value of liabilities due to past services evolved as follows during the year:

<b>Liabilities as at 31 December 2020</b>	<b><u>13,533,407</u></b>
Cost of current service:	
Of institution (CCCAM)	153,752
Of the contribution of the participants (employees)	414,650
Net interest	156,543
Remeasurements	
Change of demographic estimates and experience of gains and losses; financial assumptions (discount rate)	846,891
Increased liabilities arising from early retirements	-
Pensions paid by the pension fund	(40,269)
Contributions paid to SAMS	(61,036)
Benefits paid to pre-retired	(171,667)
<b>Liabilities as at 31 December 2021</b>	<b><u>14,832,271</u></b>
Cost of current service:	
Of institution (CCCAM)	182,571
Of the contribution of the participants (employees)	486,808
Net interest	174,853
Remeasurements	
Change of demographic estimates and experience of gains and losses; financial assumptions (discount rate)	(3,548,399)
Increased liabilities arising from early retirements	76,737
Increased liabilities arising from pre-retirement	457,585
Pensions paid by the pension fund	(50,428)
Contributions paid to SAMS	(74,024)
Benefits paid to pre-retired	(368,888)
<b>Liabilities as at 31 December 2022</b>	<b><u>12,169,087</u></b>

The reconciliation of remeasurement recognised in Equity is as follows (See Comprehensive income statement):

<b>Actuarial deviations as at 31 December 2021</b>	<b><u>(3,497,414)</u></b>
Insurance premium payment	(310,957)
Change of demographic estimates and experience of gains and losses; financial assumptions (discount rate)	770,939
Profit-sharing in insurance	205,310
	<b><u>665,292</u></b>
<b>Actuarial deviations as at 31 December 2022</b>	<b><u>(2,832,122)</u></b>

The movement during 2022 relative to the present value of past service liabilities and in the employees' pension fund was as follows:

	Total liabilities for past services	Equity of the Pension Fund	Net assets/(liabilities) related to pensions and other benefits
<b>Amount as at 31 December 2021</b>	<b>(14,832,271)</b>	<b>14,361,935</b>	<b>(470,336)</b>
<b>Recognised through profit or loss (Note 36)</b>			
Cost of current service	(182,571)		(182,571)
Interest cost related to liabilities	(9,636)		(9,636)
Net income from Fund assets			0
Cost of early retirement	(76,737)		(76,737)
Pre-retirement	(457,585)		(457,585)
Payment of ASF supervision fee		(508)	(508)
<b>Recognised in equity (Note 22)</b>			
Change of demographic estimates and experience gains and losses; financial assumptions (discount rate)		770,939	770,939
Benefits paid to pre-retired			
Insurance premiums paid		(310,957)	(310,957)
Profit-sharing in insurance		205,310	205,310
<b>Other</b>			
Contributions made to the Fund by Caixa Central		570,560	570,560
Contributions made to the Fund by the employees	(486,808)	486,808	-
Interest costs	(165,218)		(165,218)
Amount of participant transfers		18,504	18,504
Retirement and survivor's pensions paid	50,428	(50,428)	-
Contributions paid by the Pension Fund to SAMS	74,024	(74,024)	-
Benefits paid to pre-retired	368,888	(368,888)	-
Change of assumptions	3,548,399	(3,401,686)	146,714
<b>Amount as at 31 December 2022</b>	<b>(12,169,087)</b>	<b>12,207,566</b>	<b>38,479</b>

The value of the expected payment of benefits by maturity period for the entire fund is as follows:

	Amounts in euros
<b>Analysis of maturity of the expected benefits</b>	
Benefits payment expected within the next 12 months	5,960,767
Benefits payment expected over a period of 1 to 3 year:	11,016,964
Benefits payment expected over a period of 3 to 5 year:	9,949,524
Benefits payment expected over a period above 5 year:	173,050,494
	<u>199,977,749</u>

The estimated contributions to be made in 2023 depend on the amount of liabilities that will be calculated at the end of that year.

For effects of the expected contribution for 2023, the normal cost of the plan is calculated based on the method used in actuarial valuation (Projected Unit Credit). On this basis, the value of the expected contribution for Caixa Central in 2023 is approximately 533,400 euros.

This value does not take into consideration any estimated possible actuarial deviations arising either from differences between the assumptions undertaken and the real values (for example in terms of yield of the fund) or change of assumptions.

The average duration of the liabilities related to pensions, considering the created population groups, was as follows (in years):

	2022	2021
Average duration of the liabilities:		
Active workers and those on unpaid leave aged < 55 years old	23.2	26.4
Active workers and those on unpaid leave aged ≥ 55 years old	13.9	16.6
Pre-retired, Retired and Pensioners	9.1	10.8

The movement in the Pension Fund (assets of the plan) during 2022 and 2021 was as follows:

<b>Balance as at 31 December 2020</b>	<b><u>13,088,018</u></b>
Contributions of Caixa Central	1,384,885
Contributions of the employees	414,650
Insurance capital received	1
Net income from Fund assets	(188,919)
Insurance premiums paid	(195,395)
Profit-sharing in insurance	121,337
Retirement and survivor's pensions paid	(40,269)
Contributions paid by the pension fund to SAMS	(61,036)
Payment of ASF supervision fee	(864)
Benefits paid to pre-retired	(171,667)
Amount of participant transfers	11,196
<b>Balance as at 31 December 2021</b>	<b><u>14,361,935</u></b>
Contributions of Caixa Central	570,560
Contributions of the employees	486,808
Insurance capital received	-
Net income from Fund assets	(2,630,746)
Insurance premiums paid	(310,957)
Profit-sharing in insurance	205,310
Retirement and survivor's pensions paid	(50,428)
Contributions paid by the pension fund to SAMS	(74,024)
Payment of ASF supervision fee	(508)
Benefits paid to pre-retired	(368,888)
Amount of participant transfers	18,504
<b>Balance as at 31 December 2022</b>	<b><u>12,207,566</u></b>

a) As at 31 December 2022 and 2021, the assets incorporated in the Crédito Agrícola Pension Fund, valued at fair value, are composed of:

	2022		2021		Listed / Unlisted
	amount	%	amount	%	
Public debt	59,968,063	52%	64,986,478	48%	Listed
Corporate bonds	28,276,907	25%	31,779,370	24%	Unlisted
Other investment assets	18,639,727	16%	28,437,841	21%	Listed
Shares	6,108,287	5%	8,333,378	6%	Listed
Assets related to real estate investments	1,413,483	1%	1,352,653	1%	Unlisted
Total assets of the CAM Pension Plan	114,406,467	100%	134,889,720	100%	

b) According to the actuarial report of the Crédito Agrícola Mútuo Pension Fund, the yield of the asset portfolio in 2022 and 2021 was:

Asset Classes	Profitability	
	2022	2021
Public debt bonds	-28.50%	-6.74%
Corporate bonds	-10.10%	0.28%
Shares	-13.60%	26.33%
Absolute-return investments	-6.60%	3.42%
Assets related to real estate investment	4.50%	4.42%

The effective income of the Crédito Agrícola Pension Fund can be broken down into the heading of “share of net interest” and the respective actuarial deviation. Therefore, the fund's effective income is -2,630,746 euros, the share of net interest amounts to 165,218 euros, with the difference being used in the determination of the remeasurement (actuarial deviations).

c) Risks associated with the benefits of the plan:

The plan guarantees pensions for old age, disability, early retirement, pre-retirement and survivors, as defined in the collective labour agreement for Crédito Agrícola Mútuo institutions. The payment of pension refers to a supplementary scheme beyond the pensions paid by Social Security. The plan also foresees the payment of contributions for medical and social support after retirement.

Hence, the risks associated with the benefits of the plan are as follows:

- Risk of dependency on the benefits provided by the public Social Security schemes.
- Risk of mortality during the period of formation of the benefit and risk of longevity during the retirement period.
- Risk of disability of the participants. Currently, this risk is mitigated as the pension fund has taken out risk insurance to cover the increased liabilities related to the death and disability of active participants.
- Risk relative to early retirement.

- d) Furthermore, the Crédito Agrícola Group is committed to the payment of seniority bonuses to its employees. As at 31 December 2022 and 2021, Caixa Central's liabilities are as follows:

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
Seniority bonus:		
Active and former employees	3,141,038	3,524,620
Unpaid leave	81,377	58,930
Total liabilities related to seniority bonus	<u>3,222,415</u>	<u>3,583,551</u>

The reconciliation of seniority bonus movements is as follows:

	<u>31-Dec-2021</u>	<u>Increases</u>	<u>Reversals</u>	<u>Uses</u>	<u>31-Dec-2022</u>
Seniority bonus	3,583,551	74,376	-	(435,512)	3,222,415

- e) Presentation of sensitivity analyses on each significant actuarial assumption:

	<u>Amount of the liabilities</u>	<u>Variation relative to Central Scenario</u>
<small>Amounts in euros</small>		
<b>DISCOUNT RATE</b>		
Increase by 25 basis points	11,691,151	-477,935
Decrease by 25 basis points	12,621,654	452,568
<b>PENSION GROWTH RATE</b>	12,432,126	263,041
Increase by 25 basis points	11,864,511	-304,575
Decrease by 25 basis points		
<b>MORTALITY TABLE</b>		
Adjustment of -1 year	12,479,454	310,368
<b>GROWTH RATE OF WAGES</b>		
Increase by 25 basis points	12,402,415	233,329
Decrease by 25 basis points	11,952,398	-216,688

The scenario of adjustment of the mortality table consisted in considering an age for the covered population of 1 year less than the actual age of the participants and beneficiaries.

For the scenario of the wage growth rate, sensitivity analysis was conducted on the assumption of growth of the wage tables of the Collective Labour Agreement as well as on the wage subject to Social Security contributions.



## 43. Disclosure relative to financial instruments

### 43.1 Financial Risks

As a result of its activity, Caixa Central is exposed to risks arising from the financial assets and liabilities held in its portfolios. The main risks refer to market risks, foreign exchange risk, interest rate risks, credit risk and liquidity risk.

#### Market Risk

Market risk represents any potential losses derived from an adverse change in the market value of a financial instrument because of variations in interest rates, exchange rates, share prices, commodity prices, credit spreads or other equivalent variables.

The market risk management rules established by Caixa Central for each portfolio include limits of market risk regarding exposure to credit and liquidity risk, required yield, types of authorised instruments and permissible maximum loss levels.

To mitigate the risks associated with an assessment of the risks incurred, a policy has been implemented of separation of duties between the execution of market transactions and the control of the risk incurred at any time during this execution.

Any hedge operations can be proposed by the portfolio managers or those responsible for risk control, considering the risk limits and authorised instruments.

Sensitivity analysis carried out considering a shock in the market yield as at 31 December 2022:

	Balance Sheet Yield <sup>1)</sup>	Market Yield <sup>1)</sup>
<b>Securities Portfolio</b>	<b>1.09%</b>	<b>3.45%</b>

<sup>1)</sup> Yield weighted by the volume and residual period.

Geographic distribution	Book Value	Market Value:	Latent capital gains	Req. Minimum FP	Balance Sheet Yield <sup>1)</sup>	Market Yield <sup>1)</sup>	Solvency impact <sup>2)</sup>	Considering a shock in yield <sup>3)</sup>	
								Capital gains impact	Solvency impact <sup>2)</sup>
<b>Dynamic Coverage</b>	<b>102,672,387</b>	<b>83,688,385</b>	<b>-18,984,001</b>	<b>2,406,272</b>	<b>0.71%</b>	<b>4.56%</b>	<b>-21,390,273</b>	<b>-879,160</b>	<b>-879,160</b>
<b>PORTUGAL</b>	<b>39,982,462</b>	<b>34,355,722</b>	<b>-5,626,740</b>	<b>1,994,395</b>	<b>0.95%</b>	<b>5.94%</b>	<b>-7,621,135</b>	<b>-240,605</b>	<b>-240,605</b>
PUBLIC DEBT	15,052,528	14,067,772	-984,756	0	0.88%	4.88%	-984,756	-58,660	-58,660
CI	24,929,934	20,287,950	-4,641,984	1,994,395	1.00%	6.53%	-6,636,379	-181,945	-181,945
<b>SPAIN</b>	<b>49,411,469</b>	<b>38,746,500</b>	<b>-10,664,969</b>	<b>0</b>	<b>0.64%</b>	<b>3.52%</b>	<b>-10,664,969</b>	<b>-638,555</b>	<b>-638,555</b>
PUBLIC DEBT	49,411,469	38,746,500	-10,664,969	0	0.64%	3.52%	-10,664,969	-638,555	-638,555
<b>OTHER</b>	<b>13,278,456</b>	<b>10,586,163</b>	<b>-2,692,292</b>	<b>411,877</b>	<b>0.25%</b>	<b>4.46%</b>	<b>-3,104,169</b>	<b>0</b>	<b>0</b>
PUBLIC DEBT	4,969,212	4,148,000	-821,212	79,507	0.12%	3.61%	-900,719	0	0
CI	8,309,244	6,438,163	-1,871,081	332,370	0.33%	4.96%	-2,203,450	0	0
<b>Base Coverage</b>	<b>8,403,222,682</b>	<b>6,921,044,766</b>	<b>-1,482,177,916</b>	<b>24,160,470</b>	<b>1.15%</b>	<b>3.47%</b>	<b>0</b>	<b>-99,295,283</b>	<b>0</b>
<b>PORTUGAL</b>	<b>1,885,828,130</b>	<b>1,682,939,347</b>	<b>-202,888,783</b>	<b>857,104</b>	<b>1.37%</b>	<b>2.96%</b>	<b>0</b>	<b>-21,264,059</b>	<b>0</b>
PUBLIC DEBT	1,871,418,340	1,670,433,947	-200,984,393	0	1.36%	2.91%	0	-21,175,433	0
CI	12,390,693	10,655,780	-1,734,913	695,576	4.04%	9.24%	0	-76,113	0
CORPORATE	2,019,097	1,849,620	-169,477	161,528	0.95%	3.99%	0	-12,513	0
<b>SPAIN</b>	<b>4,033,480,758</b>	<b>3,173,916,680</b>	<b>-859,564,078</b>	<b>3,152,032</b>	<b>0.80%</b>	<b>3.47%</b>	<b>0</b>	<b>-54,170,967</b>	<b>0</b>
PUBLIC DEBT	3,955,379,949	3,096,938,300	-858,441,649	0	0.79%	3.50%	0	-51,639,803	0
CI	78,100,809	76,978,380	-1,122,429	3,152,032	1.28%	2.05%	0	-2,531,164	0
<b>ITALY</b>	<b>952,500,824</b>	<b>771,042,386</b>	<b>-181,458,438</b>	<b>420,320</b>	<b>1.38%</b>	<b>4.31%</b>	<b>0</b>	<b>-23,860,258</b>	<b>0</b>
PUBLIC DEBT	939,708,446	759,293,850	-180,414,596	0	1.36%	4.30%	0	-23,687,425	0
CI	12,792,378	11,748,536	-1,043,842	420,320	2.83%	4.85%	0	-172,832	0
<b>OTHER</b>	<b>1,531,412,971</b>	<b>1,293,146,353</b>	<b>-238,266,618</b>	<b>19,731,013</b>	<b>1.63%</b>	<b>3.58%</b>	<b>0</b>	<b>0</b>	<b>0</b>
PUBLIC DEBT	1,050,000,000	824,852,750	-225,147,250	0	0.75%	3.27%	0	0	0
CI	471,554,582	459,319,593	-12,234,989	19,336,678	3.54%	4.25%	0	0	0
CORPORATE	9,858,389	8,974,010	-884,379	394,336	1.24%	4.51%	0	0	0
<b>TLTRO II Coverage</b>	<b>335,362,024</b>	<b>325,426,365</b>	<b>-9,935,659</b>	<b>0</b>	<b>-0.16%</b>	<b>2.68%</b>	<b>0</b>	<b>-641,595</b>	<b>0</b>
<b>SPAIN</b>	<b>335,362,024</b>	<b>325,426,365</b>	<b>-9,935,659</b>	<b>0</b>	<b>-0.16%</b>	<b>2.68%</b>	<b>0</b>	<b>-641,595</b>	<b>0</b>
PUBLIC DEBT	335,362,024	325,426,365	-9,935,659	0	-0.16%	2.68%	0	-641,595	0
<b>Total</b>	<b>8,841,257,093</b>	<b>7,330,159,516</b>	<b>-1,511,097,577</b>	<b>26,566,741</b>	<b>1.09%</b>	<b>3.45%</b>	<b>-21,390,273</b>	<b>-100,816,038</b>	<b>-879,160</b>

Note: The book value includes the Financial assets at FVTOCI (Note 7), with no capital gains, and debt securities, with no interest, at amortised cost (Note 7) except for securities with ISIN PTBPCDOM0003, PTCINIOM0003 and PTJLLKOM0009 of the value of 34 million euros.

## Foreign Exchange Risk

Foreign exchange risk arises in connection with changes in exchange rates for currencies whenever there is an open position in one of them.

Control and assessment of foreign exchange risk are carried out daily, individually for each branch and in consolidated terms. Amounts and compliance with limits in terms of total position are calculated.

At Caixa Central, foreign exchange risk management is the responsibility of the Financial Department, within the limits approved by the Executive Board Directors.

Caixa Central has low exposure to this type of risk. Effectively, the profile defined for foreign exchange risk is very conservative and embodied in the coverage policy followed.

## Interest Rate Risk

Caixa Central incurs interest risk whenever, during the course of its activity, it contracts operations with future financial flows whose present value is sensitive to interest rate variations.

The overall interest rate risk incurred derives from various factors, namely:

- different periods regarding maturity or review of the rates of assets, liabilities, and off-balance sheet items (repricing risk);
- alterations of the slope of the interest rate curve (curve risk).
- asymmetric variations of the different market curves which affect the different balance sheet and off-balance sheet values (base risk); and
- existence of explicit or implicit options in many banking products (option risk).

In order to strengthen its internal mechanisms for risk management, in particular interest rate risk, Caixa Central designed various strategies to mitigate the exposure to this risk, namely by contracting derivative instruments aimed at reconfiguring its profile of exposure to interest rate risk.

The interest rate risk management policy is defined and monitored by the Assets, Liabilities and Capital Committee (ALCCO).

Caixa Central conducts monthly assessments of its exposure to this type of risk, using a methodology based on grouping various assets and liabilities sensitive to interest rate changes at intervals of time in line with their rate review dates. For each interval, the assets and liabilities cash flows are calculated by ascertaining the corresponding gap sensitive to interest rate risk. The impact of the mentioned gaps on the evolution of the net interest income and on the institution's economic value is then assessed in various interest rate evolution scenarios.

The interest rate risk management organisational model at Caixa Central is based on the following core principles:

1. Direct involvement of the senior management in the interest rate risk management process, via direct involvement of the Executive Board of Directors or, indirectly, through the participation of the members of the Executive Board of Directors in ALCO.
2. The separation of the functions of operational management of interest rate risk, on the one hand, and the functions of control and supervision of this same risk, on the other hand, so as to ensure efficiency of management, transparency and an appropriate and independent control of the risk.
3. The independent validation of the interest rate risk management approach, namely:
  - a. Of the interest rate risk monitoring process.
  - b. Of the methodology and assumptions for risk capture; and
  - c. Of the data aggregation process.

The risk/yield relationship is defined within limits and monitored every month by ALCCO in terms of the exposure of net interest income and the economic impact of adverse interest rate changes.

The variable interest rates associated with the loans granted to customers are mainly indexed to the Euribor.

Regarding the "interest rate benchmark reform" (IBOR Reform), as the financial instruments held by Caixa Central are primarily exposed to the Euribor, which was restructured in 2019 to be equivalent to a risk-free interest rate and is not expected to be replaced in the following years, there are no impacts to be considered in the measurement and classification of financial instruments.

As at 31 December 2022 and 2021, the exposure to interest rate risk can be summarised as follows (values in thousand euros):

	31-12-2022			in thousand euros		
	Fixed rate	Variable rate	Items without maturity	Sub-total	Not subject to interest rate risk	Total
<b>Assets</b>						
Cash, cash balances at central banks and other demand deposits	1,000,000	-	182,656	1,182,656	46,334	1,228,990
Financial assets held for trading	50,042	5,707	-	55,749	-	55,749
Non-trading financial assets mandatorily at fair value through profit or loss	-	-	-	-	145,240	145,240
Financial assets at fair value through other comprehensive income	63,670	20,433	-	84,103	-	84,103
Financial assets at amortised cost	8,753,294	1,617,067	61,144	10,431,505	-	10,431,505
Derivatives - Hedge accounting	-	4,473,897	-	4,473,897	-	4,473,897
	<u>9,867,006</u>	<u>6,117,104</u>	<u>243,800</u>	<u>16,227,909</u>	<u>191,574</u>	<u>16,419,483</u>
<b>Liabilities</b>						
Financial liabilities held for trading	-	5,216	-	5,216	-	5,216
Financial liabilities measured at amortised cost	10,135,627	28,915	906,711	11,071,253	-	11,071,253
Derivatives - Hedge accounting	-	4,653,161	-	4,653,161	-	4,653,161
	<u>10,135,627</u>	<u>4,687,292</u>	<u>906,711</u>	<u>15,729,630</u>	<u>-</u>	<u>15,729,630</u>
Net exposure	<u>(268,621)</u>	<u>1,429,812</u>	<u>(662,911)</u>	<u>498,279</u>	<u>191,574</u>	<u>689,853</u>

	31-12-2021			in thousand euros		
	Fixed rate	Variable rate	Sub-total	Not subject to interest rate risk	Total	
<b>Assets</b>						
Cash, cash balances at central banks and other demand deposits	3,719,172	-	3,719,172	134,668	3,853,840	
Financial assets held for trading	-	-	-	713	713	
Non-trading financial assets mandatorily at fair value through profit or loss	-	-	-	178,699	178,699	
Financial assets at FVTOCI	45,242	43,105	88,347	9,661	98,008	
Financial assets at amortised cost	7,406,908	1,365,338	8,772,246	406,066	9,178,312	
Derivatives - Hedge accounting	100,793	213,252	314,045	-	314,045	
	<u>11,272,115</u>	<u>1,621,695</u>	<u>12,893,810</u>	<u>729,807</u>	<u>13,623,617</u>	
<b>Liabilities</b>						
Financial liabilities held for trading	-	-	-	4,727	4,727	
Financial liabilities measured at amortised cost	12,893,371	199	12,893,570	270,516	13,164,086	
Derivatives - Hedge accounting	391,528	728,625	1,120,153	-	1,120,153	
	<u>13,284,899</u>	<u>728,823</u>	<u>14,013,722</u>	<u>275,243</u>	<u>14,288,965</u>	
Net exposure	<u>(2,012,784)</u>	<u>892,871</u>	<u>(1,119,913)</u>	<u>454,564</u>	<u>(665,348)</u>	

As at 31 December 2022 and 2021, the distribution of the financial instruments with exposure to interest rate risk according to the interest rate refixing date is presented in the following table (values in thousand euros):

	31-12-2022						in thousand euros
	Repricing Dates						Total
	On demand	Up to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Not subject to interest rate risk	
<b>Assets</b>							
Cash, cash balances at central banks and other demand deposits	1,078,382	104,274	-	-	-	46,334	1,228,990
Financial assets held for trading	-	50,042	-	1,953	3,754	-	55,749
Non-trading financial assets mandatorily at fair value through profit or loss	-	-	-	-	-	145,240	145,240
Financial assets at fair value through other comprehensive income	-	-	-	26,797	57,306	-	84,103
Financial assets at amortised cost	3,331	908,233	1,428,790	2,520,038	6,749,088	-	11,609,480
Derivatives - Hedge accounting	-	1,536,179	2,841,526	73,904	22,288	-	4,473,897
	<b>1,081,713</b>	<b>2,598,728</b>	<b>4,270,316</b>	<b>2,622,693</b>	<b>6,832,436</b>	<b>191,574</b>	<b>17,597,459</b>
<b>Liabilities</b>							
Financial liabilities held for trading	-	-	-	852	4,363	-	5,216
Financial liabilities measured at amortised cost	2,612,962	1,930,287	3,473,844	1,411,213	1,768,176	-	11,196,482
Derivatives - Hedge accounting	-	29,011	93,212	1,003,715	3,527,223	-	4,653,161
	<b>2,612,962</b>	<b>1,959,298</b>	<b>3,567,055</b>	<b>2,415,781</b>	<b>5,299,763</b>	<b>-</b>	<b>15,854,858</b>
Net exposure	<b>(1,531,250)</b>	<b>639,430</b>	<b>703,261</b>	<b>206,912</b>	<b>1,532,674</b>	<b>191,574</b>	<b>1,742,601</b>
<b>31-12-2021</b>							
Repricing Dates							in thousand euros
	On demand	Up to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Not subject to interest rate risk	Total
<b>Assets</b>							
Cash, cash balances at central banks and other demand deposits	3,719,172	-	-	-	-	134,668	3,853,840
Financial assets held for trading	-	-	-	-	-	713	713
Non-trading financial assets mandatorily at fair value through profit or loss	-	-	-	-	-	178,699	178,699
Financial assets at FVOCI	-	19,321	17,367	13,242	38,417	9,661	98,008
Financial assets at amortised cost	8,881	862,008	956,554	1,504,743	5,440,060	406,066	9,178,312
Derivatives - Hedge accounting	-	-	-	-	98,007	-	98,007
	<b>3,728,053</b>	<b>881,329</b>	<b>973,921</b>	<b>1,517,985</b>	<b>5,576,484</b>	<b>729,807</b>	<b>13,407,579</b>
<b>Liabilities</b>							
Financial liabilities measured at amortised cost	2,254,530	1,208,419	5,181,641	4,197,722	306,687	15,086	13,164,086
Derivatives - Hedge accounting	-	-	-	-	126,448	-	126,448
	<b>2,254,530</b>	<b>1,208,419</b>	<b>5,181,641</b>	<b>4,197,722</b>	<b>433,135</b>	<b>15,086</b>	<b>13,290,534</b>
Net exposure	<b>1,473,523</b>	<b>(327,090)</b>	<b>(4,207,720)</b>	<b>(2,679,737)</b>	<b>5,143,349</b>	<b>714,721</b>	<b>117,046</b>

Considering the values presented above, there is relevant exposure to interest rate risk, both in terms of net interest income and the economic value of the capital. This risk measures the impact of a variation of interest rates, positive or negative, on these indicators according to net exposure in the different time intervals.

The table below presents the analysis of the sensitivity of the economic value, involving both assets and liabilities, to interest rate risk to which Caixa Central is exposed as at 31 December 2022 and 2021. This analysis was based on a simulation involving assets and liabilities sensitive to a 200 basis point variation in the reference rate (values in thousand euros):

	31-12-2022						in thousand euros
	-200 bp	-100 bp	-50 bp	+50 bp	+100 bp	+200 bp	
<b>Assets</b>							
Cash, cash balances at central banks and other demand deposits	337	168	84	(84)	(168)	(336)	
Financial assets held for trading	-	-	-	-	-	-	
Non-trading financial assets mandatorily at fair value through profit or loss	-	-	-	-	-	-	
Financial assets at fair value through other comprehensive income	11,015	5,278	2,585	(2,481)	(4,863)	(9,349)	
Financial assets at amortised cost	1,183,062	558,608	271,002	(257,762)	(504,700)	(963,291)	
Derivatives - Hedge accounting	(636,688)	(297,966)	(144,263)	135,494	262,837	495,301	
	<b>557,726</b>	<b>266,088</b>	<b>129,408</b>	<b>(124,833)</b>	<b>(246,894)</b>	<b>(477,675)</b>	
<b>Liabilities</b>							
Financial assets held for trading	-	-	-	-	-	-	
Financial liabilities measured at amortised cost	(375,743)	(140,793)	(29,872)	(1,780)	70,686	208,717	
Derivatives - Hedge accounting	(9,923)	(4,816)	(2,372)	2,303	4,537	8,809	
	<b>(385,666)</b>	<b>(145,609)</b>	<b>(32,244)</b>	<b>523</b>	<b>75,223</b>	<b>217,526</b>	
Net exposure	<b>943,392</b>	<b>411,697</b>	<b>161,652</b>	<b>(125,356)</b>	<b>(322,117)</b>	<b>(695,201)</b>	

	31-12-2021				in thousand euros	
	-200 bp	-100 bp	-50 bp	+50 bp	+100 bp	+200 bp
<b>Assets</b>						
Cash, cash balances at central banks and other demand deposits	207	103	51	(51)	(102)	(203)
Financial assets held for trading	-	-	-	-	-	-
Non-trading financial assets mandatorily at fair value through profit or loss	-	-	-	-	-	-
Financial assets at FVTOCI	7,216	3,487	1,714	(1,658)	(3,240)	(6,249)
Financial assets at amortised cost	1,543,241	718,500	344,515	(317,316)	(613,380)	(1,156,116)
Derivatives - Hedge accounting	(947,553)	(440,082)	(212,289)	197,983	382,755	716,590
	<u>603,111</u>	<u>282,007</u>	<u>133,992</u>	<u>(121,042)</u>	<u>(233,967)</u>	<u>(445,979)</u>
<b>Liabilities</b>						
Financial liabilities measured at amortised cost	<u>278,900</u>	<u>136,677</u>	<u>67,669</u>	<u>(66,373)</u>	<u>(131,494)</u>	<u>(258,134)</u>
	<u>278,900</u>	<u>136,677</u>	<u>67,669</u>	<u>(66,373)</u>	<u>(131,494)</u>	<u>(258,134)</u>
Net exposure	<u>324,211</u>	<u>145,330</u>	<u>66,323</u>	<u>(54,669)</u>	<u>(102,473)</u>	<u>(187,845)</u>

## Liquidity risk

Liquidity risk is associated with Caixa Central's inability to meet its contractual and contingent liabilities, and with Caixa Central's potential inability to finance its assets.

The liquidity management policy is defined and monitored daily by the Financial Department.

To assess the overall exposure to this type of risk in the short, medium, and long-term, reports are prepared which not only enable identifying negative mismatches but assessment of their dynamic coverage. The Group and Caixa Central also monitor the liquidity ratios from a prudential perspective, calculated according to the rules required by Banco de Portugal.

On matters of liquidity, Crédito Agrícola Group pursues a conservative policy reflected in a loan-to-deposit ratio in each of its areas which is clearly below the average ratio in the national banking system.

Surplus funds from Crédito Agrícola Group are channelled to Caixa Central, where they are centrally invested in assets of high credit and liquidity quality, namely public debt bonds of eurozone countries and investments in bonds issued by renowned companies and credit institutions, both domestic and international.

The Crédito Agrícola Group has a solid position in the retail market, distributed evenly over the entire country, reflected in its network of 618 branches and a funding base that is dispersed, stable and with a high degree of permanence.

From the perspective of prevention and management of liquidity risk contingency, the following points are especially considered and monitored:

- Control and containment of any possible concentration of commercial funds which, if this were to develop, could lead to a more permeable portfolio, thus reducing its stability and permanence. Regular simulations are carried out to assess impact, using conservative hypotheses regarding the stability of retail funds and without considering tenders of additional sources of funding.
- Albeit without depending on these supplementary sources of funding, in view of the structural treasury position of the Crédito Agrícola Group, maintenance of financing lines with domestic and international credit institutions, which are regularly tested.

- Regular launch of liability products to enable maintaining the standards of permanence of the projected funds; and
- Maintenance of a cushion of assets with immediate liquidity to cope with any unexpected increased cash outflow.

As at 31 December 2022 and 2021, the contractual residual periods of the financial instruments according to the inherent undiscounted cash flows (nominal value and undiscounted interest), are as follows (values in thousand euros):

	31-12-2022							in thousand euros	
	Contractual residual periods							Undetermined	Total
	On demand	Up to 3 months	3 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years			
<b>Assets</b>									
Cash, cash balances at central banks and other demand deposits	1,228,990	-	-	-	-	-	-	1,228,990	
Financial assets held for trading	-	50,042	-	813	1,140	3,754	-	55,749	
Non-trading financial assets mandatorily at fair value through profit or loss*	-	-	-	-	-	-	145,240	145,240	
Financial assets at fair value through other comprehensive income	-	-	490	979	15,979	74,601	-	92,049	
Financial assets at amortised cost	506	241,177	738,372	1,590,565	1,665,685	7,680,094	-	11,916,400	
Hedge derivatives	-	5,812	93,540	273,388	214,579	616,453	-	1,203,772	
Shareholders' loans	-	-	99,495	-	-	-	-	99,495	
	<b>1,229,496</b>	<b>297,032</b>	<b>931,896</b>	<b>1,865,746</b>	<b>1,897,383</b>	<b>8,374,902</b>	<b>145,240</b>	<b>14,741,695</b>	
<b>Liabilities</b>									
Financial liabilities held for trading	-	-	-	720	132	4,363	-	5,216	
Financial liabilities measured at amortised cost	2,612,962	1,930,265	3,455,239	914,472	515,519	1,769,467	-	11,197,924	
Hedge derivatives	-	4,255	29,829	64,074	50,400	86,054	-	234,612	
	<b>2,612,962</b>	<b>1,934,520</b>	<b>3,485,067</b>	<b>979,266</b>	<b>566,051</b>	<b>1,859,885</b>	-	<b>11,437,751</b>	
Net exposure	<b>(1,383,466)</b>	<b>(1,637,488)</b>	<b>(2,553,171)</b>	<b>886,479</b>	<b>1,331,333</b>	<b>6,515,017</b>	<b>145,240</b>	<b>3,303,944</b>	

\* Indeterminate as this category only includes equity securities.

	31-12-2021							in thousand euros	
	Contractual residual periods							Undetermined	Total
	On demand	Up to 3 months	3 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years			
<b>Assets</b>									
Cash, cash balances at central banks and other demand deposits	3,719,172	-	-	-	-	-	-	3,719,172	
Financial assets held for trading	713	-	-	-	-	-	-	713	
Non-trading financial assets mandatorily at fair value through profit or loss*	-	-	-	-	-	-	178,699	178,699	
Financial assets at FVTOCI	-	10,000	26,688	13,242	-	38,417	-	88,347	
Financial assets at amortised cost	48,270	100,749	462,600	1,162,513	902,024	6,096,089	-	8,772,246	
Hedge derivatives	867	6,071	51,426	199,862	1,293,905	8,059,979	-	9,612,110	
Shareholders' loans	-	-	112,000	-	-	-	-	112,000	
	<b>3,769,022</b>	<b>116,820</b>	<b>652,714</b>	<b>1,375,617</b>	<b>2,195,929</b>	<b>14,194,485</b>	<b>178,699</b>	<b>22,371,287</b>	
<b>Liabilities</b>									
Financial liabilities measured at amortised cost	2,967,208	495,721	5,181,662	3,761,677	436,045	306,687	-	13,149,000	
Hedge derivatives	-	7,180	87,256	194,633	1,249,620	7,972,395	-	9,511,084	
	<b>2,967,208</b>	<b>502,901</b>	<b>5,268,918</b>	<b>3,956,311</b>	<b>1,685,665</b>	<b>8,279,082</b>	-	<b>22,660,084</b>	
Net exposure	<b>801,814</b>	<b>(386,081)</b>	<b>(4,616,204)</b>	<b>(2,580,693)</b>	<b>510,264</b>	<b>5,915,403</b>	<b>178,699</b>	<b>(288,798)</b>	

\* Indeterminate as this category only includes equity securities.

As at 31 December 2022, the potential cash flows associated with loan commitments are as follows (values in thousand euros):

	2023	2024	2025	Total
<u>Assets</u>				
Total financial assets at amortised cost:				
Debt securities (commercial paper)	2,543	-	-	2,543
Loans and advances	49,272	47,229	38,957	135,458
	<u>51,815</u>	<u>47,229</u>	<u>38,957</u>	<u>138,000</u>

Liabilities

Financial liabilities at amortised cost:				
Deposits	559	138	115	813
	<u>559</u>	<u>138</u>	<u>115</u>	<u>813</u>

### Credit Risk

The activities developed concerning risk and capital management seek to endow Caixa Central and the Crédito Agrícola Group with capacity for credit risk management in line with best market practices, through a series of initiatives which include strong coordination with technological aspects and require the development of specific in-house skills, and also ensure the necessary framework for the demanding regulatory challenges currently being experienced.

Credit risk is associated with the risk of loss arising from the inability of customers, debtors or other counterparties to meet their contractual obligations to fully pay, on the due date, the value of principal, interest, collateral and other amounts receivable.

In 2022 and 2021, the inter-stage transfer related to financial assets at amortised cost is presented as follows:

	Financial assets at amortised cost				Impairment			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	(thousand euros)							
<b>Balance as at 31-12-2021</b>	9,180,354	189,657	82,306	9,452,317	11,024	8,600	33,102	52,726
Transfers:				0				0
Stage 1 to 2	(97,655)	84,650	0	(13,005)	(538)	1,203	0	665
Stage 1 to 3	(21,334)	0	19,464	(1,870)	(45)	0	4,129	4,084
Stage 2 to 1	72,368	(82,795)	0	(10,427)	2,937	(2,317)	0	620
Stage 2 to 3	0	(10,744)	7,959	(2,785)	0	(905)	1,811	905
Stage 3 to 2	0	12,467	(14,578)	(2,111)	0	2,417	(6,039)	(3,622)
Stage 3 to 1	5,287	0	(7,353)	(2,066)	124	0	(987)	(862)
Annulments/credit sales	0	(1)	(1,416)	(1,417)	0	(0)	(1,589)	(1,589)
Net origination of amortisations	1,955,395	16,695	587	1,972,678	1,738	284	222	2,244
<b>Balance as at 31-12-2022</b>	<b>10,553,317</b>	<b>178,050</b>	<b>79,457</b>	<b>10,810,824</b>	<b>14,729</b>	<b>10,178</b>	<b>34,539</b>	<b>59,446</b>

	Financial assets at amortised cost				Impairment			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	(thousand euros)							
<b>Balance as at 31-12-2020</b>	7,756,144	262,232	117,820	8,136,196	13,321	6,253	54,246	73,820
Transfers:								
Stage 1 to 2	(44,463)	38,341	-	(6,122)	(323)	1,838	-	1,516
Stage 1 to 3	(5,153)	-	2,018	(3,136)	(80)	-	394	314
Stage 2 to 1	104,952	(113,632)	-	(8,679)	2,260	(1,955)	-	305
Stage 2 to 3	-	(6,378)	5,673	(705)	-	(351)	966	616
Stage 3 to 2	-	10,417	(11,233)	(816)	-	1,235	(2,378)	(1,143)
Stage 3 to 1	1,039	-	(1,328)	(289)	4	-	(309)	(306)
Annulments/credit sales	-	(11,004)	(4,007)	(15,012)	-	(10,974)	(2,790)	(13,764)
Net origination of amortisations	2,099,181	10,971	4,120	2,114,272	965	244	266	1,475
<b>Balance as at 31-12-2021</b>	<b>9,180,354</b>	<b>189,657</b>	<b>82,306</b>	<b>9,452,317</b>	<b>11,024</b>	<b>8,600</b>	<b>33,102</b>	<b>52,726</b>



Credit quality for cash balances at credit institutions – “Cash, cash balances at central banks and other demand deposits - Other demand deposits” (Note 4) and “Loans and advances - Funds” without impairment (Note 8).

The table below shows the breakdown of the balance sheet value of investments in credit institutions, with reference to 31 December 2022 and 2021, considering aggregated risk classes (low, medium and high) associated with external ratings (values in euros):

	<u>31-Dec-2022</u>	<u>31-Dec-2021</u>
<u>Ratings</u>		
Low	10,126,358	4,857,320
Medium	1,194,903	1,802,719
High	193,900	2,891
Without rating	<u>273,067,173</u>	<u>40,702,344</u>
	<u>284,582,334</u>	<u>47,365,273</u>

The ratings of credit institutions in the table above are considered as follows: A/AA/AAA as low risk, BBB as medium risk and BB/CCC as high risk.

Credit quality of forbore exposures

31-Dec-2022

*amounts in thousands of euros*

	Gross carrying amount / Nominal amount of exposures with forbearance measures				Accumulated impairments, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forbore exposures	
	Performing forbore	Non-performing forbore		On performing forbore exposures	On non-performing forbore exposures		Of which, collateral and financial guarantees received on non-performing exposures with forbearance measures	
		Of which, in default	Of which, in impairment					
Loans and advances	49,592	58,158	58,158	58,158	-5,472	-27,058	73,806	30,741
Central banks	0	0	0	0	0	0	0	0
Central governments	0	0	0	0	0	0	0	0
Credit Institutions	0	0	0	0	0	0	0	0
Other financial corporations	0	0	0	0	0	0	0	0
Non-financial corporations	46,243	55,766	55,766	55,766	-4,495	-25,400	71,239	30,014
Individuals	3,349	2,392	2,392	2,392	-977	-1,658	2,567	727
Debt securities	0	0	0	0	0	0	0	0
Signature credit (Off-balance sheet)	245	45	45	45	4	12	273	33
<b>Total</b>	<b>49,837</b>	<b>58,203</b>	<b>58,203</b>	<b>58,203</b>	<b>-5,468</b>	<b>-27,046</b>	<b>74,078</b>	<b>30,775</b>

31-Dec-2021

*amounts in thousands of euros*

	Gross book value / Nominal amount of exposures with forbearance measures				Accumulated impairments, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forbore exposures	
	Performing forbore	Non-performing forbore		On performing forbore exposures	On non-performing forbore exposures		Of which, collateral and financial guarantees received on non-performing exposures with forbearance measures	
		Of which, in default	Of which, in impairment					
Loans and advances	49,050	56,364	56,001	56,001	-3,302	-25,187	72,841	30,630
Central banks	0	0	0	0	0	0	0	0
Central governments	0	0	0	0	0	0	0	0
Credit Institutions	0	0	0	0	0	0	0	0
Other financial corporations	0	0	0	0	0	0	0	0
Non-financial corporations	45,999	52,860	52,559	52,559	-2,786	-23,650	69,437	28,709
Individuals	3,051	3,504	3,442	3,442	-517	-1,537	3,404	1,920
Debt securities	0	754	754	754	0	-56	0	0
Signature credit (Off-balance sheet)	30	266	266	266	0	46	240	162
<b>Total</b>	<b>49,080</b>	<b>57,384</b>	<b>57,021</b>	<b>57,021</b>	<b>-3,302</b>	<b>-25,197</b>	<b>73,081</b>	<b>30,792</b>

Credit quality of performing and non-performing exposures by days in arrears

31-Dec-2022

amounts in thousands of euros

	Gross carrying amount / Nominal amount												
	Performing exposures			Non-performing exposures									Of which, in default
	No arrears or arrears <= 30 days	In arrears > 30 days <= 90 days		Reduced probability of payment in no arrears or in arrears for <= 90 days	In arrears > 90 days <= 180 days	In arrears > 180 days <= 1 year	In arrears > 1 year <= 2 years	In arrears > 2 years <= 5 years	In arrears > 5 years <= 7 years	In arrears > 7 years			
<b>Loans and advances</b>	<b>1,693,450</b>	<b>1,691,300</b>	<b>2,150</b>	<b>72,016</b>	<b>61,579</b>	<b>3,864</b>	<b>3,487</b>	<b>1,507</b>	<b>990</b>	<b>140</b>	<b>450</b>	<b>72,004</b>	
Central banks	0	0	0	0	0	0	0	0	0	0	0	0	
Central governments	136,567	136,567	0	0	0	0	0	0	0	0	0	0	
Credit Institutions	263,870	263,870	0	0	0	0	0	0	0	0	0	0	
Other financial corporations	63,765	63,765	0	0	0	0	0	0	0	0	0	0	
Non-financial corporations	887,032	886,202	831	66,933	59,132	3,428	2,547	1,008	638	135	44	66,926	
Of which, SME	743,455	742,624	831	63,211	55,410	3,428	2,547	1,008	638	135	44	63,204	
Individuals	342,216	340,897	1,319	5,083	2,447	436	940	499	351	5	405	5,078	
<b>Debt securities</b>	<b>8,301,040</b>	<b>8,301,040</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Central banks	0	0	0	0	0	0	0	0	0	0	0	0	
Central governments	6,343,214	6,343,214	0	0	0	0	0	0	0	0	0	0	
Credit Institutions	1,659,642	1,659,642	0	0	0	0	0	0	0	0	0	0	
Other financial corporations	7,575	7,575	0	0	0	0	0	0	0	0	0	0	
Non-financial corporations	290,609	290,609	0	0	0	0	0	0	0	0	0	0	
<b>Signature credit (Off-balance sheet)</b>	<b>475,877</b>			<b>6,670</b>								<b>6,604</b>	
Central banks	0			0								0	
Central governments	16,669			0								0	
Credit Institutions	208,280			0								0	
Other financial corporations	26,937			0								0	
Non-financial corporations	171,140			6,464								6,450	
Individuals	52,851			206								154	
<b>Total</b>	<b>10,470,367</b>	<b>9,992,340</b>	<b>2,150</b>	<b>78,686</b>	<b>61,579</b>	<b>3,864</b>	<b>3,487</b>	<b>1,507</b>	<b>990</b>	<b>140</b>	<b>450</b>	<b>78,608</b>	

31-Dec-2021

amounts in thousands of euros

	Gross book value / Nominal amount												
	Performing exposures			Non-performing exposures									Of which, in default
	No arrears or arrears <= 30 days	In arrears > 30 days <= 90 days		Reduced probability of payment in no arrears or in arrears for <= 90 days	In arrears > 90 days <= 180 days	In arrears > 180 days <= 1 year	In arrears > 1 year <= 2 years	In arrears > 2 years <= 5 years	In arrears > 5 years <= 7 years	In arrears > 7 years			
<b>Loans and advances</b>	<b>1,500,420</b>	<b>1,499,518</b>	<b>902</b>	<b>73,900</b>	<b>63,629</b>	<b>5,569</b>	<b>628</b>	<b>1,069</b>	<b>2,072</b>	<b>239</b>	<b>695</b>	<b>73,415</b>	
Central banks	0	0	0	0	0	0	0	0	0	0	0	0	
Central governments	131,069	131,069	0	0	0	0	0	0	0	0	0	0	
Credit Institutions	36,137	36,137	0	0	0	0	0	0	0	0	0	0	
Other financial corporations	53,086	53,086	0	0	0	0	0	0	0	0	0	0	
Non-financial corporations	945,013	944,625	388	64,742	57,506	5,200	375	656	777	163	65	64,406	
Of which, SME	765,939	765,550	388	63,865	56,629	5,200	375	656	777	163	65	63,529	
Individuals	335,114	334,601	513	9,158	6,122	369	252	414	1,294	76	631	9,009	
<b>Debt securities</b>	<b>7,751,513</b>	<b>7,751,513</b>	<b>0</b>	<b>754</b>	<b>754</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>754</b>	
Central banks	0	0	0	0	0	0	0	0	0	0	0	0	
Central governments	6,785,028	6,785,028	0	0	0	0	0	0	0	0	0	0	
Credit Institutions	653,716	653,716	0	0	0	0	0	0	0	0	0	0	
Other financial corporations	24,452	24,452	0	0	0	0	0	0	0	0	0	0	
Non-financial corporations	288,317	288,317	0	754	754	0	0	0	0	0	0	754	
<b>Signature credit (Off-balance sheet)</b>	<b>4,258,174</b>			<b>7,229</b>								<b>7,136</b>	
Central banks	3,850,994			0								0	
Central governments	5,676			0								0	
Credit Institutions	82,248			0								0	
Other financial corporations	4,413			0								0	
Non-financial corporations	264,495			7,027								6,971	
Individuals	50,349			202								165	
<b>Total</b>	<b>13,510,107</b>	<b>9,251,031</b>	<b>902</b>	<b>81,884</b>	<b>64,383</b>	<b>5,569</b>	<b>628</b>	<b>1,069</b>	<b>2,072</b>	<b>239</b>	<b>695</b>	<b>81,305</b>	

Performing and non-performing exposures and their provisions

31-Dec-2022

	Gross carrying amount / Nominal amount											Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions					Collaterals and financial guarantees received		
	Performing exposures				Non-performing exposures				Performing exposures - accumulated impairments and provisions			Non-performing exposures - accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			Accumulated partial write-off	On Performing overexposures	On non-performing overexposures		
	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 3	Of which, stage 2	Of which, stage 3						
<b>Loans and advances</b>	<b>1,693,450</b>	<b>1,529,985</b>	<b>147,243</b>	<b>72,016</b>	<b>12</b>	<b>56,980</b>	<b>-18,404</b>	<b>-8,437</b>	<b>-8,031</b>	<b>-32,074</b>	<b>-0</b>	<b>-24,670</b>	<b>0</b>	<b>892,847</b>	<b>37,823</b>				
Central banks	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0				
Central governments	136,567	136,567	0	0	0	0	-65	-65	0	0	0	0	0	2,500	0				
Credit institutions	263,870	263,870	0	0	0	0	-57	-57	0	0	0	0	0	0	0				
Other financial corporations	63,765	63,765	0	0	0	0	-209	-209	0	0	0	0	0	49,583	0				
Non-financial corporations	887,032	778,079	93,467	66,933	7	52,963	-15,932	-7,933	-6,316	-29,029	-0	-22,577	0	535,293	36,207				
Of which, SME	743,455	645,642	82,327	63,211	7	49,241	-15,818	-7,873	-6,262	-28,973	-0	-22,521	0	502,761	32,552				
Individuals	342,216	287,704	53,775	5,083	5	4,017	-2,141	-173	-1,714	-3,045	-0	-2,094	0	305,470	1,616				
<b>Debt securities</b>	<b>8,301,040</b>	<b>8,295,071</b>	<b>5,969</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-5,941</b>	<b>-5,938</b>	<b>-3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>				
Central banks	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0				
Central governments	6,343,214	6,343,214	0	0	0	0	-4,750	-4,750	0	0	0	0	0	0	0				
Credit institutions	1,659,642	1,659,642	0	0	0	0	-843	-843	0	0	0	0	0	0	0				
Other financial corporations	7,575	7,575	0	0	0	0	-22	-22	0	0	0	0	0	0	0				
Non-financial corporations	290,609	284,641	5,969	0	0	0	-325	-322	-3	0	0	0	0	0	0				
<b>Signature credit (Off-balance sheet)</b>	<b>475,877</b>	<b>457,244</b>	<b>18,463</b>	<b>6,670</b>	<b>62</b>	<b>6,559</b>	<b>986</b>	<b>737</b>	<b>249</b>	<b>2,072</b>	<b>0</b>	<b>2,060</b>	<b>0</b>	<b>71,965</b>	<b>3,023</b>				
Central banks	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0				
Central governments	16,669	16,669	0	0	0	0	3	3	0	0	0	0	0	0	0				
Credit institutions	208,280	208,280	0	0	0	0	11	11	0	0	0	0	0	0	0				
Other financial corporations	26,937	26,937	0	0	0	0	32	32	0	0	0	0	0	596	0				
Non-financial corporations	171,140	156,380	14,591	6,464	13	6,405	915	682	233	2,062	0	2,050	0	66,798	2,997				
Individuals	52,851	48,979	3,872	206	49	154	25	10	15	10	0	10	0	4,571	25				
<b>Total</b>	<b>10,470,367</b>	<b>10,282,301</b>	<b>171,674</b>	<b>78,686</b>	<b>74</b>	<b>63,539</b>	<b>-23,359</b>	<b>-13,637</b>	<b>-7,785</b>	<b>-30,002</b>	<b>-0</b>	<b>-22,610</b>	<b>0</b>	<b>964,811</b>	<b>40,846</b>				

31-Dec-2021

	Gross book value / Nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Collaterals and financial guarantees received		
	Performing exposures			Non-performing exposures			Performing exposures - accumulated impairments and provisions			Non-performing exposures - accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			Accumulated partial write-off	On performing overexposures	On non-performing overexposures
	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 3	Of which, stage 2	Of which, stage 3				
<b>Loans and advances</b>	<b>1,500,420</b>	<b>1,323,099</b>	<b>160,101</b>	<b>71,900</b>	<b>374</b>	<b>53,527</b>	<b>-16,513</b>	<b>-7,925</b>	<b>-7,757</b>	<b>-30,971</b>	<b>-5</b>	<b>-22,449</b>	<b>0</b>	<b>942,487</b>	<b>39,457</b>
Central banks	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Central governments	131,069	131,065	4	0	0	0	-71	-71	0	0	0	0	0	0	0
Credit institutions	36,137	36,137	0	0	0	0	-40	-40	0	0	0	0	0	0	0
Other financial corporations	53,086	53,086	0	0	0	0	-111	-111	0	0	0	0	0	50,192	0
Non-financial corporations	945,013	803,666	124,903	64,742	231	45,597	-14,936	-7,646	-6,921	-27,558	-2	-19,970	0	593,428	34,049
Of which, SME	745,539	628,308	120,686	63,865	231	44,720	-12,290	-5,021	-6,809	-27,472	-2	-19,883	0	541,385	34,049
Individuals	335,114	299,145	35,193	9,158	143	7,950	-1,155	-57	-836	-3,413	-3	-2,480	0	248,868	5,408
<b>Debt securities</b>	<b>7,751,513</b>	<b>7,751,513</b>	<b>0</b>	<b>754</b>	<b>0</b>	<b>754</b>	<b>-2,928</b>	<b>-2,928</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Central banks	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Central governments	6,785,028	6,785,028	0	0	0	0	-2,311	-2,311	0	0	0	0	0	0	0
Credit institutions	653,716	653,716	0	0	0	0	-306	-306	0	0	0	0	0	0	0
Other financial corporations	24,452	24,452	0	0	0	0	-10	-10	0	0	0	0	0	0	0
Non-financial corporations	246,317	208,317	0	754	0	754	-281	-281	0	0	0	0	0	56	0
<b>Signature credit (Off-balance sheet)</b>	<b>4,258,174</b>	<b>4,246,479</b>	<b>11,695</b>	<b>7,129</b>	<b>88</b>	<b>6,912</b>	<b>326</b>	<b>182</b>	<b>144</b>	<b>2,133</b>	<b>2</b>	<b>2,097</b>	<b>0</b>	<b>114,090</b>	<b>3,777</b>
Central banks	3,850,994	3,850,994	0	0	0	0	0	0	0	0	0	0	0	0	0
Central governments	5,676	5,676	0	0	0	0	1	1	0	0	0	0	0	0	0
Credit institutions	82,248	82,248	0	0	0	0	23	23	0	0	0	0	0	92	0
Other financial corporations	4,413	4,413	0	0	0	0	23	23	0	0	0	0	0	596	0
Non-financial corporations	264,495	256,604	7,891	7,027	53	6,747	261	131	130	2,091	1	2,055	0	110,067	3,750
Individuals	50,349	46,545	3,804	202	35	165	18	4	14	42	0	42	0	3,334	28
<b>Total</b>	<b>13,510,107</b>	<b>13,321,092</b>	<b>171,795</b>	<b>81,884</b>	<b>462</b>	<b>61,193</b>	<b>-18,915</b>	<b>-10,671</b>	<b>-7,613</b>	<b>-28,894</b>	<b>-4</b>	<b>-20,408</b>	<b>0</b>	<b>1,056,577</b>	<b>45,234</b>

Credit quality of loans and advances by sector of activity

31-Dec-2022

	<i>amounts in thousands of euros</i>					
	Gross carrying amount			Of which, loans and advances subject to impairment	Accumulated impairments	Accumulated negative changes in fair value due to credit risk in non-performing exposures
		Of which, non-performing				
			Of which, in default			
Agriculture, forestry and fisheries	72,917	2,969	2,969	72,917	-2,413	0
Mining	1,825	104	104	1,825	-108	0
Manufacturing Industries	98,302	11,256	11,256	98,302	-10,160	0
Production and distribution of electricity, gas, steam and air conditioning	15,334	0	0	15,334	-49	0
Water supply	43,978	71	71	43,978	-142	0
Construction	31,567	645	645	31,567	-476	0
Wholesale and retail trade	84,220	5,546	5,545	84,220	-2,125	0
Transport and storage	26,202	922	922	26,202	-960	0
Accommodation and catering activities	85,387	5,690	5,689	85,387	-7,153	0
Information and communication	92,062	651	651	92,062	-789	0
Financial and insurance activities	38,030	1,118	1,118	38,030	-2,678	0
Real estate activities	265,561	28,025	28,024	265,561	-12,176	0
Consulting, scientific and technical activities	21,254	5,077	5,076	21,254	-3,239	0
Administrative and support service activities	28,710	4,346	4,346	28,710	-1,323	0
Public administration and defence, mandatory social security	16	0	0	16	-0	0
Education	17,581	104	104	17,581	-310	0
Health services and social work	8,987	2	1	8,987	-32	0
Artistic, entertainment and recreational activities	3,080	204	204	3,080	-176	0
Other services	18,951	202	199	18,951	-652	0
<b>Total</b>	<b>953,965</b>	<b>66,933</b>	<b>66,926</b>	<b>953,965</b>	<b>-44,961</b>	<b>0</b>

31-Dec-2021

amounts in thousands of euros

	Gross book value				Accumulated impairments	Accumulated negative changes in fair value due to credit risk in non-performing exposures
	Of which, non-performing		Of which, loans and advances subject to impairment			
		Of which, in default				
Agriculture, forestry and fisheries	85,061	7,948	7,948	85,061	-4,000	0
Mining	2,137	3	3	2,137	-4	0
Manufacturing Industries	100,359	15,041	14,963	100,359	-8,239	0
Production and distribution of electricity, gas, steam and air conditioning	21,987	235	235	21,987	-76	0
Water supply	49,486	106	106	49,486	-115	0
Construction	30,694	592	592	30,694	-545	0
Wholesale and retail trade	87,498	1,504	1,476	87,498	-1,497	0
Transport and storage	18,932	1,097	1,097	18,932	-883	0
Accommodation and catering activities	119,721	6,115	6,109	119,721	-6,229	0
Information and communication	93,652	1,171	1,171	93,652	-972	0
Financial and insurance activities	34,285	3,389	3,389	34,285	-3,232	0
Real estate activities	249,187	16,768	16,768	249,187	-8,327	0
Consulting, scientific and technical activities	30,034	4,744	4,743	30,034	-2,370	0
Administrative and support service activities	37,241	5,036	4,813	37,241	-4,947	0
Public administration and defence, mandatory social security	25	0	0	25	0	0
Education	17,640	135	135	17,640	-208	0
Health services and social work	8,380	550	550	8,380	-102	0
Artistic, entertainment and recreational activities	3,275	135	135	3,275	-236	0
Other services	20,163	172	171	20,163	-513	0
<b>Total</b>	<b>1,009,755</b>	<b>64,742</b>	<b>64,406</b>	<b>1,009,755</b>	<b>-42,494</b>	<b>0</b>

Exposure and impairment by segment and type of analysis (collective and individual)

31-Dec-2022

amounts in thousands of euros

Segment	Exposure						Impairment						Coverage ratio		
	Collective analysis		Individual analysis		Total	%	Collective analysis		Individual analysis		Total	%	Collective analysis	Individual analysis	Total
	Value	%	Value	%			Value	%	Value	%			Value	Value	
	Value	%	Value	%	Value	%	Value	%	Value	%	Value	%	Value	Value	Value
Companies	1,203,573	11.3%	111,007	98.2%	1,314,580	12.2%	13,697	59.7%	35,279	96.7%	48,976	82.4%	1.1%	31.8%	3.7%
Business	112,299	1.0%	2,032	1.8%	114,331	1.1%	2,905	12.7%	721	2.0%	3,626	6.1%	2.5%	35.5%	2.5%
Large and SME	806,579	7.5%	71,202	63.0%	877,780	8.1%	5,490	23.9%	26,148	71.6%	31,637	53.2%	0.7%	36.7%	0.7%
Construction and Real Estate Activities	284,696	2.7%	37,773	33.4%	322,469	3.0%	5,302	23.1%	8,410	23.0%	13,713	23.1%	1.9%	22.3%	1.9%
Individuals, of which:	422,934	4.0%	2,071	1.8%	425,006	3.9%	3,441	15.0%	1,219	3.3%	4,660	7.8%	0.8%	58.9%	1.1%
Mortgage	319,478	3.0%	1,199	1.1%	320,676	3.0%	2,414	10.5%	420	1.1%	2,834	4.8%	0.8%	35.0%	0.8%
Consumer	34,393	0.3%	814	0.7%	35,207	0.3%	786	3.4%	775	2.1%	1,560	2.6%	2.3%	95.2%	2.3%
Other	175,814	1.6%	-	0.0%	175,814	1.6%	80	0.3%	-	0.0%	80	0.1%	0.0%	-	0.0%
<b>Sub-total</b>	<b>1,802,322</b>	<b>16.8%</b>	<b>113,078</b>	<b>100.0%</b>	<b>1,915,400</b>	<b>17.7%</b>	<b>17,218</b>	<b>75.0%</b>	<b>36,498</b>	<b>100.0%</b>	<b>53,716</b>	<b>90.4%</b>	<b>1.0%</b>	<b>32.3%</b>	<b>2.8%</b>
Investments in securities	8,895,424	83.2%	-	0.0%	8,895,424	82.3%	5,730	25.0%	-	0.0%	5,730	9.6%	0.1%	-	0.1%
<b>Total</b>	<b>10,697,745</b>	<b>100.0%</b>	<b>113,078</b>	<b>100.0%</b>	<b>10,810,824</b>	<b>100.0%</b>	<b>22,948</b>	<b>100.0%</b>	<b>36,498</b>	<b>100.0%</b>	<b>59,446</b>	<b>100.0%</b>	<b>0.2%</b>	<b>32.3%</b>	<b>0.5%</b>

31-Dec-2021

*amounts in thousands of euros*

Segment	Exposure						Impairment						Coverage ratio		
	Collective analysis		Individual Analysis		Total	%	Collective analysis		Individual Analysis		Total	%	Collective analysis	Individual Analysis	Total
	Amount	%	Amount	%			Amount	%	Amount	%					
<b>Companies</b>	<b>1,252,125</b>	<b>13.5%</b>	<b>143,652</b>	<b>98.2%</b>	<b>1,395,777</b>	<b>14.8%</b>	<b>10,014</b>	<b>63.4%</b>	<b>35,609</b>	<b>96.4%</b>	<b>45,622</b>	<b>86.5%</b>	<b>0.8%</b>	<b>24.8%</b>	<b>3.3%</b>
Business	110,434	1.2%	3,672	2.5%	114,107	1.2%	2,627	16.6%	1,127	3.1%	3,754	7.1%	2.3%	30.7%	2.3%
Large and SME	888,254	9.5%	86,778	59.4%	975,031	10.3%	5,725	36.2%	26,574	72.0%	32,298	61.3%	0.6%	30.6%	0.6%
Construction and Real Estate	253,437	2.7%	53,202	36.4%	306,639	3.2%	1,662	10.5%	7,908	21.4%	9,570	18.1%	0.7%	14.9%	0.7%
<b>Activities</b>															
<b>Individuals, of which:</b>	<b>423,549</b>	<b>4.6%</b>	<b>2,561</b>	<b>1.8%</b>	<b>426,110</b>	<b>4.5%</b>	<b>2,873</b>	<b>18.2%</b>	<b>1,315</b>	<b>3.6%</b>	<b>4,188</b>	<b>7.9%</b>	<b>0.7%</b>	<b>51.3%</b>	<b>1.0%</b>
Mortgage	313,514	3.4%	1,129	0.8%	314,643	3.3%	2,146	13.6%	328	0.9%	2,474	4.7%	0.7%	29.0%	0.7%
Consumer	36,208	0.4%	1,364	0.9%	37,572	0.4%	481	3.0%	950	2.6%	1,430	2.7%	1.3%	69.6%	1.3%
Other	154,773	1.7%	-	0.0%	154,773	1.6%	84	0.5%	-	0.0%	84	0.2%	0.1%	-	0.1%
<b>Sub-total</b>	<b>1,830,447</b>	<b>19.7%</b>	<b>146,213</b>	<b>100.0%</b>	<b>1,976,659</b>	<b>20.9%</b>	<b>12,971</b>	<b>82.1%</b>	<b>36,923</b>	<b>100.0%</b>	<b>49,894</b>	<b>94.6%</b>	<b>0.7%</b>	<b>25.3%</b>	<b>2.5%</b>
Investments in securities	7,475,657	80.3%	-	0.0%	7,475,657	79.1%	2,832	17.9%	-	0.0%	2,832	5.4%	0.0%	-	0.0%
<b>Total</b>	<b>9,306,104</b>	<b>100.0%</b>	<b>146,213</b>	<b>100.0%</b>	<b>9,452,317</b>	<b>100.0%</b>	<b>15,803</b>	<b>100.0%</b>	<b>36,923</b>	<b>100.0%</b>	<b>52,726</b>	<b>100.0%</b>	<b>0.2%</b>	<b>25.3%</b>	<b>0.6%</b>

Note – The reconciliation of the balances in this table and the following is as follows:

	31-Dec-2022		31-Dec-2021			
	G. Amount	Impairment	G. Amount	Impairment		
<b>Securities portfolio</b>						
Financial assets at FVTOCI (Note 7 and 22)	84,103	76	98,008	35		
Financial assets at AC (Note 8.1)	7,973,348	5,655	7,464,554	2,797		
Closing balance	8,057,451	5,730	7,562,561	2,832		
<b>Presented balance</b>	8,895,424		7,475,657			
Accrued interest (Note 8.1)	0		48,939			
Capital gains/losses against reserves (Note 7)	18,989		560			
Financial assets at AC - hedge adjustment (Note 8.1)	(856,962)		37,406			
	8,057,451		7,562,561			
<b>Segmental analysis (Credit)</b>	<u>On-balance sheet</u>	<u>Off-balance sheet</u>	<u>On-balance sheet</u>	<u>Off-balance sheet</u>		
Financial assets at AC - Commercial paper (Note 8.1)	243,514		227,077			
Financial assets at AC - Loans and advances (Note 8.2)	1,765,467		1,574,320			
	2,008,980		1,801,397			
Loan commitments given (Note 43 - maximum exposure)		178,129		441,146		
Financial guarantees given (Note 43 - maximum exposure)		236,131		3,710,929		
Other commitments given (Note 43 - maximum exposure)		68,287		113,329		
		482,547		4,265,403		
<b>Customer balances under analysis</b>	<u>On-balance sheet</u>	<u>Off-balance sheet</u>	<u>Presented balance</u>	<u>On-balance sheet</u>	<u>Off-balance sheet</u>	<u>Presented balance</u>
Customer balances under analysis	1,680,565	234,835	1,915,400	1,704,151	272,508	1,976,659
Group balances (Caixa Agrícolas and Group Companies)	329,275	44,264		98,985	20,182	
Commissions (deferred income - Note 8.2)	(1,951)			(1,855)		
Commissions (deferred expenses - Note 8.2)	1,104			930		
Assets given as guarantee (Note 19)		201,979			3,674,064	
Liability related to investor compensation scheme (Note 19)		1,469			1,305	
Commitments undertaken by third parties (BdP)					250,000	
Irrevocable commitments for buying and selling securities (Note 19)					47,347	
Modified				-810		
Other	(13)			(4)	(3)	
	2,008,980	482,547		1,801,397	4,265,403	
<b>Segmental analysis (Impairment)</b>	<u>On-balance sheet</u>	<u>Off-balance sheet</u>	<u>Presented balance</u>	<u>On-balance sheet</u>	<u>Off-balance sheet</u>	<u>Presented balance</u>
Financial assets at AC - Commercial paper (Note 8.1)	211			151		
Financial assets at AC - Loans and advances (Note 8.2)	50,478			47,284		
	50,689			47,435		
Guarantees and sureties (Note 17)		3,058			2,458	
Closing balance	50,689	3,058	53,747	47,435	2,458	49,894

The calculation of the probabilities of default is based on Hazard models (for all segments except the credit card segment), which consist of the explicit modelling of the performance over time of the PD in view of the contracting and maturity of each operation/customer. In addition, prospective scenarios reflecting current and future macroeconomic conditions are introduced. For the forward-looking adjustment, macroeconomic variables obtained from an external institution accredited as an ECAI were considered, taking into account the basic, optimistic (S1) and adverse (S3) macroeconomic scenarios. The macroeconomic regression model is used to obtain future forecasts, considering the existence of explanatory variables at those dates (3 years) and it is considered that in the long run the curve tends towards the average default rate of the portfolio by applying a convergence factor for 3 years. The explanatory variables to be used for each portfolio were selected based on the Pearson correlation coefficient analysis, between the regressors and the dependent variable, as well as the correlation between the explanatory variables themselves.

The tables with the main indicators used in these scenarios are presented below:

31-Dec-2022

Macroeconomic variables	Moody's																
	Actual					Baseline - Dec22				S1 (Upside 10th Percentile) - Dec22				S3 (Downside 90th Percentile) - Dec22			
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2022	2023	2024	2025	2022	2023	2024	2025
PIB	3.2	2.7	2.8	-6.6	6.6	2.6	1.6	2.3	2.1	2.6	3.6	2.0	2.0	2.6	-4.4	2.9	3.3
Unemployment rate	8.2	6.7	6.7	7.1	6.1	6.4	6.6	6.0	5.5	6.4	6.2	5.6	5.3	6.4	8.7	7.8	6.6
10-yr bond yields - Portugal	2.1	1.9	0.3	0.1	0.4	3.3	4.0	3.4	3.1	3.3	4.3	4.0	3.7	3.3	4.5	3.2	2.6
Harmonised Price Index	9.9	-1.9	5.6	5.5	8.9	4.4	-3.9	1.3	1.7	4.4	-1.8	3.0	1.7	4.4	-12.3	-1.7	4.0
Inflation	1.8	1.7	1.7	1.6	1.4	6.8	2.7	1.4	1.4	6.8	2.6	1.7	1.4	6.8	0.8	0.5	1.2
Euribor 3M	-0.3	-0.3	-0.4	-0.5	-0.6	1.3	2.5	1.5	1.5	1.3	2.4	1.5	1.5	1.3	1.6	0.0	0.0
Household Income	2.6	1.2	3.2	-2.9	1.7	-2.4	0.9	2.5	1.9	-2.4	4.2	2.5	1.6	-2.4	-2.8	1.3	1.9

31-Dec-2021

Economic Indicators	Scenario	History													Projection					
		2007Q4	2008Q4	2009Q4	2010Q4	2011Q4	2012Q4	2013Q4	2014Q4	2015Q4	2016Q4	2017Q4	2018Q4	2019Q4	2020Q4	2021Q4	2022Q4	2023Q4	2024Q4	2025Q4
GDP	Base	235	228	227	229	221	211	217	218	222	228	235	241	249	227	241	251	256	260	265
	Adverse (S3)	235	228	227	229	221	211	217	218	222	228	235	241	249	227	239	239	245	249	256
	Optimistic (S1)	235	228	227	229	221	211	217	218	222	228	235	241	249	227	243	256	261	265	270
Unemployment Rate	Base	8.7	9.3	11.7	12.8	15.0	17.9	15.6	13.8	12.4	10.5	8.0	6.6	6.9	6.8	6.7	5.8	5.6	5.6	5.5
	Adverse (S3)	8.7	9.3	11.7	12.8	15.0	17.9	15.6	13.8	12.4	10.5	8.0	6.6	6.9	6.8	7.2	11.6	10.3	8.5	6.9
	Optimistic (S1)	8.7	9.3	11.7	12.8	15.0	17.9	15.6	13.8	12.4	10.5	8.0	6.6	6.9	6.8	6.7	5.8	5.4	5.3	5.2
Inflation	Base	57.3	50.5	51.9	56.5	60.5	60.6	65.5	70.5	72.3	78.5	83.5	85.7	92.4	75.9	77.8	82.1	85.3	87.3	89.4
	Adverse (S3)	57.3	50.5	51.9	56.5	60.5	60.6	65.5	70.5	72.3	78.5	83.5	85.7	92.4	75.9	77.1	72.5	73.7	76.2	78.8
	Optimistic (S1)	57.3	50.5	51.9	56.5	60.5	60.6	65.5	70.5	72.3	78.5	83.5	85.7	92.4	75.9	78.0	85.0	89.9	92.2	94.1
Imports	Base	66.6	60.9	62.7	65.8	58.3	56.4	61.2	66.7	70.7	76.8	82.0	85.9	89.6	81.4	83.7	84.9	87.3	89.0	90.7
	Adverse (S3)	66.6	60.9	62.7	65.8	58.3	56.4	61.2	66.7	70.7	76.8	82.0	85.9	89.6	81.4	83.2	76.1	76.9	79.8	83.2
	Optimistic (S1)	66.6	60.9	62.7	65.8	58.3	56.4	61.2	66.7	70.7	76.8	82.0	85.9	89.6	81.4	83.8	87.5	91.3	93.5	94.7

The impacts of sensitivity analysis of macroeconomic variables on the quantification of impairment are presented as follows:

		(thousand euros)
<b>Impact on the quantification of impairment</b>		
<b>Unemployment rate</b>		
Source: Moody's   Unemployment Rate   Dec22: 6.4 (%), SA		
+10%		1,027
<b>Real Estate Price Index</b>		
Source: Moody's   House Price Index: Real   Dec22: 135.4 (Index 2010=100, SA)		
-1%		132
-10%		1,713



## Exposure by segment and level – Collective and individual analysis

31-Dec-2022

*amounts in thousands of euros*

Segment	Exposure											Total	%
	Assets without significant increased risk (Stage 1)		Assets with significant increased risk (Stage 2)				Assets in default (Stage 3)						
	Value	%	Value	%	Of which: restructured	%	Value	%	Of which: restructured	%			
Companies	1,126,068	10.7%	114,806	64.5%	27,777	94.1%	73,707	92.8%	55,433	95.4%	1,314,580	12.2%	
Business	87,172	0.8%	21,673	12.2%	822	2.8%	5,487	6.9%	645	1.1%	114,331	1.1%	
Large and SME	776,247	7.4%	65,740	36.9%	22,262	75.4%	35,793	45.0%	27,638	47.6%	877,780	8.1%	
Construction and Real Estate Activities	262,649	2.5%	27,393	15.4%	4,693	15.9%	32,427	40.8%	27,150	46.7%	322,469	3.0%	
<b>Individuals, of which:</b>	<b>356,012</b>	<b>3.4%</b>	<b>63,244</b>	<b>35.5%</b>	<b>1,737</b>	<b>5.9%</b>	<b>5,751</b>	<b>7.2%</b>	<b>2,664</b>	<b>4.6%</b>	<b>425,006</b>	<b>3.9%</b>	
Mortgage	266,836	2.5%	50,592	28.4%	1,463	5.0%	3,249	4.1%	1,286	2.2%	320,676	3.0%	
Consumer	28,199	0.3%	4,899	2.8%	151	0.5%	2,109	2.7%	1,335	2.3%	35,207	0.3%	
Other	175,814	1.7%	-	-	-	-	-	-	-	-	175,814	1.6%	
<b>Sub-total</b>	<b>1,657,893</b>	<b>15.7%</b>	<b>178,050</b>	<b>100.0%</b>	<b>29,514</b>	<b>100.0%</b>	<b>79,457</b>	<b>100.0%</b>	<b>58,097</b>	<b>100.0%</b>	<b>1,915,400</b>	<b>17.7%</b>	
Investments in securities	8,895,424	84.3%	-	-	0	0.0%	-	-	0	0.0%	8,895,424	82.3%	
<b>Total</b>	<b>10,553,317</b>	<b>100.0%</b>	<b>178,050</b>	<b>100.0%</b>	<b>29,514</b>	<b>100.0%</b>	<b>79,457</b>	<b>100.0%</b>	<b>58,097</b>	<b>100.0%</b>	<b>10,810,824</b>	<b>100.0%</b>	

31-Dec-2021

*amounts in thousands of euros*

Segment	Exposure											Total	%
	Assets without		Assets with significant increased risk (Stage 2)				Assets in default (Stage 3)						
	Amount	%	Amount	%	Of which: restructured	%	Amount	%	Of which: restructured	%			
Companies	1,174,334	12.8%	147,517	77.8%	48,054	97.0%	73,926	89.8%	52,411	93.1%	1,395,777	14.8%	
Business	98,167	1.1%	9,860	5.2%	486	1.0%	6,080	7.4%	1,202	2.1%	114,107	1.2%	
Large and SME	845,462	9.2%	83,001	43.8%	18,753	37.9%	46,569	56.6%	34,734	61.7%	975,031	10.3%	
Construction and Real Estate	230,706	2.5%	54,655	28.8%	28,815	58.2%	21,278	25.9%	16,476	29.3%	306,639	3.2%	
<b>Individuals, of which:</b>	<b>375,594</b>	<b>4.1%</b>	<b>42,136</b>	<b>22.2%</b>	<b>1,461</b>	<b>3.0%</b>	<b>8,380</b>	<b>10.2%</b>	<b>3,888</b>	<b>6.9%</b>	<b>426,110</b>	<b>4.5%</b>	
Mortgage	279,091	3.0%	29,827	15.7%	1,140	2.3%	5,725	7.0%	2,197	3.9%	314,643	3.3%	
Consumer	31,776	0.3%	3,712	2.0%	217	0.4%	2,084	2.5%	1,536	2.7%	37,572	0.4%	
Other	154,769	1.7%	4	0.0%	-	-	-	-	-	-	154,773	1.6%	
<b>Sub-total</b>	<b>1,704,697</b>	<b>18.6%</b>	<b>189,657</b>	<b>100.0%</b>	<b>49,515</b>	<b>100.0%</b>	<b>82,306</b>	<b>100.0%</b>	<b>56,299</b>	<b>100.0%</b>	<b>1,976,659</b>	<b>20.9%</b>	
Investments in securities	7,475,657	81.4%	-	-	0	0.0%	-	-	0	0.0%	7,475,657	79.1%	
<b>Total</b>	<b>9,180,354</b>	<b>100.0%</b>	<b>189,657</b>	<b>100.0%</b>	<b>49,515</b>	<b>100.0%</b>	<b>82,306</b>	<b>100.0%</b>	<b>56,299</b>	<b>100.0%</b>	<b>9,452,317</b>	<b>100.0%</b>	

## Impairment by segment and level – Collective and individual analysis

31-Dec-2022

*amounts in thousands of euros*

Segment	Impairment											Coverage ratio			
	Assets without significant increased risk (Stage 1)		Assets with significant increased risk (Stage 2)				Assets in default (Stage 3)				Total	%	Assets without significant increased risk (Stage 1)	Assets with significant increased risk (Stage 2)	Assets in default (Stage 3)
	Value	%	Value	%	Of which: restructured	%	Value	%	Of which: restructured	%					
Companies	8,762	59.5%	8,980	88.2%	5,376	99.7%	31,235	90.4%	25,228	93.2%	48,976	82.4%	0.8%	7.8%	42.4%
Business	333	2.3%	651	6.4%	145	2.7%	2,642	7.6%	558	2.1%	3,626	6.1%	0.4%	3.0%	48.2%
Large and SME	6,961	47.3%	7,976	78.4%	5,165	95.7%	16,700	48.4%	14,240	52.6%	31,637	53.2%	0.9%	12.1%	46.7%
Construction and Real Estate Activities	1,467	10.0%	352	3.5%	66	1.2%	11,893	34.4%	10,431	38.5%	12,713	21.1%	0.0%	1.2%	36.7%
<b>Individuals, of which:</b>	<b>157</b>	<b>1.1%</b>	<b>1,198</b>	<b>11.8%</b>	<b>18</b>	<b>0.3%</b>	<b>3,304</b>	<b>9.6%</b>	<b>1,842</b>	<b>6.8%</b>	<b>4,660</b>	<b>7.8%</b>	<b>0.0%</b>	<b>1.9%</b>	<b>57.5%</b>
Mortgage	95	0.6%	1,017	10.0%	18	0.3%	1,721	5.0%	807	3.0%	2,834	4.8%	0.0%	2.0%	53.0%
Consumer	28	0.2%	121	1.2%	0	0.0%	1,411	4.1%	1,007	3.7%	1,560	2.6%	0.1%	2.5%	66.9%
Other	80	0.5%	-	-	-	-	-	-	-	80	0.1%	0.0%	-	-	
<b>Sub-total</b>	<b>8,999</b>	<b>61.1%</b>	<b>10,178</b>	<b>100.0%</b>	<b>5,394</b>	<b>100.0%</b>	<b>34,539</b>	<b>100.0%</b>	<b>27,069</b>	<b>100.0%</b>	<b>52,716</b>	<b>90.4%</b>	<b>0.5%</b>	<b>5.7%</b>	<b>43.5%</b>
Investments in securities	5,730	38.9%	-	-	0	0.0%	-	-	0	0.0%	5,730	9.8%	0.1%	-	-
<b>Total</b>	<b>14,729</b>	<b>100.0%</b>	<b>10,178</b>	<b>100.0%</b>	<b>5,394</b>	<b>100.0%</b>	<b>34,539</b>	<b>100.0%</b>	<b>27,069</b>	<b>100.0%</b>	<b>59,446</b>	<b>100.0%</b>	<b>0.1%</b>	<b>5.7%</b>	<b>43.5%</b>

31-Dec-2021

*amounts in thousands of euros*

Segment	Impairment											Coverage ratio			
	Assets without		Assets with significant increased risk (Stage 2)				Assets in default (Stage 3)				Total	%	Assets without significant increased risk (Stage 1)	Assets with significant increased risk (Stage 2)	Assets in default (Stage 3)
	Amount	%	Amount	%	Of which: restructured	%	Amount	%	Of which: restructured	%					
Companies	8,053	73.0%	7,933	92.2%	3,358	99.9%	29,637	89.5%	23,481	93.3%	45,622	86.5%	0.7%	5.4%	40.1%
Business	421	3.8%	471	5.5%	4	0.1%	2,863	8.6%	788	3.1%	3,754	7.1%	0.4%	4.8%	47.1%
Large and SME	6,341	57.5%	6,906	80.3%	3,180	94.6%	19,052	57.6%	15,965	63.4%	32,298	61.3%	0.7%	8.3%	40.9%
Construction and Real Estate	1,291	11.7%	556	6.5%	174	5.2%	7,722	23.3%	6,728	26.7%	9,570	18.1%	0.6%	1.0%	36.3%
Individuals, of which:	56	0.5%	667	7.8%	5	0.1%	3,465	10.5%	1,693	6.7%	4,188	7.9%	0.0%	1.6%	41.3%
Mortgage	26	0.2%	411	4.8%	4	0.1%	2,037	6.2%	756	3.0%	2,474	4.7%	0.0%	1.4%	35.6%
Consumer	19	0.2%	210	2.4%	0	0.0%	1,201	3.6%	906	3.6%	1,430	2.7%	0.1%	5.7%	57.6%
Other	84	0.8%	0	0.0%	-	-	-	-	-	-	84	0.2%	0.1%	0.1%	-
Sub-total	8,192	74.3%	8,600	100.0%	3,362	100.0%	33,102	100.0%	25,173	100.0%	49,894	94.6%	0.5%	4.5%	40.2%
Investments in securities	2,832	25.7%	-	-	0	0.0%	-	-	0	0.0%	2,832	5.4%	0.0%	-	-
Total	11,024	100.0%	8,600	100.0%	3,362	100.0%	33,102	100.0%	25,173	100.0%	52,726	100.0%	0.1%	4.5%	40.2%

Note – See reconciliation of balances in the table above

### Exposure by segment, level and days in arrears – Collective and individual analysis

31-Dec-2022

*amounts in thousands of euros*

Segment	Assets without significant increased risk (Stage 1)	Assets with significant increased risk (Stage 2)				Assets in default (Stage 3)				Total
		≤ 30 days overdue	> 30 and < 90 days in arrears	> 90 days in arrears	Total	≤ 30 days overdue	> 30 and < 90 days in arrears	> 90 days in arrears	Total	
Companies	1,126,068	114,015	747	44	114,806	64,415	1,652	7,640	73,707	1,314,580
Business	87,172	21,107	561	4	21,673	3,839	168	1,479	5,487	114,331
Large and SME	776,247	65,700	-	40	65,740	29,842	1,288	4,663	35,793	877,780
Construction and Real Estate Activities	262,649	27,208	185	0	27,393	30,734	195	1,497	32,427	322,469
Individuals, of which:	356,012	61,828	1,410	5	63,244	2,614	247	2,890	5,751	425,006
Mortgage	266,836	49,371	1,221	-	50,592	1,785	221	1,242	3,249	320,676
Consumer	28,199	4,756	139	4	4,899	604	18	1,486	2,109	35,207
Other	175,814	-	-	-	-	-	-	-	-	175,814
Sub-total	1,657,893	175,844	2,157	49	178,050	67,029	1,899	10,530	79,457	1,915,400
Investments in securities	8,895,424	0	0	0	-	0	0	0	-	8,895,424
Total	10,553,317	175,844	2,157	49	178,050	67,029	1,899	10,530	79,457	10,810,824

31-Dec-2021

*amounts in thousands of euros*

Segment	Assets without significant increased risk (Stage 1)	Assets with significant increased risk (Stage 2)				Assets in default (Stage 3)				Total
		≤ 30 days in arrears	> 30 and < 90 days in arrears	> 90 days in arrears	Total	≤ 30 days in arrears	> 30 and < 90 days in arrears	> 90 days in arrears	Total	
Companies	1,174,334	147,009	356	152	147,517	62,928	3,778	7,220	73,926	1,395,777
Business	98,167	9,698	161	2	9,860	4,481	588	1,012	6,080	114,107
Large and SME	845,462	82,688	163	150	83,001	39,743	1,301	5,525	46,569	975,031
Construction and Real Estate Activities	230,706	54,623	32	0	54,655	18,705	1,889	684	21,278	306,639
Individuals, of which:	375,594	41,124	996	16	42,136	3,486	1,743	3,152	8,380	426,110
Mortgage	279,091	28,967	848	11	29,827	2,792	526	2,407	5,725	314,643
Consumer	31,776	3,599	108	5	3,712	350	1,211	522	2,084	37,572
Other	154,769	4	-	-	4	-	-	-	-	154,773
Sub-total	1,704,697	188,137	1,352	167	189,657	66,414	5,520	10,371	82,306	1,976,659
Investments in securities	7,475,657	0	0	0	-	0	0	0	-	7,475,657
Total	9,180,354	188,137	1,352	167	189,657	66,414	5,520	10,371	82,306	9,452,317

Note – See reconciliation of balances in the table above

Disclosure of changes in the measurement of impairments during 2022 and 2021 respectively, and the reasons for those changes by class of financial instrument:

	Changes in Quantification of Impairment	Reasons for the Changes
- Debt securities	The quantification of impairment of the GCA debt securities portfolio has not changed.	n.a.
- Credit portfolio	The following methodological changes with no material impact are noted: - Definition of default (e.g. correcting historical information on the marking of forborne loans caused by financial difficulties, correcting the wrong marking of signals of significant financial difficulties in the historic); - Methodology for identification of operations with signs of a Significant Increase in Credit Risk (SICR) classified as level 2 (e.g. review of the process for identification of information at origin when the original operations have a revolving/overdraft nature); - Loss Given Default (LGD) (e.g. consideration of direct costs associated with the credit recovery process). - Individual analysis: Apply the most severe impairment in the credit areas' analyses and the benchmark criteria (going/ gone approach - MOAI, based on Circular Letter No. 2018/62) for exposures from the individual analysis rated at level 3 that have a degree of impairment coverage below 40%	Regulatory guidelines. Introduction of improvement opportunities.

	Changes in Quantification of Impairment	Reasons for the Changes
- Debt securities	The quantification of the impairment of the Crédito Agricola Group debt securities portfolio has not changed.	n.a.
- Credit portfolio	The following methodological changes with no material impact are noted: - In particular, reviewing the definition of default: a. Regional governments and local authorities are excluded from default at the level of operations with overdue loans with more than 90 days, and are now only included at the level of operations with overdue loans with more than 180 days. b. In credit operations that are in default and where there is an absence of materiality for a given reference date, the restoration to credit in compliance condition does not occur without the quarantine (probationary) period being complied with. c. The restoration to credit in compliance status does not occur in cases of operations with a non-regular payment plan, without the client paying at least one instalment during the default quarantine period. d. Operations that are in default due to the contagion criterion for corporate clients must comply with a quarantine of at least 3 months. - Methodology for identifying operations with signs of a Significant Increase in Credit Risk (SICR) in Stage 2. - Introduction of additional criterion for Stage 2 when the risk rating is high (e.g. scoring $\geq 7$ (high risk levels); Rating $\geq 8$ ('Very vulnerable' and 'Excessively vulnerable' risk levels)). - Methodological review of the LGD risk parameter. - Partial introduction of prudential backstop on impairment through collective analysis: Applying 100% impairment for exposures in default after 3 years and without collateral (unsecured). - Individual analysis Apply the most severe impairment between the credit areas' analyses and the benchmarks (going/ gone approach - MOAI, based on Circular Letter No. 2018/62) for exposures from the individual analysis classified at Stage 3, for more than 3 years, without collateral (unsecured).	Regulatory guidelines. Introduction of improvement opportunities.

### Exposure and impairment by segment, level and credit rating – Collective and individual analysis

31-Dec-2022

amounts in thousands of euros

Segment   Risk rating	Exposure				Impairment							
	Assets without significant increased risk (Stage 1)	%	Assets with significant increased risk (Stage 2)	%	Total	%	Assets without significant increased risk (Stage 1)	%	Assets with significant increased risk (Stage 2)	%	Total	%
Companies	1,128,782	76.0%	114,806	64.5%	1,243,588	74.8%	8,762	98.2%	8,980	88.2%	17,741	92.9%
Business	89,886	6.1%	21,673	12.2%	111,559	6.7%	333	3.7%	651	6.4%	984	5.2%
Reduced	84,764	2.3%	942	0.5%	35,706	2.1%	34	0.4%	13	0.1%	47	0.2%
Medium	54,359	3.7%	19,421	10.9%	73,780	4.4%	282	3.2%	530	5.2%	812	4.3%
High	764	0.1%	1,309	0.7%	2,073	0.1%	16	0.2%	108	1.1%	125	0.7%
Large and SME	776,247	52.3%	65,740	36.9%	841,987	50.6%	6,961	78.0%	7,976	78.4%	14,937	78.2%
Reduced	347,068	23.4%	10,776	6.1%	357,844	21.5%	444	5.0%	48	0.5%	492	2.6%
Medium	429,046	28.9%	49,739	27.9%	478,785	28.8%	6,505	72.9%	6,566	64.5%	13,071	68.4%
High	132	0.0%	5,225	2.9%	5,357	0.3%	12	0.1%	1,362	13.4%	1,373	7.2%
Construction and Real Estate Activities	262,649	17.7%	27,393	15.4%	290,042	17.4%	1,467	16.5%	352	3.5%	1,820	9.5%
Reduced	10,759	0.7%	416	0.2%	11,175	0.7%	15	0.2%	1	0.0%	16	0.1%
Medium	251,840	17.0%	22,145	12.4%	273,986	16.5%	1,450	16.3%	227	2.2%	1,676	8.8%
High	49	0.0%	4,832	2.7%	4,881	0.3%	3	0.0%	125	1.2%	127	0.7%
Individuals, of which:	356,012	24.0%	63,244	35.5%	419,255	25.2%	157	1.8%	1,198	11.8%	1,356	7.1%
Mortgage	266,836	18.0%	50,592	28.4%	317,427	19.1%	95	1.1%	1,017	10.0%	1,113	5.8%
Reduced	165,228	11.1%	6,785	3.8%	172,013	10.3%	43	0.5%	8	0.1%	51	0.3%
Medium	101,608	6.8%	20,000	11.2%	121,608	7.3%	52	0.6%	74	0.7%	127	0.7%
High	-	-	23,807	13.4%	23,807	1.4%	-	-	934	9.2%	934	4.9%
Consumer	28,199	1.9%	4,899	2.8%	33,098	2.0%	28	0.3%	121	1.2%	149	0.8%
Reduced	15,759	1.1%	957	0.5%	16,716	1.0%	7	0.1%	2	0.0%	9	0.0%
Medium	12,440	0.8%	2,034	1.1%	14,474	0.9%	21	0.2%	24	0.2%	45	0.2%
High	-	-	1,908	1.1%	1,908	0.1%	-	-	95	0.9%	95	0.5%
<b>Total</b>	<b>1,484,793</b>	<b>100.0%</b>	<b>178,050</b>	<b>100.0%</b>	<b>1,662,843</b>	<b>100.0%</b>	<b>8,919</b>	<b>100.0%</b>	<b>10,178</b>	<b>100.0%</b>	<b>19,097</b>	<b>100.0%</b>

31-Dec-2021

amounts in thousands of euros

Segment   Risk rating	Exposure						Impairment					
	Assets without significant increased risk (Stage 1)	%	Assets with significant increased risk (Stage 2)	%	Total	%	Assets without significant increased risk (Stage 1)	%	Assets with significant increased risk (Stage 2)	%	Total	%
<b>Companies</b>	<b>1,174,334</b>	<b>75.8%</b>	<b>147,517</b>	<b>77.8%</b>	<b>1,324,691</b>	<b>76.0%</b>	<b>8,055</b>	<b>99.3%</b>	<b>7,933</b>	<b>92.2%</b>	<b>15,988</b>	<b>95.7%</b>
Business	98,167	6.5%	9,860	5.2%	110,867	6.4%	423	5.2%	471	5.5%	894	5.3%
Reduced	28,093	1.8%	604	0.3%	28,697	1.6%	9	0.1%	1	0.0%	10	0.1%
Medium	70,315	4.5%	7,875	4.2%	78,190	4.5%	394	4.9%	400	4.6%	794	4.8%
High	2,598	0.2%	1,381	0.7%	3,980	0.2%	19	0.2%	71	0.8%	90	0.5%
Large and SME	845,462	54.4%	83,001	43.8%	928,463	53.3%	6,341	78.2%	6,906	80.3%	13,247	79.3%
Reduced	358,313	23.1%	6,883	3.6%	365,196	21.0%	239	2.9%	25	0.3%	263	1.6%
Medium	478,841	30.8%	69,446	36.6%	548,287	31.5%	5,900	72.7%	5,471	63.6%	11,371	68.1%
High	8,307	0.5%	6,673	3.5%	14,980	0.9%	202	2.5%	1,410	16.4%	1,612	9.6%
Construction and Real Estate Activities	230,706	14.9%	54,655	28.8%	285,361	16.4%	1,291	15.9%	556	6.5%	1,847	11.1%
Reduced	10,624	0.7%	140	0.1%	10,763	0.6%	442	5.4%	0	0.0%	442	2.6%
Medium	217,719	14.0%	49,696	26.2%	267,416	15.3%	832	10.3%	443	5.1%	1,275	7.6%
High	2,363	0.2%	4,819	2.5%	7,182	0.4%	17	0.2%	113	1.3%	130	0.8%
<b>Individuals, of which:</b>	<b>375,594</b>	<b>24.2%</b>	<b>42,136</b>	<b>22.2%</b>	<b>417,730</b>	<b>24.0%</b>	<b>56</b>	<b>0.7%</b>	<b>667</b>	<b>7.8%</b>	<b>722</b>	<b>4.3%</b>
Mortgage	279,091	18.0%	29,827	15.7%	308,918	17.7%	26	0.3%	411	4.8%	437	2.6%
Reduced	162,084	10.4%	2,848	1.5%	164,933	9.5%	14	0.2%	3	0.0%	17	0.1%
Medium	117,007	7.5%	6,371	3.4%	123,378	7.1%	12	0.1%	15	0.2%	27	0.2%
High	-	-	20,608	10.9%	20,608	1.2%	-	-	393	4.6%	393	2.4%
Consumer	31,776	2.0%	3,712	2.0%	35,488	2.0%	19	0.2%	210	2.4%	230	1.4%
Reduced	19,055	1.2%	393	0.2%	19,449	1.1%	4	0.1%	0	0.0%	5	0.0%
Medium	12,721	0.8%	1,769	0.9%	14,489	0.8%	15	0.2%	15	0.2%	30	0.2%
High	-	-	1,550	0.8%	1,550	0.1%	-	-	195	2.3%	195	1.2%
<b>Total</b>	<b>1,549,928</b>	<b>100.0%</b>	<b>189,652</b>	<b>100.0%</b>	<b>1,742,420</b>	<b>100.0%</b>	<b>8,111</b>	<b>100.0%</b>	<b>8,600</b>	<b>100.0%</b>	<b>16,710</b>	<b>100.0%</b>

Note – See reconciliation of balances in the table above

Exposure and impairment by segment, level and probability of default – Collective analysis

31-Dec-2022

amounts in thousands of euros

Segment   Probability of default	Exposure						Impairment					
	Assets without significant increased risk (Stage 1)	%	Assets with significant increased risk (Stage 2)	%	Total	%	Assets without significant increased risk (Stage 1)	%	Assets with significant increased risk (Stage 2)	%	Total	%
<b>Companies</b>	<b>1,078,681</b>	<b>75.2%</b>	<b>95,011</b>	<b>60.2%</b>	<b>1,173,692</b>	<b>73.7%</b>	<b>3,298</b>	<b>95.4%</b>	<b>1,370</b>	<b>55.6%</b>	<b>4,668</b>	<b>78.9%</b>
Business	89,505	6.2%	21,083	13.4%	110,587	6.9%	297	8.6%	410	16.6%	707	11.9%
≤ 0.10%	309	0.0%	-	-	309	0.0%	0	0.0%	-	-	0	0.0%
⇒ 0.11% and ≤ 0.40%	838	0.1%	46	0.0%	884	0.1%	0	0.0%	0	0.0%	0	0.0%
⇒ 0.41% and ≤ 1.00%	35,788	2.5%	1,349	0.9%	37,138	2.3%	36	1.0%	7	0.3%	43	0.7%
⇒ 1.01% and ≤ 3.00%	36,845	2.6%	7,309	4.6%	44,155	2.8%	111	3.2%	53	2.2%	164	2.8%
⇒ 3.01% and ≤ 6.00%	14,961	1.0%	11,074	7.0%	26,034	1.6%	134	3.9%	243	9.9%	377	6.4%
⇒ 6.01% and ≤ 11.00%	-	-	11	0.0%	11	0.0%	-	-	0	0.0%	0	0.0%
⇒ 11.01% and ≤ 17.00%	764	0.1%	773	0.5%	1,537	0.1%	16	0.5%	48	2.0%	64	1.1%
⇒ 17.01% and ≤ 25.00%	-	-	3	0.0%	3	0.0%	-	-	0	0.0%	0	0.0%
> 25.01%	-	-	517	0.3%	517	0.0%	-	-	57	2.3%	57	1.0%
Large and SME	748,365	52.2%	46,567	29.5%	794,931	49.9%	1,876	54.3%	614	24.9%	2,490	42.1%
≤ 0.10%	70,070	4.9%	1,300	0.8%	71,370	4.5%	7	0.2%	0	0.0%	7	0.1%
⇒ 0.11% and ≤ 0.40%	85,679	6.0%	845	0.5%	86,523	5.4%	24	0.7%	0	0.0%	25	0.4%
⇒ 0.41% and ≤ 1.00%	280,552	19.6%	15,968	10.1%	296,521	18.6%	308	8.9%	52	2.1%	360	6.1%
⇒ 1.01% and ≤ 3.00%	215,420	15.0%	14,373	9.1%	229,793	14.4%	787	22.8%	71	2.9%	858	14.5%
⇒ 3.01% and ≤ 6.00%	96,581	6.7%	13,419	8.5%	110,001	6.9%	749	21.7%	460	18.7%	1,209	20.4%
⇒ 6.01% and ≤ 11.00%	-	-	-	-	-	-	-	-	-	-	-	-
⇒ 11.01% and ≤ 17.00%	-	-	21	0.0%	21	0.0%	-	-	1	0.0%	1	0.0%
⇒ 17.01% and ≤ 25.00%	62	0.0%	555	0.4%	617	0.0%	1	0.0%	23	0.9%	24	0.4%
> 25.01%	-	-	86	0.1%	86	0.0%	-	-	7	0.3%	7	0.1%
Construction and Real Estate Activities	240,812	16.8%	27,361	17.3%	268,173	16.8%	1,126	32.6%	346	14.0%	1,472	24.9%
≤ 0.10%	4	0.0%	0	0.0%	4	0.0%	0	0.0%	0	0.0%	0	0.0%
⇒ 0.11% and ≤ 0.40%	222	0.0%	34	0.0%	256	0.0%	0	0.0%	0	0.0%	0	0.0%
⇒ 0.41% and ≤ 1.00%	20,546	1.4%	395	0.3%	20,940	1.3%	25	0.7%	1	0.0%	26	0.4%
⇒ 1.01% and ≤ 3.00%	166,985	11.6%	12,095	7.7%	179,079	11.2%	685	19.8%	88	3.6%	773	13.1%
⇒ 3.01% and ≤ 6.00%	53,030	3.7%	10,100	6.4%	63,130	4.0%	415	12.0%	133	5.4%	548	9.3%
⇒ 6.01% and ≤ 11.00%	-	-	2	0.0%	2	0.0%	-	-	0	0.0%	0	0.0%
⇒ 11.01% and ≤ 17.00%	4	0.0%	4,059	2.6%	4,063	0.3%	0	0.0%	93	3.8%	93	1.6%
⇒ 17.01% and ≤ 25.00%	22	0.0%	272	0.2%	295	0.0%	1	0.0%	6	0.2%	7	0.1%
> 25.01%	-	-	404	0.3%	404	0.0%	-	-	26	1.1%	26	0.4%
Individuals, of which:	<b>356,009</b>	<b>24.8%</b>	<b>62,717</b>	<b>39.8%</b>	<b>418,726</b>	<b>26.3%</b>	<b>157</b>	<b>4.6%</b>	<b>1,093</b>	<b>44.4%</b>	<b>1,251</b>	<b>21.1%</b>
Mortgage	266,836	18.6%	50,092	31.8%	316,928	19.9%	95	2.8%	617	37.2%	1,013	17.1%
≤ 0.10%	105	0.0%	59	0.0%	165	0.0%	0	0.0%	0	0.0%	0	0.0%
⇒ 0.11% and ≤ 0.40%	220,683	15.4%	9,366	5.9%	230,049	14.4%	57	1.7%	12	0.5%	69	1.2%
⇒ 0.41% and ≤ 1.00%	46,048	3.2%	17,320	11.0%	63,368	4.0%	38	1.1%	71	2.9%	109	1.8%
⇒ 1.01% and ≤ 3.00%	-	-	21	0.0%	21	0.0%	-	-	0	0.0%	0	0.0%
⇒ 3.01% and ≤ 6.00%	-	-	21,686	13.7%	21,686	1.4%	-	-	615	25.0%	615	10.4%
⇒ 6.01% and ≤ 11.00%	-	-	-	-	-	-	-	-	-	-	-	-
⇒ 11.01% and ≤ 17.00%	-	-	-	-	-	-	-	-	-	-	-	-
⇒ 17.01% and ≤ 25.00%	-	-	-	-	-	-	-	-	-	-	-	-
> 25.01%	-	-	1,641	1.0%	1,641	0.1%	-	-	219	8.9%	219	3.7%
Consumer	28,199	2.0%	4,872	3.1%	33,070	2.1%	28	0.8%	116	4.7%	144	2.4%
≤ 0.10%	250	0.0%	7	0.0%	257	0.0%	0	0.0%	0	0.0%	0	0.0%
⇒ 0.11% and ≤ 0.40%	15,687	1.1%	957	0.6%	16,645	1.0%	7	0.2%	2	0.1%	9	0.2%
⇒ 0.41% and ≤ 1.00%	10,821	0.8%	797	0.5%	11,618	0.7%	15	0.4%	5	0.2%	20	0.3%
⇒ 1.01% and ≤ 3.00%	1,439	0.1%	1,240	0.8%	2,679	0.2%	6	0.2%	19	0.8%	26	0.4%
⇒ 3.01% and ≤ 6.00%	-	-	21	0.0%	21	0.0%	-	-	0	0.0%	0	0.0%
⇒ 6.01% and ≤ 11.00%	-	-	1,528	1.0%	1,528	0.1%	-	-	65	2.6%	65	1.1%
⇒ 11.01% and ≤ 17.00%	-	-	1	0.0%	1	0.0%	-	-	0	0.0%	0	0.0%
⇒ 17.01% and ≤ 25.00%	-	-	10	0.0%	10	0.0%	-	-	0	0.0%	0	0.0%
> 25.01%	-	-	312	0.2%	312	0.0%	-	-	24	1.0%	24	0.4%
<b>Total</b>	<b>1,434,690</b>	<b>100.0%</b>	<b>157,728</b>	<b>100.0%</b>	<b>1,592,418</b>	<b>100.0%</b>	<b>3,456</b>	<b>100.0%</b>	<b>2,463</b>	<b>100.0%</b>	<b>5,919</b>	<b>100.0%</b>

31-Dec-2021

amounts in thousands of euros

Segment   Probability of default	Exposure				Impairment							
	Assets without significant increased risk (Stage 1)	%	Assets with significant increased risk (Stage 2)	%	Total	%	Assets without significant increased risk (Stage 1)	%	Assets with significant increased risk (Stage 2)	%	Total	%
<b>Companies</b>	<b>1,143,014</b>	<b>75.3%</b>	<b>87,767</b>	<b>68.1%</b>	<b>1,230,781</b>	<b>74.7%</b>	<b>1,682</b>	<b>96.8%</b>	<b>1,190</b>	<b>76.4%</b>	<b>2,872</b>	<b>87.1%</b>
Business	99,084	6.5%	8,909	6.9%	107,993	6.6%	128	7.4%	55	3.5%	183	5.5%
<= 0.10%	315	0.0%	-	-	315	0.0%	0	0.0%	-	-	0	0.0%
>= 0.11% and <= 0.40%	3,100	0.2%	59	0.0%	3,159	0.2%	1	0.0%	0	0.0%	1	0.0%
>= 0.41% and <= 1.00%	28,040	1.8%	872	0.7%	28,912	1.8%	11	0.6%	1	0.1%	12	0.4%
>= 1.01% and <= 3.00%	41,336	2.7%	3,233	2.5%	44,569	2.7%	46	2.7%	8	0.5%	54	1.6%
>= 3.01% and <= 6.00%	23,786	1.6%	3,664	2.8%	27,450	1.7%	51	3.0%	26	1.7%	77	2.3%
>= 6.01% and <= 11.00%	71	0.0%	88	0.1%	159	0.0%	1	0.0%	1	0.1%	2	0.1%
>= 11.01% and <= 17.00%	2,435	0.2%	485	0.4%	2,921	0.2%	19	1.1%	6	0.4%	25	0.8%
>= 17.01% and <= 25.00%	-	-	508	0.4%	508	0.0%	-	-	12	0.8%	12	0.4%
> 25.01%	-	-	-	-	-	-	-	-	-	-	-	-
Large and SME	826,362	54.4%	47,725	37.0%	874,088	53.1%	1,225	70.5%	720	46.2%	1,944	59.0%
<= 0.10%	16,051	1.1%	-	-	16,051	1.0%	1	0.1%	-	-	1	0.0%
>= 0.11% and <= 0.40%	61,270	4.0%	130	0.1%	61,399	3.7%	7	0.4%	0	0.0%	7	0.2%
>= 0.41% and <= 1.00%	300,904	19.8%	1,735	1.3%	302,639	18.4%	123	7.1%	5	0.4%	128	3.9%
>= 1.01% and <= 3.00%	313,517	20.6%	26,578	20.6%	340,095	20.6%	544	31.3%	347	22.3%	891	27.0%
>= 3.01% and <= 6.00%	127,078	8.4%	18,002	14.0%	145,079	8.8%	458	26.4%	341	21.9%	799	24.2%
>= 6.01% and <= 11.00%	3	0.0%	16	0.0%	19	0.0%	0	0.0%	0	0.0%	0	0.0%
>= 11.01% and <= 17.00%	7,541	0.5%	690	0.5%	8,231	0.5%	92	5.3%	6	0.4%	99	3.0%
>= 17.01% and <= 25.00%	-	-	-	-	-	-	-	-	-	-	-	-
> 25.01%	-	-	575	0.4%	575	0.0%	-	-	20	1.3%	20	0.6%
Construction and Real Estate Activities	217,567	14.3%	31,132	24.2%	248,700	15.1%	329	18.9%	416	26.7%	745	22.6%
<= 0.10%	7,526	0.5%	140	0.1%	7,666	0.5%	0	0.0%	0	0.0%	1	0.0%
>= 0.11% and <= 0.40%	54	0.0%	0	0.0%	55	0.0%	0	0.0%	0	0.0%	0	0.0%
>= 0.41% and <= 1.00%	1,011	0.1%	70	0.1%	1,081	0.1%	1	0.0%	0	0.0%	1	0.0%
>= 1.01% and <= 3.00%	133,485	8.8%	7,496	5.8%	140,981	8.6%	149	8.6%	53	3.4%	202	6.1%
>= 3.01% and <= 6.00%	73,138	4.8%	18,660	14.5%	91,798	5.6%	162	9.3%	251	16.1%	413	12.5%
>= 6.01% and <= 11.00%	2,323	0.2%	236	0.2%	2,559	0.2%	17	1.0%	4	0.3%	21	0.6%
>= 11.01% and <= 17.00%	-	-	4	0.0%	4	0.0%	-	-	0	0.0%	0	0.0%
>= 17.01% and <= 25.00%	30	0.0%	4,527	3.5%	4,557	0.3%	0	0.0%	107	6.9%	107	3.2%
> 25.01%	-	-	-	-	-	-	-	-	-	-	-	-
Individuals, of which:	375,594	24.7%	41,073	31.9%	416,667	25.3%	56	3.2%	368	23.6%	424	12.9%
Mortgage	279,091	18.4%	29,353	22.8%	308,444	18.7%	26	1.5%	288	18.5%	314	9.5%
<= 0.10%	266,418	17.5%	5,790	4.5%	272,208	16.5%	22	1.3%	6	0.4%	29	0.9%
>= 0.11% and <= 0.40%	12,673	0.8%	3,431	2.7%	16,104	1.0%	3	0.2%	12	0.8%	15	0.5%
>= 0.41% and <= 1.00%	-	-	5	0.0%	5	0.0%	-	-	0	0.0%	0	0.0%
>= 1.01% and <= 3.00%	-	-	19,003	14.7%	19,003	1.2%	-	-	228	14.6%	228	6.9%
>= 3.01% and <= 6.00%	-	-	-	-	-	-	-	-	-	-	-	-
>= 6.01% and <= 11.00%	-	-	-	-	-	-	-	-	-	-	-	-
>= 11.01% and <= 17.00%	-	-	3	0.0%	3	0.0%	-	-	0	0.0%	0	0.0%
>= 17.01% and <= 25.00%	-	-	1,121	0.9%	1,121	0.1%	-	-	42	2.7%	42	1.3%
> 25.01%	-	-	-	-	-	-	-	-	-	-	-	-
Consumer	31,776	2.1%	3,132	2.4%	34,908	2.1%	19	1.1%	36	2.3%	55	1.7%
<= 0.10%	9,401	0.6%	166	0.1%	9,567	0.6%	2	0.1%	0	0.0%	2	0.0%
>= 0.11% and <= 0.40%	9,820	0.6%	245	0.2%	10,065	0.6%	3	0.2%	0	0.0%	3	0.1%
>= 0.41% and <= 1.00%	10,425	0.7%	667	0.5%	11,092	0.7%	10	0.6%	3	0.2%	13	0.4%
>= 1.01% and <= 3.00%	2,130	0.1%	1,103	0.9%	3,233	0.2%	5	0.3%	12	0.8%	17	0.5%
>= 3.01% and <= 6.00%	-	-	753	0.6%	753	0.0%	-	-	14	0.9%	14	0.4%
>= 6.01% and <= 11.00%	-	-	0	0.0%	0	0.0%	-	-	0	0.0%	0	0.0%
>= 11.01% and <= 17.00%	-	-	4	0.0%	4	0.0%	-	-	0	0.0%	0	0.0%
>= 17.01% and <= 25.00%	-	-	194	0.2%	194	0.0%	-	-	6	0.4%	6	0.2%
> 25.01%	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1,518,608</b>	<b>100.0%</b>	<b>128,840</b>	<b>100.0%</b>	<b>1,647,448</b>	<b>100.0%</b>	<b>1,738</b>	<b>100.0%</b>	<b>1,559</b>	<b>100.0%</b>	<b>3,296</b>	<b>100.0%</b>

Exposure and impairment by segment, level and loss due to default – Collective analysis

31-Dec-2022

*amounts in thousands of euros*

Segment   Loss due to default	Exposure						Impairment					
	Performing Assets (Stage 1/ Stage 2)	%	Assets In default (Stage 3)	%	Total	%	Performing Assets (Stage 1/ Stage 2)	%	Assets In default (Stage 3)	%	Total	%
<b>Companies</b>	<b>1,173,692</b>	<b>73.7%</b>	<b>32,595</b>	<b>88.6%</b>	<b>1,206,288</b>	<b>74.0%</b>	<b>4,668</b>	<b>78.9%</b>	<b>9,029</b>	<b>80.5%</b>	<b>13,697</b>	<b>79.9%</b>
Business	110,587	6.9%	4,426	12.0%	115,013	7.1%	707	11.9%	2,198	19.6%	2,905	17.0%
Mortgage Guarantees	17,245	1.1%	578	1.6%	17,824	1.1%	233	3.9%	287	2.6%	520	3.0%
≤ 20%	15,445	1.0%	-	-	15,445	0.9%	185	3.1%	-	-	185	1.1%
≥ 21% and ≤ 40%	1,801	0.1%	411	1.1%	2,212	0.1%	49	0.8%	154	1.4%	202	1.2%
≥ 41% and ≤ 60%	-	-	78	0.2%	78	0.0%	-	-	45	0.4%	45	0.3%
≥ 61% and ≤ 80%	-	-	-	-	-	-	-	-	-	-	-	-
> 81%	-	-	89	0.2%	89	0.0%	-	-	89	0.8%	89	0.5%
Non-mortgage guarantees	93,342	5.9%	3,848	10.5%	97,190	6.0%	474	8.0%	1,911	17.0%	2,384	13.9%
≤ 20%	81,318	5.1%	377	1.0%	81,695	5.0%	387	6.5%	45	0.4%	432	2.5%
≥ 21% and ≤ 40%	1,630	0.1%	945	2.6%	2,574	0.2%	16	0.3%	176	1.6%	192	1.1%
≥ 41% and ≤ 60%	-	-	296	0.8%	296	0.0%	-	-	106	0.9%	106	0.6%
≥ 61% and ≤ 80%	10,394	0.7%	271	0.7%	10,665	0.7%	71	1.2%	141	1.3%	212	1.2%
> 81%	-	-	1,959	5.3%	1,959	0.1%	-	-	1,443	12.9%	1,443	8.4%
Large and SME	794,931	49.9%	11,647	31.6%	806,579	49.5%	2,490	42.1%	3,000	26.7%	5,490	32.0%
Mortgage Guarantees	260,259	16.3%	9,728	26.4%	269,987	16.6%	1,568	26.5%	1,895	16.9%	3,463	20.2%
≤ 20%	232,815	14.6%	-	-	232,815	14.3%	1,451	24.5%	-	-	1,451	8.5%
≥ 21% and ≤ 40%	27,444	1.7%	6,490	17.6%	33,935	2.1%	117	2.0%	722	6.4%	839	4.9%
≥ 41% and ≤ 60%	-	-	1,746	4.7%	1,746	0.1%	-	-	777	6.9%	777	4.5%
≥ 61% and ≤ 80%	-	-	553	1.5%	553	0.0%	-	-	339	3.0%	339	2.0%
> 81%	-	-	939	2.6%	939	0.1%	-	-	56	0.5%	56	0.3%
Non-mortgage guarantees	534,672	33.6%	1,919	5.2%	536,592	32.9%	922	15.6%	1,105	9.9%	2,027	11.8%
≤ 20%	463,348	29.1%	63	0.2%	463,411	28.4%	707	11.9%	13	0.1%	720	4.2%
≥ 21% and ≤ 40%	59,403	3.7%	430	1.2%	59,833	3.7%	129	2.2%	75	0.7%	204	1.2%
≥ 41% and ≤ 60%	-	-	288	0.8%	288	0.0%	-	-	136	1.2%	136	0.8%
≥ 61% and ≤ 80%	11,921	0.7%	102	0.3%	12,023	0.7%	85	1.4%	54	0.5%	139	0.8%
> 81%	-	-	1,037	2.8%	1,037	0.1%	-	-	828	7.4%	828	4.8%
Construction and Real Estate Activities	268,173	16.8%	16,522	44.9%	284,696	17.5%	1,472	24.9%	3,831	34.1%	5,302	30.9%
Mortgage Guarantees	233,603	14.7%	13,476	36.6%	247,079	15.2%	1,337	22.6%	3,121	27.8%	4,457	26.0%
≤ 20%	225,615	14.2%	69	0.2%	225,684	13.9%	1,273	21.5%	13	0.1%	1,286	7.5%
≥ 21% and ≤ 40%	7,987	0.5%	13,346	36.3%	21,333	1.3%	64	1.1%	3,071	27.4%	3,135	18.3%
≥ 41% and ≤ 60%	-	-	-	-	-	-	-	-	-	-	-	-
≥ 61% and ≤ 80%	-	-	45	0.1%	45	0.0%	-	-	33	0.3%	33	0.2%
> 81%	-	-	17	0.0%	17	0.0%	-	-	3	0.0%	3	0.0%
Non-mortgage guarantees	34,571	2.2%	3,046	8.3%	37,617	2.3%	135	2.3%	710	6.3%	845	4.9%
≤ 20%	32,688	2.1%	44	0.1%	32,732	2.0%	119	2.0%	8	0.1%	127	0.7%
≥ 21% and ≤ 40%	141	0.0%	162	0.4%	304	0.0%	1	0.0%	41	0.4%	42	0.2%
≥ 41% and ≤ 60%	-	-	25	0.1%	25	0.0%	-	-	12	0.1%	12	0.1%
≥ 61% and ≤ 80%	1,741	0.1%	111	0.3%	1,853	0.1%	15	0.2%	64	0.6%	79	0.5%
> 81%	-	-	2,704	7.3%	2,704	0.2%	-	-	585	5.2%	585	3.4%
<b>Individuals, of which:</b>	<b>418,726</b>	<b>26.3%</b>	<b>4,208</b>	<b>11.4%</b>	<b>422,934</b>	<b>26.0%</b>	<b>1,251</b>	<b>21.1%</b>	<b>2,190</b>	<b>19.5%</b>	<b>3,441</b>	<b>20.1%</b>
Mortgage	316,928	19.9%	2,549	6.9%	319,478	19.6%	1,013	17.1%	1,401	12.5%	2,414	14.1%
Mortgage Guarantees	315,663	19.8%	2,484	6.7%	318,148	19.5%	1,011	17.1%	1,336	11.9%	2,347	13.7%
≤ 20%	315,663	19.8%	225	0.6%	315,889	19.4%	1,011	17.1%	45	0.4%	1,056	6.2%
≥ 21% and ≤ 40%	-	-	852	2.3%	852	0.1%	-	-	238	2.1%	238	1.4%
≥ 41% and ≤ 60%	-	-	403	1.1%	403	0.0%	-	-	205	1.8%	205	1.2%
≥ 61% and ≤ 80%	-	-	523	1.4%	523	0.0%	-	-	369	3.3%	369	2.2%
> 81%	-	-	481	1.3%	481	0.0%	-	-	479	4.3%	479	2.8%
Non-mortgage guarantees	1,265	0.1%	65	0.2%	1,330	0.1%	2	0.0%	65	0.6%	67	0.4%
≤ 20%	1,265	0.1%	-	-	1,265	0.1%	2	0.0%	-	-	2	0.0%
≥ 21% and ≤ 40%	-	-	-	-	-	-	-	-	-	-	-	-
≥ 41% and ≤ 60%	-	-	-	-	-	-	-	-	-	-	-	-
≥ 61% and ≤ 80%	-	-	-	-	-	-	-	-	-	-	-	-
> 81%	-	-	65	0.2%	65	0.0%	-	-	65	0.6%	65	0.4%
Consumer	33,070	2.1%	1,322	3.6%	34,393	2.1%	144	2.4%	641	5.7%	786	4.6%
Mortgage Guarantees	10,042	0.6%	578	1.6%	10,620	0.7%	76	1.3%	272	2.4%	347	2.0%
≤ 20%	-	-	-	-	-	-	-	-	-	-	-	-
≥ 21% and ≤ 40%	10,042	0.6%	329	0.9%	10,371	0.6%	76	1.3%	119	1.1%	195	1.1%
≥ 41% and ≤ 60%	-	-	192	0.5%	192	0.0%	-	-	109	1.0%	109	0.6%
≥ 61% and ≤ 80%	-	-	50	0.1%	50	0.0%	-	-	36	0.3%	36	0.2%
> 81%	-	-	8	0.0%	8	0.0%	-	-	8	0.0%	8	0.0%
Non-mortgage guarantees	23,028	1.4%	744	2.0%	23,772	1.5%	69	1.2%	369	3.3%	438	2.6%
≤ 20%	-	-	-	-	-	-	-	-	-	-	-	-
≥ 21% and ≤ 40%	23,021	1.4%	356	1.0%	23,377	1.4%	69	1.2%	105	0.9%	174	1.0%
≥ 41% and ≤ 60%	-	-	73	0.2%	73	0.0%	-	-	26	0.2%	26	0.1%
≥ 61% and ≤ 80%	7	0.0%	41	0.1%	48	0.0%	0	0.0%	31	0.3%	31	0.2%
> 81%	-	-	274	0.7%	274	0.0%	-	-	207	1.8%	207	1.2%
<b>Total</b>	<b>1,592,418</b>	<b>100.0%</b>	<b>36,804</b>	<b>100.0%</b>	<b>1,629,222</b>	<b>100.0%</b>	<b>5,919</b>	<b>100.0%</b>	<b>11,219</b>	<b>100.0%</b>	<b>17,138</b>	<b>100.0%</b>

31-Dec-2021

amounts in thousands of euros

Segment   Loss due to default	Exposure						Impairment					
	Performing Assets (Stage 1/ Stage 2)	%	Assets in default (Stage 3)	%	Total	%	Performing Assets (Stage 1/ Stage 2)	%	Assets in default (Stage 3)	%	Total	%
<b>Companies</b>	<b>1,230,781</b>	<b>74.7%</b>	<b>24,184</b>	<b>77.8%</b>	<b>1,254,964</b>	<b>74.8%</b>	<b>2,872</b>	<b>87.1%</b>	<b>7,144</b>	<b>74.5%</b>	<b>10,016</b>	<b>77.7%</b>
Business	107,993	6.6%	5,281	17.0%	113,274	6.7%	183	5.5%	2,446	25.5%	2,629	20.4%
Mortgage Guarantees	15,057	0.9%	771	2.5%	15,828	0.9%	33	1.0%	224	2.3%	257	2.0%
<= 20%	15,057	0.9%	520	1.7%	15,576	0.9%	33	1.0%	76	0.8%	109	0.8%
>= 21% and <= 40%	-	-	147	0.5%	147	0.0%	-	-	44	0.5%	44	0.3%
>= 41% and <= 60%	-	-	-	-	-	-	-	-	-	-	-	-
>= 61% and <= 80%	-	-	-	-	-	-	-	-	-	-	-	-
> =81%	-	-	104	0.3%	104	0.0%	-	-	104	1.1%	104	0.8%
Non-mortgage guarantees	92,936	5.6%	4,510	14.5%	97,446	5.8%	150	4.5%	2,223	23.2%	2,372	18.4%
<= 20%	83,557	5.1%	1,185	3.8%	84,742	5.0%	113	3.4%	138	1.4%	250	1.9%
>= 21% and <= 40%	-	-	418	1.3%	418	0.0%	-	-	119	1.2%	119	0.9%
>= 41% and <= 60%	-	-	452	1.5%	452	0.0%	-	-	182	1.9%	182	1.4%
>= 61% and <= 80%	9,379	0.6%	251	0.8%	9,630	0.6%	37	1.1%	105	1.1%	141	1.1%
> =81%	-	-	2,205	7.1%	2,205	0.1%	-	-	1,680	17.5%	1,680	13.0%
Large and SME	874,088	53.1%	14,166	45.6%	888,254	52.9%	1,944	59.0%	3,780	39.4%	5,725	44.4%
Mortgage Guarantees	284,624	17.3%	8,712	28.0%	293,336	17.5%	1,360	41.3%	2,607	27.2%	3,967	30.8%
<= 20%	284,624	17.3%	2,552	8.2%	287,176	17.1%	1,360	41.3%	355	3.7%	1,716	13.3%
>= 21% and <= 40%	-	-	5,790	18.6%	5,790	0.3%	-	-	2,225	23.2%	2,225	17.3%
>= 41% and <= 60%	-	-	-	-	-	-	-	-	-	-	-	-
>= 61% and <= 80%	-	-	-	-	-	-	-	-	-	-	-	-
> =81%	-	-	371	1.2%	371	0.0%	-	-	27	0.3%	27	0.2%
Non-mortgage guarantees	589,464	35.8%	5,454	17.6%	594,918	35.4%	584	17.7%	1,174	12.2%	1,758	13.6%
<= 20%	574,170	34.9%	3,345	10.8%	577,515	34.4%	496	15.1%	194	2.0%	691	5.4%
>= 21% and <= 40%	-	-	265	0.9%	265	0.0%	-	-	95	1.0%	95	0.7%
>= 41% and <= 60%	-	-	587	1.9%	587	0.0%	-	-	320	3.3%	320	2.5%
>= 61% and <= 80%	15,294	0.9%	723	2.3%	16,017	1.0%	88	2.7%	184	1.9%	272	2.1%
> =81%	-	-	534	1.7%	534	0.0%	-	-	380	4.0%	380	2.9%
Construction and Real Estate Activities	248,700	15.1%	4,737	15.2%	253,437	15.1%	745	22.6%	917	9.6%	1,662	12.9%
Mortgage Guarantees	216,884	13.2%	429	1.4%	217,313	12.9%	700	21.2%	88	0.9%	788	6.1%
<= 20%	216,884	13.2%	205	0.7%	217,089	12.9%	700	21.2%	20	0.2%	720	5.6%
>= 21% and <= 40%	-	-	163	0.5%	163	0.0%	-	-	36	0.4%	36	0.3%
>= 41% and <= 60%	-	-	-	-	-	-	-	-	-	-	-	-
>= 61% and <= 80%	-	-	45	0.1%	45	0.0%	-	-	29	0.3%	29	0.2%
> =81%	-	-	17	0.1%	17	0.0%	-	-	3	0.0%	3	0.0%
Non-mortgage guarantees	31,816	1.9%	4,307	13.9%	36,123	2.2%	45	1.4%	829	8.6%	873	6.8%
<= 20%	30,075	1.8%	277	0.9%	30,352	1.8%	37	1.1%	27	0.3%	64	0.5%
>= 21% and <= 40%	-	-	1,048	3.4%	1,048	0.1%	-	-	51	0.5%	51	0.4%
>= 41% and <= 60%	-	-	8	0.0%	8	0.0%	-	-	4	0.0%	4	0.0%
>= 61% and <= 80%	1,741	0.1%	74	0.2%	1,815	0.1%	7	0.2%	43	0.4%	50	0.4%
> =81%	-	-	2,901	9.3%	2,901	0.2%	-	-	704	7.3%	704	5.5%
<b>Individuals, of which:</b>	<b>416,667</b>	<b>25.3%</b>	<b>6,882</b>	<b>22.2%</b>	<b>423,549</b>	<b>25.2%</b>	<b>424</b>	<b>12.9%</b>	<b>2,449</b>	<b>25.5%</b>	<b>2,873</b>	<b>22.3%</b>
Mortgage	308,444	18.7%	5,070	16.3%	313,514	18.7%	314	9.5%	1,832	19.1%	2,146	16.6%
Mortgage Guarantees	305,726	18.6%	4,982	16.0%	310,707	18.5%	312	9.5%	1,744	18.2%	2,056	16.0%
<= 20%	305,726	18.6%	1,801	5.8%	307,526	18.3%	312	9.5%	205	2.1%	517	4.0%
>= 21% and <= 40%	-	-	2,028	6.5%	2,028	0.1%	-	-	582	6.1%	582	4.5%
>= 41% and <= 60%	-	-	374	1.2%	374	0.0%	-	-	181	1.9%	181	1.4%
>= 61% and <= 80%	-	-	18	0.1%	18	0.0%	-	-	14	0.1%	14	0.1%
> =81%	-	-	762	2.5%	762	0.0%	-	-	762	7.9%	762	5.9%
Non-mortgage guarantees	2,718	0.2%	89	0.3%	2,807	0.2%	2	0.1%	88	0.9%	90	0.7%
<= 20%	2,718	0.2%	-	-	2,718	0.2%	2	0.1%	-	-	2	0.0%
>= 21% and <= 40%	-	-	-	-	-	-	-	-	-	-	-	-
>= 41% and <= 60%	-	-	-	-	-	-	-	-	-	-	-	-
>= 61% and <= 80%	-	-	-	-	-	-	-	-	-	-	-	-
> =81%	-	-	89	0.3%	89	0.0%	-	-	88	0.9%	88	0.7%
Consumer	34,908	2.1%	1,300	4.2%	36,208	2.2%	55	1.7%	426	4.4%	481	3.7%
Mortgage Guarantees	10,064	0.6%	732	2.4%	10,796	0.6%	20	0.6%	177	1.8%	197	1.5%
<= 20%	10,064	0.6%	427	1.4%	10,491	0.6%	20	0.6%	60	0.6%	80	0.6%
>= 21% and <= 40%	-	-	231	0.7%	231	0.0%	-	-	70	0.7%	70	0.5%
>= 41% and <= 60%	-	-	49	0.2%	49	0.0%	-	-	21	0.2%	21	0.2%
>= 61% and <= 80%	-	-	-	-	-	-	-	-	-	-	-	-
> =81%	-	-	26	0.1%	26	0.0%	-	-	26	0.3%	26	0.2%
Non-mortgage guarantees	24,844	1.5%	568	1.8%	25,412	1.5%	35	1.1%	249	2.6%	284	2.2%
<= 20%	24,827	1.5%	121	0.4%	24,948	1.5%	35	1.0%	21	0.2%	56	0.4%
>= 21% and <= 40%	-	-	160	0.5%	160	0.0%	-	-	41	0.4%	41	0.3%
>= 41% and <= 60%	17	0.0%	11	0.0%	28	0.0%	0	0.0%	5	0.1%	5	0.0%
>= 61% and <= 80%	-	-	159	0.5%	159	0.0%	-	-	99	1.0%	99	0.8%
> =81%	-	-	116	0.4%	116	0.0%	-	-	83	0.9%	83	0.6%
<b>Total</b>	<b>1,647,448</b>	<b>100.0%</b>	<b>31,065</b>	<b>100.0%</b>	<b>1,678,513</b>	<b>100.0%</b>	<b>3,296</b>	<b>100.0%</b>	<b>9,593</b>	<b>100.0%</b>	<b>12,889</b>	<b>100.0%</b>



Exposure and impairment by segment, level and loan to value – Collective analysis

31-Dec-2022

*amounts in thousands of euros*

Segment   loan to value	Exposure						Impairment					
	Performing Assets (Stage 1/ Stage 2)	%	Assets in default (Stage 3)	%	Total	%	Performing Assets (Stage 1/ Stage 2)	%	Assets in default (Stage 3)	%	Total	%
<b>Companies</b>	<b>511,108</b>	<b>61.0%</b>	<b>23,782</b>	<b>88.5%</b>	<b>534,890</b>	<b>61.8%</b>	<b>3,138</b>	<b>74.2%</b>	<b>5,302</b>	<b>76.4%</b>	<b>8,441</b>	<b>75.6%</b>
Business	17,246	2.1%	578	2.1%	17,824	2.1%	233	5.5%	287	4.1%	520	4.7%
<= 50%	3,791	0.5%	61	0.2%	3,853	0.4%	56	1.3%	18	0.3%	74	0.7%
>= 51% and <= 70%	3,563	0.4%	156	0.6%	3,720	0.4%	23	0.5%	128	1.9%	151	1.4%
>= 71% and <= 90%	5,346	0.6%	332	1.2%	5,679	0.7%	78	1.8%	131	1.9%	209	1.9%
>= 91% and <= 100%	3,791	0.5%	28	0.1%	3,819	0.4%	64	1.5%	9	0.1%	73	0.7%
> 100%	754	0.1%	-	-	754	0.1%	13	0.3%	-	-	13	0.1%
Large and SME	260,259	31.0%	9,728	36.2%	269,987	31.2%	1,568	37.1%	1,895	27.3%	3,463	31.0%
<= 50%	90,905	10.8%	6,686	24.9%	97,591	11.3%	470	11.1%	971	14.0%	1,441	12.9%
>= 51% and <= 70%	50,982	6.1%	568	2.1%	51,550	6.0%	316	7.5%	21	0.3%	337	3.0%
>= 71% and <= 90%	35,429	4.2%	242	0.9%	35,670	4.1%	239	5.6%	53	0.8%	292	2.6%
>= 91% and <= 100%	56,501	6.7%	-	-	56,501	6.5%	426	10.1%	-	-	426	3.8%
> 100%	26,442	3.2%	2,232	8.3%	28,674	3.3%	117	2.8%	850	12.2%	967	8.7%
Construction and real estate activities	233,603	27.9%	13,476	50.1%	247,079	28.6%	1,337	31.6%	3,121	45.0%	4,457	39.9%
<= 50%	48,864	5.8%	294	1.1%	49,158	5.7%	245	5.8%	67	1.0%	312	2.8%
>= 51% and <= 70%	32,833	3.9%	5,905	22.0%	38,738	4.5%	207	4.9%	1,362	19.6%	1,569	14.0%
>= 71% and <= 90%	47,624	5.7%	7,052	26.2%	54,676	6.3%	216	5.1%	1,614	23.3%	1,831	16.4%
>= 91% and <= 100%	96,906	11.6%	180	0.7%	97,086	11.2%	612	14.5%	45	0.6%	657	5.9%
> 100%	7,376	0.9%	45	0.2%	7,421	0.9%	56	1.3%	33	0.5%	89	0.8%
<b>Individuals, of which:</b>	<b>327,395</b>	<b>39.0%</b>	<b>3,105</b>	<b>11.5%</b>	<b>330,500</b>	<b>38.2%</b>	<b>1,092</b>	<b>25.8%</b>	<b>1,636</b>	<b>23.6%</b>	<b>2,728</b>	<b>24.4%</b>
Mortgage	315,663	37.6%	2,484	9.2%	318,148	36.8%	1,011	23.9%	1,336	19.3%	2,347	21.0%
<= 50%	40,329	4.8%	491	1.8%	40,819	4.7%	112	2.7%	243	3.5%	355	3.2%
>= 51% and <= 70%	45,943	5.5%	553	2.1%	46,495	5.4%	180	4.3%	310	4.5%	490	4.4%
>= 71% and <= 90%	80,905	9.6%	777	2.9%	81,682	9.4%	291	6.9%	491	7.1%	782	7.0%
>= 91% and <= 100%	139,318	16.6%	591	2.2%	139,909	16.2%	410	9.7%	219	3.2%	629	5.6%
> 100%	9,168	1.1%	74	0.3%	9,242	1.1%	17	0.4%	74	1.1%	91	0.8%
Consumer	10,042	1.2%	578	2.2%	10,620	1.2%	76	1.8%	272	3.9%	347	3.1%
<= 50%	948	0.1%	407	1.5%	1,355	0.2%	2	0.0%	174	2.5%	176	1.6%
>= 51% and <= 70%	1,452	0.2%	132	0.5%	1,584	0.2%	4	0.1%	77	1.1%	81	0.7%
>= 71% and <= 90%	2,536	0.3%	40	0.1%	2,576	0.3%	20	0.5%	21	0.3%	41	0.4%
>= 91% and <= 100%	5,075	0.6%	-	-	5,075	0.6%	50	1.2%	-	-	50	0.4%
> 100%	31	0.0%	-	-	31	0.0%	0	0.0%	-	-	0	0.0%
<b>Total</b>	<b>838,502</b>	<b>100.0%</b>	<b>26,887</b>	<b>100.0%</b>	<b>865,390</b>	<b>100.0%</b>	<b>4,231</b>	<b>100.0%</b>	<b>6,939</b>	<b>100.0%</b>	<b>11,169</b>	<b>100.0%</b>

31-Dec-2021

*amounts in thousands of euros*

Segment   loan to value	Exposure						Impairment					
	Performing Assets (Stage 1/ Stage 2)	%	Assets in default (Stage 3)	%	Total	%	Performing Assets (Stage 1/ Stage 2)	%	Assets in default (Stage 3)	%	Total	%
<b>Companies</b>	<b>516,564</b>	<b>61.8%</b>	<b>9,912</b>	<b>63.1%</b>	<b>526,477</b>	<b>61.9%</b>	<b>2,094</b>	<b>85.8%</b>	<b>2,919</b>	<b>60.1%</b>	<b>5,013</b>	<b>68.7%</b>
Business	15,057	1.8%	771	4.9%	15,828	1.9%	33	1.4%	224	4.6%	257	3.5%
<= 50%	1,781	0.2%	173	1.1%	1,954	0.2%	3	0.1%	22	0.5%	25	0.3%
>= 51% and <= 70%	3,505	0.4%	-	-	3,505	0.4%	8	0.3%	-	-	8	0.1%
>= 71% and <= 90%	4,793	0.6%	137	0.9%	4,930	0.6%	13	0.5%	108	2.2%	121	1.7%
>= 91% and <= 100%	4,300	0.5%	358	2.3%	4,658	0.5%	7	0.3%	56	1.2%	63	0.9%
> 100%	678	0.1%	102	0.7%	780	0.1%	3	0.1%	38	0.8%	41	0.6%
Large and SME	284,624	34.1%	8,712	55.5%	293,336	34.5%	1,360	55.7%	2,607	53.7%	3,967	54.4%
<= 50%	45,593	5.5%	6,655	42.4%	52,648	6.2%	130	5.3%	2,331	48.0%	2,461	33.7%
>= 51% and <= 70%	86,836	10.4%	1,364	8.7%	88,200	10.4%	305	12.5%	165	3.4%	469	6.4%
>= 71% and <= 90%	39,098	4.7%	693	4.4%	39,791	4.7%	201	8.2%	111	2.3%	313	4.3%
>= 91% and <= 100%	99,666	11.9%	-	-	99,666	11.7%	692	28.3%	-	-	692	9.5%
> 100%	13,031	1.6%	-	-	13,031	1.5%	33	1.3%	-	-	33	0.4%
Construction and Real Estate Activities	216,884	26.0%	429	2.7%	217,313	25.5%	700	28.7%	88	1.8%	788	10.8%
<= 50%	44,831	5.4%	67	0.4%	44,898	5.3%	82	3.4%	8	0.2%	90	1.2%
>= 51% and <= 70%	34,211	4.1%	205	1.3%	34,416	4.0%	61	2.5%	20	0.4%	81	1.1%
>= 71% and <= 90%	75,353	9.0%	113	0.7%	75,466	8.9%	350	14.3%	32	0.7%	381	5.2%
>= 91% and <= 100%	61,565	7.4%	-	-	61,565	7.2%	206	8.4%	-	-	206	2.8%
> 100%	923	0.1%	45	0.3%	968	0.1%	1	0.0%	29	0.6%	30	0.4%
<b>Individuals, of which:</b>	<b>318,896</b>	<b>38.2%</b>	<b>5,799</b>	<b>36.9%</b>	<b>324,695</b>	<b>38.1%</b>	<b>348</b>	<b>14.2%</b>	<b>1,937</b>	<b>39.9%</b>	<b>2,285</b>	<b>31.3%</b>
Mortgage	305,726	36.6%	4,982	31.7%	310,707	36.5%	312	12.8%	1,744	35.9%	2,056	28.2%
<= 50%	45,402	5.4%	482	3.1%	45,884	5.4%	40	1.6%	144	3.0%	184	2.5%
>= 51% and <= 70%	46,955	5.6%	590	3.8%	47,545	5.6%	66	2.7%	285	5.9%	350	4.8%
>= 71% and <= 90%	75,360	9.0%	1,745	11.1%	77,104	9.1%	85	3.5%	507	10.4%	593	8.1%
>= 91% and <= 100%	130,801	15.7%	697	4.4%	131,497	15.4%	115	4.7%	169	3.5%	285	3.9%
> 100%	7,209	0.9%	1,468	9.3%	8,677	1.0%	6	0.2%	638	13.1%	644	8.8%
Consumer	10,064	1.2%	732	4.7%	10,796	1.3%	20	0.8%	177	3.6%	197	2.7%
<= 50%	1,168	0.1%	107	0.7%	1,275	0.1%	3	0.1%	43	0.9%	45	0.6%
>= 51% and <= 70%	1,839	0.2%	496	3.2%	2,336	0.3%	7	0.3%	95	1.9%	101	1.4%
>= 71% and <= 90%	1,974	0.2%	128	0.8%	2,102	0.2%	3	0.1%	40	0.8%	42	0.6%
>= 91% and <= 100%	4,912	0.6%	-	-	4,912	0.6%	8	0.3%	-	-	8	0.1%
> 100%	172	0.0%	-	-	172	0.0%	0	0.0%	-	-	0	0.0%
<b>Total</b>	<b>835,460</b>	<b>100.0%</b>	<b>15,712</b>	<b>100.0%</b>	<b>851,172</b>	<b>100.0%</b>	<b>2,441</b>	<b>100.0%</b>	<b>4,856</b>	<b>100.0%</b>	<b>7,297</b>	<b>100.0%</b>

31-Dec-2022

Segment   loan to value	Exposure						Impairment					
	Assets in default (Stage 1/ Stage 2)		Assets in default (Stage 3)		Total	Average LTV	Assets in default (Stage 1/ Stage 2)		Assets in default (Stage 3)		Total	%
	Average LTV	Average LTV	%	%								
<b>Companies</b>	<b>511,108</b>		<b>23,782</b>		<b>534,890</b>		<b>3,138</b>	<b>0.4%</b>	<b>5,302</b>	<b>19.7%</b>	<b>8,441</b>	<b>1.0%</b>
Business	17,246	39.6%	578	22.5%	17,824	38.7%	233	0.0%	287	1.1%	520	0.1%
Large and SME	260,259	54.0%	9,728	42.5%	269,987	52.7%	1,568	0.2%	1,895	7.0%	3,463	0.4%
Construction and real estate activities	233,603	40.5%	13,476	41.2%	247,079	40.5%	1,337	0.2%	3,121	11.6%	4,457	0.5%
<b>Individuals, of which:</b>	<b>327,395</b>		<b>3,105</b>		<b>330,500</b>		<b>1,092</b>	<b>0.1%</b>	<b>1,636</b>	<b>6.1%</b>	<b>2,728</b>	<b>0.3%</b>
Mortgage	315,663	36.8%	2,484	32.9%	318,148	36.8%	1,011	0.1%	1,336	5.0%	2,347	0.3%
Consumer	10,042	33.1%	578	20.5%	10,620	32.4%	76	0.0%	272	1.0%	347	0.0%
<b>Total</b>	<b>838,502</b>		<b>26,887</b>		<b>865,390</b>		<b>4,231</b>	<b>0.5%</b>	<b>6,939</b>	<b>25.8%</b>	<b>11,169</b>	<b>1.3%</b>

Unit: thousand euros, except %  
 Notes: (a) Previous years' reports presented the concept of 'Loan to Value' in terms of the relationship between the loan and the lower of the appraised value of the property and the mortgage amount. This report presents the concept 'Loan to Value' which corresponds to the relationship between the loan and the appraised value of the property and is therefore not comparable.  
 (b) Exposure definition [outstanding principal + overdue principal (>1 day) + overdue interest (total) + accrued interest + off balance sheet].  
 (c) Does not include properties associated with real estate leasing.

31-Dec-2021

Segment   loan to value	Exposure						Impairment					
	Assets in default (Stage 1/ Stage 2)		Assets in default (Stage 3)		Total	Average LTV	Assets in default (Stage 1/ Stage 2)		Assets in default (Stage 3)		Total	%
	Average LTV	Average LTV	%	%								
<b>Companies</b>	<b>516,564</b>		<b>9,912</b>		<b>526,477</b>		<b>2,094</b>	<b>0.3%</b>	<b>2,919</b>	<b>18.6%</b>	<b>5,013</b>	<b>0.6%</b>
Business	15,057	39.9%	771	21.6%	15,828	38.7%	33	0.0%	224	1.4%	257	0.0%
Large and SME	284,624	59.8%	8,712	26.4%	293,336	57.1%	1,360	0.2%	2,607	16.6%	3,967	0.5%
Construction and real estate activities	216,884	36.9%	429	44.3%	217,313	37.3%	700	0.1%	88	0.6%	788	0.1%
<b>Individuals, of which:</b>	<b>318,896</b>		<b>5,799</b>		<b>324,695</b>		<b>348</b>	<b>0.0%</b>	<b>1,937</b>	<b>12.3%</b>	<b>2,285</b>	<b>0.3%</b>
Mortgage	305,726	35.1%	4,982	36.4%	310,707	35.1%	312	0.0%	1,744	11.1%	2,056	0.2%
Consumer	10,064	33.8%	732	28.8%	10,796	33.4%	20	0.0%	177	1.1%	197	0.0%
<b>Total</b>	<b>835,460</b>		<b>15,712</b>		<b>851,172</b>		<b>2,441</b>	<b>0.3%</b>	<b>4,856</b>	<b>30.9%</b>	<b>7,297</b>	<b>0.9%</b>

Unit: thousand euros, except %  
 Notes: (a) Previous years' reports presented the concept of 'Loan to Value' in terms of the relationship between the loan and the lower of the appraised value of the property and the mortgage amount. This report presents the concept 'Loan to Value' which corresponds to the relationship between the loan and the appraised value of the property and is therefore not comparable.  
 (b) Exposure definition [outstanding principal + overdue principal (>1 day) + overdue interest (total) + accrued interest + off balance sheet].  
 (c) Does not include properties associated with real estate leasing.

### Guarantees obtained by repossession and execution procedures

	31-Dec-2022		31-Dec-2021	
	Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes
<b>Property, plant and equipment</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other, except Property, plant and equipment</b>	<b>11,882</b>	<b>-2,090</b>	<b>12,929</b>	<b>-2,076</b>
Residential immovable property	4,320	-406	4,631	-494
Commercial immovable property	2,967	-1,149	3,205	-1,064
Movable property (vehicles, boats, etc.)	418	-232	418	-232
Equity and debt instruments	0	0	0	0
Other	4,178	-303	4,676	-285
<b>Total</b>	<b>11,882</b>	<b>-2,090</b>	<b>12,929</b>	<b>-2,076</b>

### Maximum exposure to credit risk

As at 31 December 2022 and 2021, the maximum exposure to credit risk by type of financial instrument, excluding the securities in portfolio, may be summarised as follows (values in thousand euros):

<u>As at 31 December 2022</u>	<u>Maximum exposure</u>	<u>Collateral</u>	<u>Credit improvement</u>	<u>Total</u>
Cash, cash balances at central banks and other demand deposits	1,228,990	0	0	1,228,990
Financial assets held for trading:				
Derivatives	55,749	0	0	55,749
Debt securities	50,042	0	0	50,042
Non-trading financial assets mandatorily at fair value through profit or loss:				
Equity instruments	145,240	0	0	145,240
Financial assets at fair value through other comprehensive income:				
Debt securities	84,103	0	0	84,103
Total financial assets at amortised cost:				
Debt securities	8,210,996	561,150	0	7,649,846
Loans and advances	1,714,989	870,131	60,539	784,319
Derivatives - Hedge accounting	885,429	0	0	885,429
Other assets	275,577	0	0	275,577
	<u>12,651,115</u>	<u>1,431,281</u>	<u>60,539</u>	<u>11,159,296</u>
Off-balance sheet	<u>482,547</u>	<u>54,221</u>	<u>0</u>	<u>428,325</u>
	<u>482,547</u>	<u>54,221</u>	<u>0</u>	<u>428,325</u>

<u>As at 31 December 2021</u>	<u>Maximum exposure</u>	<u>Collateral</u>	<u>Credit improvement</u>	<u>Total</u>
Cash, cash balances at central banks and other demand deposits	3,853,841	0	0	3,853,841
Financial assets held for trading:				
Derivatives	713	0	0	713
Debt securities	0	0	0	0
Non-trading financial assets mandatorily at fair value through profit or loss:				
	0			
Equity instruments	178,699	0	0	178,699
Financial assets at fair value through other comprehensive income:				
Debt securities	98,008	17,999	0	80,009
Total financial assets at amortised cost:				
Debt securities	7,688,682	3,512,140	0	4,176,542
Loans and advances	1,527,036	920,680	61,264	545,091
Derivatives - Hedge accounting	73,486	0	0	73,486
Other assets	349,867	0	0	349,867
	<u>13,770,332</u>	<u>4,450,819</u>	<u>61,264</u>	<u>9,258,248</u>
Off-balance sheet	<u>4,265,403</u>	<u>100,342</u>	<u>0</u>	<u>4,165,061</u>
	<u>4,265,403</u>	<u>100,342</u>	<u>0</u>	<u>4,165,061</u>

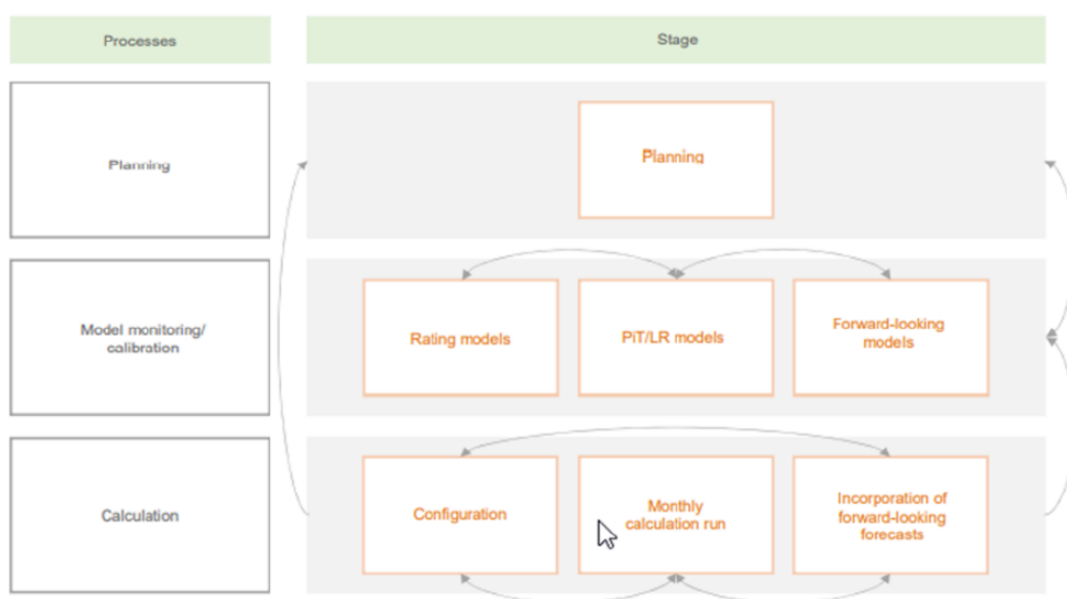
### Governance and Control System

The Crédito Agrícola Group is a cooperative financial group, composed of the Sistema Integrado do Crédito Agrícola Mútuo (SICAM or Integrated System of Crédito Agrícola Mútuo) which, in turn, consists of Caixa Central de Crédito Agrícola Mútuo and the Caixas de Crédito Agrícola Mútuo, and a group of specialised companies. In this context, a governance model and control system were established that accommodate the Group's characteristics. The duties of each intervenor are stipulated so as to ensure the validity and sustainability of the process of quantification of impairment, namely in terms of bodies of approval, areas of supervision and supporting areas, in particular involving:

- The description of the intervenors of the process.
- Identification of the core activities associated with the process of monthly calculation of impairment losses and respective scheduling.
- Consideration of the process of recalibration of the models, configuration and updating of parameters.

In order to ensure the effective management of the impairment loss model, a cycle of activities is established by the governance model, as presented below:

- i. The planning process should take place in accordance with the rules currently in force at the Crédito Agrícola Group, implying the intervention of the different bodies established therein.
- ii. Definition, maintenance, and approval of the necessary models for calculation of impairment losses. This process presumes a periodic review of the model's reflection of reality. Whenever the calculations are made, their result should be incorporated in the decision-making process. The management cycle of the impairment model also seeks to ensure that it continues to appropriately reflect the individual and collective impairment;
- iii. The configuration and calculation of impairment losses should be done on a monthly basis at the very minimum. When the calculation is made, a quarterly report must be drawn up with the corresponding conclusions. **Furthermore, the forward-looking** forecasts of macroeconomic variables should be incorporated on a monthly basis.



### Investment Policy

Caixa Central has established an Investment Policy with the concepts, principles, rules and business model applicable to the control of the activity in financial markets in concordance with the Investment Policy of the Crédito Agrícola Group.

The investment policy pursues the main purpose, embodying its mission, of ensuring that the remuneration of the available surplus liquidity is in keeping with adequate risk control in its application, in particular, credit risk, loan-to-deposit risk (i.e., lack of alignment between the permanence of assets and liabilities) and interest rate risk. This is reflected in the following general criteria:

- Investment in fixed yield securities with high credit risk quality, aimed at guaranteed repayment of capital upon maturity.

- Mitigation of the consumption of own funds.
- Maintenance of the risk of the portfolio under management at suitable levels.
- Acquisition of issues that comply with the SPPI criteria.

### *Business models*

In the context of the financial market activity, the following business models have been defined:

- i) The Base Coverage of Surplus Funds Business Model (MN CBRE) frames the management of an investment portfolio consisting solely of financial assets whose cash flows can be considered principal and interest (SPPI), particularly public debt bonds, but not necessarily exclusively, aimed at ensuring the profitability of SICAM's commercial resources not directly allocated to funding its lending activity. In terms of earnings, the critical aspect associated with the Base Coverage of Surplus Funds Business Model is the generation of a stable margin over the cost of the financial resources used in the financing of the portfolio. In this case, the evolution of the fair value of the financial assets is not a critical aspect in assessment of the earnings associated with the Base Coverage of Surplus Funds Business Model, and the remuneration of its managers does not depend primarily on the fair value of the portfolio. This business model aims at holding assets to receive contractual financial flows, where the assets associated with the Base Coverage of Surplus Funds Business Model should be measured at amortised cost.
- ii) The Coverage of Targeted Longer-term Refinancing Operations Business Model (MB CTLTRO) frames the management of an investment portfolio consisting solely of financial assets whose cash flows can be considered principal and interest (SPPI), particularly public debt bonds, but not necessarily exclusively, aimed at ensuring the profitability of SICAM's resources via participation in TLTRO II promoted by the ECB. In terms of earnings, the critical aspect associated with the Coverage of Targeted Longer-term Refinancing Operations Business Model is the generation of a stable margin over the cost of the financial resources used in the financing of the portfolio. In this case, the evolution of the fair value of the financial assets is not a critical aspect in the assessment of the earnings associated with the Coverage of Targeted Longer-term Refinancing Operations Business Model, and the remuneration of its managers does not depend primarily on the fair value of the portfolio. This business model aims at holding assets to receive contractual financial flows, where the assets associated with the Coverage of Targeted Longer-term Refinancing Operations Business Model should be measured at amortised cost.
- iii) The Dynamic Coverage of Surplus Funds Business Model (MN CDRE), complementing the Base Coverage of Surplus Funds Business Model (MN CBRE), frames the management of an investment portfolio consisting exclusively of financial assets whose cash flows can be considered solely principal and interest (SPPI), particularly public debt bonds, but not exclusively. This business model aims to ensure profitability by combining the generation of net interest income and net trading income of SICAM's commercial resources not directly allocated to funding its lending activity. In terms of earnings, the critical aspect associated with the Dynamic Coverage of Surplus Funds Business Model is the combination of the generation of a stable margin over the cost of the financial resources used in the financing of the portfolio with the potential achievement of net trading income associated with sales in the case of a particularly favourable evolution of the fair value of the financial assets. This is a relevant aspect in the assessment of the earnings associated with the Dynamic Coverage of Surplus Funds Business Model, although not primarily determinant in the remuneration of its managers. This business model aims at holding assets to receive contractual financial flows and/or sell. The assets associated with the Dynamic Coverage of Surplus Funds Business Model should be measured at fair value through other comprehensive income.

- iv) The Dynamic Management of Own Treasury Positions Business Model (MN GDPPT) frames the management of a trading book consisting of financial assets whose cash flows can or cannot be considered solely principal and interest (SPPI), including derivative instruments. This business model aims to ensure profitability of own treasury positions, in particular through the achievement of net financial assets income. The critical aspect associated with the Dynamic Management of Own Treasury Positions Business Model is the achievement of net trading income associated with financial asset purchase and sale operations. Therefore, the evolution of the fair value of the financial assets is particularly relevant in the assessment of the earnings associated with the Dynamic Management of Own Treasury Positions Business Model, although not primarily determinant in the remuneration of its managers. The objective of this business model is not sale; hence, the assets associated with the Dynamic Management of Own Treasury Positions Business Model should be measured at fair value through profit or loss.
- v) The Dynamic Management of Own Treasury Positions by Third Parties Business Model (MN GDPTRT) frames the management of a trading book by external institutions consisting of financial assets whose cash flows can or cannot be considered solely principal and interest (SPPI), including derivative instruments. This business model aims to ensure profitability of own treasury positions, in particular through the achievement of net financial assets income. The critical aspect associated with the Dynamic Management of Own Treasury Positions by Third Parties Business Model is the achievement of net trading income associated with purchase and sale operations of financial assets. Therefore, the evolution of the fair value of the financial assets is particularly relevant in the assessment of the earnings associated with the Dynamic Management of Own Treasury Positions by Third Parties Business Model, although not primarily determinant in the remuneration of its managers. The objective of this business model is not sale; hence, the assets associated with the Dynamic Management of Own Treasury Positions by Third Parties Business Model should be measured at fair value through profit or loss.
- vi) The Short-Term Liquidity Management Business Model (MN GLCP) frames the management of a portfolio of financial assets with short-term maturity whose cash flows can be considered solely principal and interest (SPPI), particularly treasury bills or equivalent assets, aimed at permitting the maintenance at all times of a comfortable level of immediate liquidity. The generation of earnings, whether associated with the generation of net interest income or the realisation of financial operations, is not particularly relevant in the Short-Term Liquidity Management Business Model. The evolution of the fair value of the financial assets is not a critical aspect of assessment of the earnings associated with the Short-Term Liquidity Management Business Model, and the remuneration of its managers does not primarily depend on the fair value of the portfolio. The assets associated with the Short-Term Liquidity Management Business Model should be measured at fair value through other comprehensive income; and
- vii) The Operations of the Corporate Area Business Model (MB OPAE) frames the loans structured by Caixa Central's Corporate Department (DE) in the form of securitised loans, consisting of financial assets whose cash flows can be considered capital and interest (SPPI). In the case of operations that have their origin in the credit activity of the corporate area, they are allocated to the respective cost centre. In terms of earnings, the critical aspect associated with the Operations of the Corporate Area Business Model is the generation of a stable margin over the cost of the financial resources used in the financing of the portfolio. In this case, the evolution of the value of the financial assets is not a critical aspect in assessment of the earnings associated with the Operations of the Corporate Area Business Model, and the remuneration of its managers does not depend on the fair value of the portfolio. The generation of net trading income is not a relevant factor in the Operations of the Corporate Area Business Model. This business model aims at holding assets to receive contractual financial flows, where the assets associated with the Operations of the Corporate Area Business Model should be measured at amortised cost.



### Management of the activity in financial markets

Considering the regulatory changes introduced by IFRS 9, it was decided that it was necessary to promote the internal development of an appropriate system for management of activity in financial markets, which incorporates processes of identification, measurement, analysis and monitoring of investments. To this end, under the previously mentioned Policy, organisational and control procedures were developed, which shall be reviewed and updated at least annually or whenever considered necessary, with a view to prudent risk management. In the process of acquisition of debt instruments, there are managers responsible for accomplishing the SPPI test, ensuring the correct classification of the securities in the appropriate business models, compliance with the limits presented in the Investment Policy, the correct justification of exclusion from sales of indicators on the frequency of sales, if applicable, the annual process of monitoring the frequency and amount of sales to check compliance with the business model of each portfolio.

### Credit quality of the financial assets without default or impairment (except for loans and commercial paper)

As at 31 December 2022 and 2021, the credit quality of Caixa Central's financial assets with internal reference rating can be summarised as follows (in thousand euros):

Assets	31-Dec-2022									Total	
	Aaa	Aa1	Aa2	Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	C	Undetermined		
Investments in credit institutions	-	-	-	-	-	-	-	-	-	263,597	263,597
Other bank deposits	-	-	-	-	-	-	-	-	-	20,985	20,985
Non-trading financial assets mandatorily at fair value through profit or loss	-	-	-	-	-	-	-	-	-	145,240	145,240
Financial assets held for trading	-	-	50,042	-	-	-	-	-	-	5,707	55,749
Financial assets at FVTOCI	-	-	-	-	42,937	26,797	7,928	-	-	6,441	84,103
Securities at amortised cost (without interest and without commercial pap	324,955	-	1,995	59,615	3,959,406	2,441,838	9,319	-	-	1,113,011	7,910,139
	324,955	-	52,038	59,615	4,002,343	2,468,634	17,247	-	-	1,554,982	8,479,813

Assets	31-Dec-2021									Total	
	Aaa	Aa1	Aa2	Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	C	Undetermined		
Investments in credit institutions	-	-	-	-	-	-	-	-	-	35,843	35,843
Other bank deposits	-	-	-	-	-	-	-	-	-	11,522	11,522
Non-trading financial assets mandatorily at fair value through profit or loss	-	-	-	-	-	-	-	-	-	178,699	178,699
Financial assets held for trading	-	-	-	-	-	-	-	-	-	713	713
Financial assets at FVTOCI	-	-	-	-	4,901	64,069	9,614	-	-	19,424	98,008
Securities at amortised cost (without commercial paper and without hedge	325,000	225,000	1,116	6,494	40,683	6,650,271	4,999	-	-	124,646	7,378,209
	325,000	225,000	1,116	6,494	45,584	6,714,340	14,613	-	-	370,847	7,702,994

The rating used by Caixa Central, when there are ratings attributed by more than one External Credit Assessment Institution (ECAI), is the rating arising from the application of the following rules:

- i. When only one credit assessment is available, relative to a given exposure, this assessment is used to determine the risk parameter.
- ii. When there are two credit assessments, with different ratings, the lowest rating is applied; and
- iii. When there are more than two credit assessments, the two highest ratings serve as a reference, and if they are different, the lowest is applied; if they are the same, that rating is applied.



### 43.2 Fair value of financial assets and liabilities

The comparison between the fair value and book value of the main assets and liabilities, recorded at amortised cost, as at 31 December 2022 and 2021, is presented in the table below (in thousand euros):

	31-Dec-2022				
	Balances analysed				
	At fair value through profit or loss	At fair value through reserves	Amortised cost	Book value	Fair value
<b>Assets</b>					
Cash, cash balances at central banks and other demand deposits	-	-	1,228,990	1,228,990	1,228,990
Financial assets held for trading	55,749	-	-	55,749	55,749
Non-trading financial assets mandatorily at fair value through profit or loss	145,240	-	-	145,240	145,240
Financial assets at fair value through other comprehensive income	-	84,103	-	84,103	84,103
Financial assets at amortised cost	-	-	9,925,985	9,925,985	9,408,837
Derivatives - Hedge accounting	885,429	-	-	885,429	885,429
Non-current assets held for sale - Real estate properties	6,697	-	-	6,697	7,639
Other assets - Real estate properties	2,942	-	-	2,942	3,053
	<u>1,096,058</u>	<u>84,103</u>	<u>11,154,975</u>	<u>12,335,135</u>	<u>11,819,040</u>
<b>Liabilities</b>					
Financial liabilities held for trading	5,216	-	-	5,216	5,216
Financial liabilities measured at amortised cost	-	-	11,142,750	11,142,750	10,635,022
Derivatives - Hedge accounting	27,415	-	-	27,415	27,415
	<u>32,631</u>	<u>-</u>	<u>11,142,750</u>	<u>11,175,381</u>	<u>10,667,653</u>
<b>31-Dec-2021</b>					
Balances analysed					
	At fair value through profit or loss	At fair value through reserves	Amortised cost	Book value	Fair value
<b>Assets</b>					
Cash, cash balances at central banks and other demand deposits	-	-	3,853,841	3,853,841	3,853,894
Financial assets held for trading	713	-	-	713	713
Non-trading financial assets mandatorily at fair value through profit or loss	178,699	-	-	178,699	178,699
Financial assets at fair value through other comprehensive income	-	98,008	-	98,008	97,859
Financial assets at amortised cost	-	-	9,178,312	9,178,312	9,407,372
Derivatives - Hedge accounting	194,657	-	-	194,657	149,532
Non-current assets held for sale - real estate properties	9,502	-	-	9,502	10,830
Other assets - real estate properties	1,209	-	-	1,209	1,260
	<u>384,780</u>	<u>98,008</u>	<u>13,032,153</u>	<u>13,514,940</u>	<u>13,700,157</u>
<b>Liabilities</b>					
Financial liabilities held for trading	4,728	-	-	4,728	4,728
Financial liabilities measured at amortised cost	-	-	13,164,086	13,164,086	13,269,869
Derivatives - Hedge accounting	126,448	-	-	126,448	199,852
	<u>131,176</u>	<u>-</u>	<u>13,164,086</u>	<u>13,295,262</u>	<u>13,474,449</u>

The main considerations on the fair value of the financial assets and liabilities are as follows:

- For on demand balances, it was considered that the book value corresponds to fair value.
- The fair value for remaining instruments was determined by Caixa Central based on discounted cash flow models, taking into account the contractual conditions of the operations involved and using appropriate interest rates for the instruments, which included:

- a) Market interest rates for "Funds at credit institutions" and "Other subordinated debts".
- b) The interest rate applied by Caixa Central for comparable credit operations.
- c) Reference interest rates for issue of products for retail placement; and
- d) Interest rates applied in intergroup operations conducted under the Legal Framework of Crédito Agrícola, namely the taking of funds from the Associated Caixas for centralised investment at Caixa Central.

As established in IFRS 13, for purposes of presentation, the financial instruments recorded in the balance sheet at fair value are classified according to the following hierarchy:

#### Level 1 – Prices in active markets

This level includes financial instruments valued based on active market prices (executable bids), disclosed through trading platforms;

#### Level 2 – Valuation techniques based on market data

This level considers financial instruments valued by inhouse models which use observable market data, namely interest rate or exchange rate curves.

These are currency forwards valued in accordance with the future cash flows method which updates the contractual flows using the interest rate curves of each currency observable in the market.

#### Level 3 - Valuation techniques using inputs not based on observable market data

This level includes financial instruments valued based on in-house valuation methods essentially considering inputs not observable in markets with significant impact on the valuation of the instrument or valued based on indicative bids calculated by third parties through valuation models. Internal valuation is based on the net position of the institution.

As at 31 December 2022 and 2021, the method of calculation of the fair value of the financial instruments reflected in the financial statements can be summarised as follows:

	2022			Total
	Prices in an active market (1)	Valuation Techniques		
		Market data	Models (3)	
Financial assets held for trading	50,042,283	5,706,994	-	55,749,277
Non-trading financial assets mandatorily at FVTPL	-	119,768,706	25,471,775	145,240,481
Financial assets at FVTOCI	84,102,644	-	-	84,102,644
Financial assets at amortised cost	7,973,347,885	-	-	7,973,347,885
Non-current assets and disposal groups classified as held for sale	-	-	6,882,284	6,882,284
	<u>8,107,492,813</u>	<u>125,475,699</u>	<u>25,471,775</u>	<u>8,265,322,571</u>
Financial liabilities held for trading	-	5,215,793	-	5,215,793
	-	<u>5,215,793</u>	-	<u>5,215,793</u>
	2021			Total
	Prices in an active market (1)	Valuation Techniques		
		Market data	Models (3)	
Financial assets held for trading	-	713,337	-	713,337
Non-trading financial assets mandatorily at FVTPL	-	153,513,019	25,185,733	178,698,752
Financial assets at FVTOCI	98,007,798	-	-	98,007,798
Financial assets at amortised cost	7,427,147,645	-	-	7,427,147,645
Non-current assets and disposal groups classified as held for sale	-	-	9,687,754	9,687,754
	<u>7,525,155,443</u>	<u>154,226,356</u>	<u>25,185,733</u>	<u>7,714,255,286</u>
Financial liabilities held for trading	-	4,727,645	-	4,727,645
	-	<u>4,727,645</u>	-	<u>4,727,645</u>

(1) Apart from the financial instruments listed on the stock exchange, this category includes securities valued based on active market prices, disclosed through trading platforms (Level 1).

(2) Valuation based on market interest rates, namely interest rate curves, swap curves and exchange rates (Level 2).

This category includes instruments valued with quoted prices for identical or similar instruments in markets that are considered less active, or other valuation techniques in which all inputs are directly or indirectly observable from market data;

(3) Corresponds to securities valued through indicative bids disclosed by the issuer (Level 3).

This category includes financial instruments where the valuation technique includes inputs not based on unobservable data and the unobservable inputs have a significant effect on the valuation of the instrument. This category includes instruments that are valued on the basis of similar income quotations where there is a need for significant unobservable adjustments or assumptions to reflect the differences between the instruments. When calculating the book value of these instruments, the shareholders' equity of the entities classified in this fair value level is considered, as a non-observable market element.

The movement occurred in the financial instruments, in 2022 and 2021, classified at Level 3 was as follows:

Nature	31-Dec-21		Additions		2022 Disposals		Changes in fair value	31-Dec-22	
	Opening Balance		Quantity	Fair value	Quantity	Fair value		Closing Balance	
	Quantity	Fair value						Quantity	Fair value
Equity Instruments	3,375,531	25,185,733	20,069	21,706	(159,203)	(254,658)	518,993	3,236,396	25,471,775
<b>Total - Non-trading financial assets mandatorily at FVTPL</b>	<b>3,375,531</b>	<b>25,185,733</b>	<b>20,069</b>	<b>21,706</b>	<b>(159,203)</b>	<b>(254,658)</b>	<b>518,993</b>	<b>3,236,396</b>	<b>25,471,775</b>

Nature	Opening Balance		Additions		Disposals		Changes in Fair Value	Transfers / stage framework		Closing Balance	
	Quantity	Fair value	Quantity	Fair value	Quantity	Fair value		Quantity	Fair value	Quantity	Fair value
<b>Total - Non-trading Financial Assets mandatorily stated at FVTPL</b>	<b>41,557,894</b>	<b>211,732,389</b>	<b>20,476</b>	<b>63,756</b>	<b>(86,570)</b>	<b>(212,715)</b>	<b>507,478</b>	<b>(38,116,268)</b>	<b>(188,905,173)</b>	<b>3,375,531</b>	<b>25,185,733</b>

The portfolio of sovereign debt in 2022 and 2021 is broken down by country in the table below:

Country	31-Dec-2022		31-Dec-2021	
	Qty	Value	Qty	Value
Portugal	1,821,337,000	1,691,984,601	2,000,692,000	2,086,786,705
Spain	4,183,000,000	3,786,718,217	3,518,000,000	3,705,802,749
Italy	882,500,000	807,149,569	882,500,000	944,996,035
France	50,212,000	50,042,283	-	-
Iceland	5,000,000	4,148,000	-	-
Ireland	-	-	5,000,000	4,901,450
	<b>6,942,049,000</b>	<b>6,340,042,671</b>	<b>6,406,192,000</b>	<b>6,742,486,940</b>

The portfolio of private debt, as at 31 December 2022 and 2021, is broken down by country in the table below:

Country	31-Dec-2022		Country	31-Dec-2021	
	Qty	Value		Qty	Value
Germany	861,900,000	860,855,242	Germany	550,000,000	550,000,000
Finland	211,500,000	210,828,219	Portugal	71,000,000	70,494,786
USA	141,300,000	137,254,750	Netherlands	17,000,000	29,270,463
France	132,200,000	131,148,097	Spain	18,000,000	17,986,291
Spain	90,200,000	89,795,796	USA	12,700,000	12,882,550
Portugal	71,400,000	66,777,021	Luxembourg	8,417,000	8,286,887
Netherlands	41,500,000	38,433,322	Ireland	9,000,000	8,999,952
Denmark	31,880,000	31,282,645	United Kingdom	8,000,000	8,001,816
United Kingdom	31,350,000	29,837,675	Czech Republic	5,000,000	5,531,088
Japan	24,300,000	22,858,147	Norway	5,000,000	4,999,533
Canada	24,000,000	22,300,846	Japan	4,800,000	4,795,295
Sweden	17,500,000	16,608,098	Australia	3,500,000	3,492,187
Italy	13,000,000	12,724,690	Sweden	2,000,000	1,998,972
Belgium	10,000,000	9,852,315	Denmark	2,000,000	2,006,089
Ireland	9,000,000	8,983,998	Belgium	2,000,000	1,999,820
Luxembourg	8,417,000	6,440,899		<u>718,417,000</u>	<u>730,745,731</u>
Czech Republic	5,000,000	5,368,341			
Australia	1,500,000	1,492,097			
Switzerland	1,000,000	999,183			
Austria	400,000	399,456			
	<u>1,727,347,000</u>	<u>1,704,240,838</u>			

Securities at amortised cost do not include interest.

The impairment of these securities is calculated taking into consideration what is disclosed in Note 2.3(e).

Hedging derivatives and financial instruments designated as hedge items.

	Hedged item				Hedging instrument	
	Nominal value	Value net of impairment	Fair value corrections	Book value	Nominal value	Fair value
Fair value hedge						
Loans granted and other balances receivable at amortised cost	4,389,280,000	3,780,802,844	(856,962,065)	4,637,764,909	4,389,280,000	858,013,916
	<u>4,389,280,000</u>	<u>3,780,802,844</u>	<u>(856,962,065)</u>	<u>4,637,764,909</u>	<u>4,389,280,000</u>	<u>858,013,916</u>

#### 44. Provision of insurance or reinsurance mediation services

Caixa Central is registered with the Insurance and Pension Funds Supervisory Authority as a Tied Insurance Intermediary, in accordance with Article 8(a)(i) of Decree-Law 144/2006, of 31 July, carrying on intermediation activities on an exclusive basis with the insurance companies of the Crédito Agrícola Group, namely Crédito Agrícola Seguros - Companhia de Seguros de Ramos Reais, S.A. (CA Seguros), which is engaged in the insurance business for all Non-Life Sectors and with Crédito Agrícola Vida - Companhia de Seguros, S.A. (CA Vida), which is engaged in life insurance and pension fund activities.

Under its insurance mediation services, Caixa Central sells insurance contracts and subscriptions to Pension Funds, provides after-sales support to the insured persons and participates in forwarding insurance claims that are submitted at Caixa Central branches.

In exchange for the insurance mediation services provided to these insurers, Caixa Central receives remuneration for insurance mediation and for the placement of subscriptions in Pension Funds, which are defined in the agreement established between Caixa Central and these insurers.

The insurance mediation remunerations are recognised as an income in the Income Statement, under the heading of “Fee and commission income”. The remuneration values payable by the insurers, as at 31 December of each year, are recognised as a Balance Sheet asset under the heading of “Other assets”. On the reporting date of these financial statements, the mediation remuneration payable as at 31 December 2022 had already been fully paid by these insurers.

The table below shows the total value of the insurance mediation remunerations earned by Caixa Central over the last 3 years (value in euros):

Origin	Insurer	2020	2021	2022	% by Origin 2022
Non-Life Sector	CA Seguros	454,958.20	484,475.20	706,419.46	62.20%
Life Insurance Business	CA Vida	321,079.66	245,948.94	397,742.67	35.00%
Pension Funds	CA Vida	30,512.69	31,792.72	32,014.65	2.80%
<b>Total</b>		<b>806,550.55</b>	<b>762,216.86</b>	<b>1,136,176.78</b>	<b>100.00%</b>

Caixa Central does not charge premiums on behalf of the insurers, nor does it carry out movements of any other type of funds relative to insurance contracts. Therefore, there are no other assets, liabilities, income or expenses to report in relation to the insurance mediation activity pursued by Caixa Central.

## 45. Prudential ratios

From 1 January 2014 onwards, European banking solvency has been assessed through the Common Equity Tier 1 (CET1) ratio, under the Basel III Agreement.

As at 31 December 2022, Common Equity Tier 1 stood at 17.8% and Tier 1 stood at 22.3%. Overall, the total capital ratio stood at 22.3% (total capital ratio, including profit or loss for the year, of 23.3%), clearly meeting the minimum requirements set by the Regulator.

Thousand euros, except %	Dec-20	Dec-21 <sup>(e)</sup>	Mar-22	Jun-22	Sep-22	Dec-22	Δ Sep-22/Dec-22
<b>Total Own Funds</b>	<b>379,509</b>	<b>415,058</b>	<b>512,092</b>	<b>507,852</b>	<b>508,376</b>	<b>522,443</b>	<b>2.8%</b>
Common Equity Tier 1	379,509	415,058	412,092	407,852	408,376	422,417	3.4%
Tier 1	379,509	415,058	512,092	507,852	508,376	522,417	2.8%
Tier 2	0	0	0	0	0	26	0.0%
<b>Exposure value <sup>(b)</sup></b>	<b>13,576,336</b>	<b>14,130,648</b>	<b>14,849,477</b>	<b>15,305,616</b>	<b>14,961,445</b>	<b>12,750,005</b>	<b>-14.8%</b>
<b>Risk weighted exposure amounts</b>	<b>2,265,376</b>	<b>2,277,123</b>	<b>2,369,113</b>	<b>2,160,149</b>	<b>2,174,245</b>	<b>2,246,027</b>	<b>3.3%</b>
Credit	2,068,667	2,142,438	2,219,102	2,011,972	2,020,580	2,074,838	2.7%
Market	49,368	0	12,670	0	6,115	1,251	-79.5%
Operational	126,297	115,392	117,081	117,081	117,081	142,222	21.5%
Credit valuation adjustment (CVA)	21,044	19,294	20,260	31,097	30,469	27,716	-9.0%
<b>Solvency ratios <sup>(a)</sup></b>							
Common Equity Tier 1	16.8%	18.2%	17.4%	18.9%	18.8%	18.8%	0.02 pp
Tier 1	16.8%	18.2%	21.6%	23.5%	23.4%	23.3%	-0.12 pp
<b>Total</b>	<b>16.8%</b>	<b>18.2%</b>	<b>21.6%</b>	<b>23.5%</b>	<b>23.4%</b>	<b>23.3%</b>	<b>-0.12 pp</b>
<b>Leverage ratio</b>	<b>2.8%</b>	<b>3.9%</b>	<b>4.5%</b>	<b>3.3%</b>	<b>3.2%</b>	<b>4.1%</b>	<b>0.85 pp</b>
<b>Texas Ratio <sup>(c)</sup></b>	<b>n.a.</b>	<b>16.0%</b>	<b>13.2%</b>	<b>11.8%</b>	<b>14.0%</b>	<b>12.6%</b>	<b>-1.47 pp</b>
<b>Net Income <sup>(d)</sup></b>	<b>27,762</b>	<b>42,769</b>	<b>1,586</b>	<b>1,724</b>	<b>8,684</b>	<b>22,343</b>	<b>1365833.07 pp</b>

### Note: Unaudited information

(a) The ratios are calculated in accordance with the rules of Directive 2013/36/EU (CRD IV - Capital Requirements Directive) and Regulation (EU) 575/2013 (CRR - Capital Requirements Regulation).

(b) Includes on-balance-sheet and off-balance sheet positions and derivatives, net of impairment.

(c) Determined by: NPL / (Tangible common equity + Stock of impairments)

(d) From December 2021 it also considers results awaiting approval from previous years.

(e) Considers the total Net Income.

The measurements and indicators used by Caixa Central to monitor its capital are as follows:

Type	Indicator	Risk Profile	Alert Limit
Capital	Common Equity Tier 1	> 14%	12%
Capital	Total Own Funds	> 16%	15%
Capital	Leverage Ratio	> 6%	4%

## 46. Resolution Fund

Under the banking resolution mechanisms implemented over the last few years at a European level, SICAM's institutions, like most of the financial institutions operating in Portugal, are participants in the Portuguese Resolution Fund and in the European Single Resolution Fund.

### a) Portuguese Resolution Fund

The Resolution Fund is a legal person governed by public law with administrative and financial autonomy, created by Decree-Law 31-A/2012 of 10 February, which is ruled by the Legal Framework of Credit Institutions and Financial Companies (RGICSF) and by its regulation. Its mission is to provide financial support to the resolution measures applied by Banco de Portugal, in the capacity of national resolution authority, and to perform all other duties entrusted by the law concerning the execution of these measures.

Caixa Central (individually and in representation of the Caixas Agrícolas), as is the case of most of the financial institutions operating in Portugal, is one of the participant institutions in the Resolution Fund, making contributions derived from the application of a rate defined annually by Banco de Portugal, essentially based on the amount of its liabilities. In 2022, the regular contribution made by Caixa Central was 1,693,737 euros.

Under its responsibility as the supervisory and resolution authority of the Portuguese financial sector, Banco de Portugal, on 3 August 2014, decided to apply a resolution measure to Banco Espírito Santo, S.A. ("BES"), under Article 145-G(5) of the Legal Framework of Credit Institutions and Financial Companies ("RGICSF"), which consisted of the transfer of most of its assets to a transition bank, named Novo Banco, S.A. ("Novo Banco"), created especially for the purpose.

The Resolution Fund provided 4,900 million euros for the payment of the share capital of Novo Banco, of which 377 million euros corresponded to its own financial resources. A loan of 700 million euros was also granted by a banking syndicate to the Resolution Fund, with the participation of each credit institution having weighted according to various factors, including its size. The remaining amount (3,823 million euros) came from a repayable loan granted by the Portuguese State.

In December 2015, the national authorities decided to sell the majority of the assets and liabilities associated with the activity of Banif – Banco Internacional do Funchal, S.A. ("Banif") to Banco Santander Totta, S.A. ("Santander Totta"), for 150 million euros, also in the context of the application of a resolution measure. This operation involved an estimated public support of 2,255 million euros, aimed at covering future contingencies, with 489 million euros financed by the Resolution Fund and 1,766 million euros directly by the Portuguese State. In the context of this resolution measure, the assets of Banif which were identified as problematic were transferred to an asset management vehicle, created for the purpose – Oitante, S.A., with the Resolution Fund being the sole holder of its share capital, through the issue of bonds representing the debt of this vehicle, of the value of 746 million euros, backed by the Resolution Fund and counter-backed by the Portuguese State.

The resolution measures applied in 2014 to BES (a process that gave rise to the creation of Novo Banco) and in 2015 to Banif generated uncertainties related to the risk of litigation involving the Resolution Fund, which is significant, as well as the risk of a possible insufficiency of funds to ensure compliance with the liabilities, in particular the repayment in the short-term of the contracted loans.



It was in this scenario that, in the second semester of 2016, the Portuguese Government reached an agreement with the European Commission to change the conditions of the loans granted by the Portuguese State and banks participating in the Resolution Fund, so as to preserve financial stability via the promotion of conditions conferring predictability and stability to the effort of contributing to the Resolution Fund. To this end, a formal amendment was made to the financing contracts of the Resolution Fund which introduced a series of alterations to the repayment plans, remuneration rates and other terms and conditions associated with these loans so that they should be adjusted to the Resolution Fund's capacity to fully comply with its obligations based on its own regular income. This means, without requiring that the banks participating in the Resolution Fund should be charged special contributions or any other type of exceptional contribution.

According to the press release of the Resolution Fund dated 31 March 2017, the review of the conditions of the loans granted by the Portuguese State and participant banks sought to ensure the sustainability and financial balance of the Resolution Fund, based on a stable, predictable, and affordable charge for the banking sector. Based on this review, the Resolution Fund assumed that the full payment of the Resolution Fund's liabilities is assured, as well as the respective remuneration, without requiring special contributions or any other type of exceptional contributions by the banking sector.

On 31 March 2017, Banco de Portugal also disclosed that the Lone Star Fund had been selected to purchase Novo Banco. This purchase was completed on 17 October 2017, with the new shareholder having injected 750 million euros, which will be followed by a new capital entry of 250 million euros, to be paid up over the next three years. The Lone Star Fund now holds 75% of the share capital of Novo Banco and the Resolution Fund holds the remaining 25%. Moreover, the approved conditions include a contingent capitalisation mechanism, under the terms of which the Resolution Fund, as shareholder, can be called upon to inject capital in the event of certain cumulative conditions materialising, related to: (i) the performance of a restrictive set of assets of Novo Banco, and (ii) the evolution of the bank's capitalisation levels, namely the foreseen issue on the market of 400 million euros of Tier 2 equity instruments. Any capital injections that may be made pursuant to this contingent mechanism are subject to an absolute maximum limit.

On 31 May 2021, the banks granted a loan to the Resolution Fund, in the form of a simple loan opening, up to the maximum amount of 475 million euros, exclusively intended to endow the Fund with the necessary financial resources to comply with obligations arising from the Contingent Capitalisation Agreement during 2021 and 2022. Caixa Central granted 4,275 million euros.

Notwithstanding the possibility established in the applicable legislation of charging special contributions, in view of the renegotiation of the conditions of the loans granted by the Portuguese State and by a banking syndicate, in which Caixa Central is included, and the press releases made by the Resolution Fund and by the Office of the Minister of Finance which refer to this possibility not being used, the present financial statements reflect the Board of Directors' expectation that Caixa Central will not be required to make special contributions or any other type of exceptional contributions to finance the resolution measures applied to BES and Banif, as well the contingent capitalisation mechanism referred to in the previous paragraph. Any changes in relation to this matter could have relevant implications for Caixa Central's financial statements.

## **b) European Single Resolution Fund**

In addition to the Portuguese Resolution Fund, as mentioned above, Crédito Agrícola also participates in the European Single Resolution Fund.

The European Single Resolution Fund, financed by the European banking sector, is intended to support the resolution of banks at risk or situations of insolvency, after having depleted other options such as the internal recapitalisation of the institutions.

The European Single Resolution Fund is an integral part of the Single Resolution Mechanism, which is the European system for resolution of non-viable banks. In the Single Resolution Mechanism, the responsibility for the resolution of credit institutions is shared between the Single Resolution Board and the national resolution authorities of the Member States of the eurozone, among which Banco de Portugal, and other countries of the European Union that decide to join the Banking Union. The Single Resolution Mechanism seeks to ensure the orderly resolution of banks in situations of insolvency at minimum costs for taxpayers and the real economy.

The Single Resolution Mechanism became fully operational on 1 January 2016.

In 2022, the regular contribution made by Caixa Central to the European Single Resolution Fund amounted to 2,415,408 euros.

## 47. Segmental reporting of financial information

Caixa Central conducted an analysis of its business lines, having identified two materially relevant segments, namely:

- Treasury: Includes activities related to own portfolio, derivatives and financial assets at amortised cost; and
- Commercial banking This includes the remaining operations, namely related to retail and companies.

ASSETS	31-Dec-2022			31-Dec-2021		
	Liquidity	Commercial Banking	TOTAL	Liquidity	Commercial Banking	TOTAL
Cash, cash balances at central banks and other demand deposits	1,228,989,974	-	1,228,989,974	3,853,840,961	-	3,853,840,961
Financial assets held for trading	55,749,277	-	55,749,277	713,337	-	713,337
Non-trading financial assets mandatorily at fair value through profit or loss	145,240,481	-	145,240,481	178,698,752	-	178,698,752
Financial assets at fair value through other comprehensive income	84,102,644	-	84,102,644	98,007,798	-	98,007,798
Financial assets at amortised cost	8,231,233,912	1,694,750,853	9,925,984,765	8,231,233,912	984,483,739	9,215,717,651
Derivatives - Hedge accounting	885,429,290	-	885,429,290	73,485,867	-	73,485,867
Investments in subsidiaries, joint ventures and associates	62,500,000	-	62,500,000	59,162,156	-	59,162,156
Tangible assets	17,846,729	-	17,846,729	19,516,448	-	19,516,448
Tax assets	18,768,148	-	18,768,148	11,085,823	-	11,085,823
Other assets	173,548,803	102,027,750	275,576,553	236,571,269	113,296,221	349,867,490
Non-current assets and disposal groups classified as held for sale	-	6,882,284	6,882,284	-	9,687,754	9,687,754
	<b>10,903,409,258</b>	<b>1,803,660,886</b>	<b>12,707,070,144</b>	<b>12,762,316,324</b>	<b>1,107,467,714</b>	<b>13,869,784,037</b>
LIABILITIES	31-Dec-2022			31-Dec-2021		
	Liquidity	Commercial Banking	TOTAL	Liquidity	Commercial Banking	TOTAL
Financial liabilities held for trading	5,215,793	-	5,215,793	4,727,645	-	4,727,645
Financial liabilities measured at amortised cost	374,435,059	10,768,315,084	11,142,750,143	3,482,363,763	9,681,721,751	13,164,085,514
Derivatives - Hedge accounting	27,415,374	-	27,415,374	126,448,063	-	126,448,063
Provisions	8,547,388	-	8,547,388	7,787,618	-	7,787,618
Tax liabilities	648,430	-	648,430	2,881,067	-	2,881,067
Other liabilities	998,758,010	-	998,758,010	148,057,093	-	148,057,093
	<b>1,415,020,053</b>	<b>10,768,315,084</b>	<b>12,183,335,138</b>	<b>3,772,265,249</b>	<b>9,681,721,751</b>	<b>13,453,987,000</b>

	31-Dec-2022			31-Dec-2021		
	Liquidity	Commercial Banking	TOTAL	Liquidity	Commercial Banking	TOTAL
Interest income	195,837,089	34,924,571	230,761,659	153,326,583	32,230,600	185,557,183
(Interest expenses)	114,261,285	31,422,361	145,683,646	113,473,083	36,316,939	149,790,022
Dividend income	258,328	-	258,328	249,664	-	249,664
Fee and commission income	-	33,066,788	33,066,788	-	27,957,392	27,957,392
(Fee and commission expenses)	-	23,216,159	23,216,159	-	19,935,426	19,935,426
Gains or (-) losses on financial assets & liabilities not measured at fair value through profit or loss, net	337,967	-	337,967	47,617,909	-	47,617,909
Gains or (-) losses on financial assets and liabilities held for trading, net	6,749,577	-	6,749,577	3,552,871	-	3,552,871
Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net	-13,853,330	-	-13,853,330	-6,338,271	-	-6,338,271
Gains or (-) losses from hedge accounting, net	-697,347	-	-697,347	-2,304,005	-	-2,304,005
Foreign Exchange differences [gain or (-) loss], net	1,947,204	-	1,947,204	1,673,296	-	1,673,296
Gains or (-) losses on derecognition of non-financial assets, net value	404,413	-	404,413	-18,566	-	-18,566
Other operating income	4,197,650	2,620,077	6,817,727	4,067,408	4,293,328	8,360,735
(Other operating expenses)	10,286,262	89,704	10,375,966	6,427,093	378,154	6,805,247
<b>TOTAL OPERATING INCOME, NET</b>	<b>70,634,003</b>	<b>15,883,212</b>	<b>86,517,215</b>	<b>81,926,714</b>	<b>7,850,800</b>	<b>89,777,514</b>
(Administrative expenses)	45,416,323	-	45,416,323	40,803,039	-	40,803,039
(Cash contributions to resolution funds and deposit guarantee schemes)	4,157,554	-	4,157,554	1,370,691	-	1,370,691
(Depreciation/Amortisation)	3,180,913	-	3,180,913	3,294,884	-	3,294,884
Modification gains or (-) losses, net	-	810,568	810,568	-	-8,227	-8,227
(Provisions or (-) reversal of provisions)	303,161	599,985	903,146	-7,982,662	-464,247	-8,446,909
(Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss)	2,914,802	4,861,394	7,776,196	-3,062,213	-2,550,818	-5,613,031
(Impairment or (-) reversal of impairment of investments in subsidiaries, joint ventures and associates)	-3,337,844	-	-3,337,844	3,337,844	-	3,337,844
(Impairment or (-) reversal of impairment of non-financial assets)	22,766	-	22,766	-81,283	-	-81,283
Profit or (-) loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	-	69,240	69,240	-	-148,659	-148,659
<b>PROFIT OR (-) LOSS BEFORE TAXES</b>	<b>17,976,328</b>	<b>11,301,640</b>	<b>29,277,968</b>	<b>44,246,414</b>	<b>10,708,978</b>	<b>54,955,392</b>
(Tax expenses or (-) income related to profit or loss from continuing operations)	6,935,270	-	6,935,270	12,186,003	-	12,186,003
<b>PROFIT OR (-) LOSS AFTER TAX DEDUCTION</b>	<b>11,041,058</b>	<b>11,301,640</b>	<b>22,342,698</b>	<b>32,060,411</b>	<b>10,708,978</b>	<b>42,769,389</b>
<b>PROFIT OR (-) LOSS FOR THE YEAR</b>	<b>11,041,058</b>	<b>11,301,640</b>	<b>22,342,698</b>	<b>32,060,411</b>	<b>10,708,978</b>	<b>42,769,389</b>
Attributable to owners of the parent company	11,041,058	11,301,640	22,342,698	32,060,411	10,708,978	42,769,389

## 48. Environmental Matters

Awareness of the impact of exposure to environmental, social and governance risks on the business viability of companies in general (i.e. from the impact on the financial performance reported in the accounts to the opportunity costs/benefits incurred or not taken advantage of) and, consequently, on the performance and robustness of the financial sector itself has been reinforced by pressure from regulators, legislators and other institutional actors (e.g. investors, rating agencies and global forums, among others).

It is important to mention that in the latest annual report of the World Economic Forum<sup>11</sup>, on risk perception, of the 10 risks identified for the next 10 years, regarding the severity of the potential impact on the world economy and on humanity, 6 of them are environmental (namely: 1. failure to combat climate change, 2. failure to adapt to climate change, 3. natural disasters and extreme weather events, 4. biodiversity loss and ecosystem collapse, 6. crisis in natural resources, and 10. large-scale environmental accidents and damage), two are social (namely: 5. large-scale involuntary migration and 7. erosion of social cohesion and social polarisation) and of the remaining two one

<sup>11</sup> World Economic Forum, Global Risks Perception Survey 2022-2023.

is technological (namely: 8. increased crime and cyber insecurity) and one is geopolitical (namely: 9. geo-economic confrontations) with potential and relevant social and environmental impacts.

The analysis / assessment of asset exposure to physical risks arising from extreme climate events (e.g. droughts, fires, floods) or medium-long term climate trends (e.g. coastal erosion, scarcity of drinking water, soil degradation) and to transition risks related to the weak/ineffective monitoring of the transformation process of the economy and society, driven by institutional actors (e.g. regulatory fines, need to reinforce capital) and by society itself (e.g. difficulty in attracting new customers, new business opportunities and new talent), are relevant to the Risk Management Strategy of the Crédito Agrícola Group and, consequently, to the adaptation of its own offer and business model.

In this sense, the Crédito Agrícola Group presents a management of environmental matters based on:

- vi) Existence of a Sustainability Office, reporting directly to the Chairman of the Executive Board of Directors, responsible for planning and supporting the implementation of the Sustainability Strategy, as well as conceptual and technical support to the structures whose activity is impacted by it, namely the risk, marketing and product areas;
- vii) Existence of a Sustainability Board comprising the Executive Board of Directors and representatives of Caixa Central's structures relevant to the implementation of the strategy;
- viii) Implementation of a Sustainability Policy that dictates the main sustainability guidelines to be followed by the various Group institutions;
- ix) Inclusion of a set of environmental, social and governance risks in the risk matrix;
- x) Collection and processing of environmental and social information from corporate customers and sole proprietorships when opening credit operations, in accordance with the guidelines of the European Banking Authority (EBA) on the inclusion of ESG issues in the granting and monitoring of loans, with 10 questionnaires available to date that assign a rating to the client-company and/or the credit operation in sectors such as agriculture, real estate, tourism and restaurants; and

Anticipation, albeit vaguely, of regulatory exercises such as climate stress testing and/or the inclusion of ESG risks in ICAAP reporting.

## 49. Subsequent events

The conflict in Ukraine has implications for the global economy, with material economic costs, including aspects related to the international sanctions and pressures on the supply of oil and gas. In this context, Caixa Central has taken measures to specifically monitor its assets and any possible impacts on the respective risk profiles, through individual assessments, sensitivity and scenario analyses. The direct exposure shows no materiality; however, it is important to stress that, at this stage, there is still a high level of uncertainty as to the indirect effects, primarily about the duration of the conflict and the nature and duration of the State assistance/support and, consequently, the impacts on the inflation of energy products and commodities and on the country's trade balance. Although Caixa Central's exposure to those countries is immaterial, the occurrence of indirect impacts that are currently difficult to quantify cannot be excluded at this stage.

## EXTERNAL AUDITORS' REPORT OF CAIXA CENTRAL



## ***Statutory Audit Report***

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

### ***Report on the audit of the financial statements***

#### ***Opinion***

We have audited the accompanying financial statements of Caixa Central – Caixa Central de Crédito Agrícola Mútuo, CRL (the Entity), which comprise the balance sheet as at 31 December 2022 (which shows total assets of Euros 12.707.070 thousand and total shareholders' equity of Euros 523.735 thousand including a net profit attributable to owners of the parent of Euros 22.343 thousand, the statement of income, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of Caixa Central as of 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

#### ***Basis for opinion***

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

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

#### ***Key audit matters***

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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**Key Audit Matter****Summary of the Audit Approach**

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**Impairment losses on financial assets at amortized cost - Loans and advances to customers**Measurement and disclosures related to impairment losses on loans and advances to customers presented in Notes 2.3. d), 8.2, 17 e 43.1 to the financial statements

The significant amount of loans and advances to customers and associated impairment losses, which require a set of complex assumptions and judgments from Caixa Central management regarding the identification of clients with a significant increase in credit risk or in default, as well as the corresponding amount of impairment losses, justify that these constitute key matters for the purposes of our audit.

As of 31 December 2022, the gross amount of credit to customers amounts to Euros 1.501.869 thousand and the corresponding impairment losses recognized at that date amounts to Euros 50.421 thousand.

Impairment losses on loans and advances to customers are determined by management on an individual basis, through a case-by-case analysis of a significant component of the total loan portfolio, and for the remaining portfolio impairment is determined through a collective analysis.

For the most significant exposures, evaluated in terms of the total amount of responsibilities within Caixa Central and the possible existence of signs of default, Caixa Central develops an individual analysis process that includes an individual analysis of staging, in order to corroborate the allocation of automatic staging (stages 1,2 and 3) and an individual impairment measurement analysis. In the latter case, analysis is performed only for exposures classified in stages 2 and 3, in which the amount of impairment is determined through a detailed analysis of the economic and financial position of each individual customer, with reference to (i) the estimated cash flows that may be generated in the future for the fulfilment of their responsibilities – going concern; or

The audit procedures undertaken included the identification, understanding and assessment of policies and procedures established by Caixa Central to measure credit impairment losses on loans and advances to customers, as well as its key controls regarding approval, registration and credit risk monitoring, and timely identification, measurement and recording of impairment losses.

On a sample basis, we analyzed a group of clients within Caixa Central individual analysis perimeter, based on the criteria defined in internal regulations, with the objective of: (i) reviewing the conclusions and results obtained by Caixa Central in the individual analysis of staging and in the individual analysis of impairment measurement; (ii) obtaining our own judgment on the existence of situations of significant increase in credit risk and default; and (iii) assessing how the impairment losses were timely identified, measured and recognized by management. In this process, it was also confirmed that the perimeter of individual analysis included all the exposures that met the criteria defined by Caixa Central in its methodology.

For a sample of exposures classified in stages 2 and 3, representative of the credit population subject to individual analysis by Caixa Central as at 31 December 2022, the procedures we have developed consisted of: (i) reviewing the available documentation on credit processes; (ii) verifying the adequacy of the cash flows used to determine impairment with those reflected in the contractual support; (iii) analyzing the contractual support and the most relevant collaterals and confirm the registration of them in favour of Caixa Central; (iv) analyzing the

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**Key Audit Matter**

(ii) the evaluation attributed to the collateral received for the loan granted, whenever the recovery is anticipated through foreclosure, execution and/or sale of the collateral, less the costs inherent to its recovery and sale – gone concern.

For exposures not covered by the individual analysis, the Group developed collective analysis models to calculate expected impairment losses, in light of the requirements of IFRS 9, which include, namely the classification of exposures by different stages according to the evolution of their credit risk since the date of its concession, and not according to the credit risk at the reporting date (stages 1, 2 or 3). These models are based on the internal historical information of defaults and recoveries and, in order to be representative of the current economic context, but also to incorporate a perspective of future economic evolution, these also use available forward looking prospective information such as (i) the GDP growth rate; (ii) the unemployment rate; (iii) the evolution of the interest rate; and / or (iv) the projections for the real estate market. On the basis of these macroeconomic data, potential scenarios are developed that allow estimating the expected loss in each segment based on a probability of occurrence.

The specificity and uncertainty of the current macroeconomic and geopolitical situation led to an increase in complexity of determining impairment losses. In these circumstances, the internal impairment models developed by the Group were adapted to incorporate new criteria and other judgments, namely an updating in prospective information, through an adjustment in the overlay models, in order to reflect potential effects of the current adverse macroeconomic context, marked by the impacts of the war in Ukraine, as well as the reflection of the expected relationship of this information with the risk parameters of the collective analysis models developed by the Group.

In this context, changes in the assumptions or methodologies used by Caixa Central in the analysis and quantification of impairment losses of the credit to

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**Summary of the Audit Approach**

latest valuations of these collaterals; (v) examining the criteria for determining a significant increase in credit risk (stage 2) and for classification under impairment (stage 3) on an individual basis; (vi) reviewing the incorporation of forward looking information; (vii) a critical analysis of the discounted cash flows underlying the calculation of impairment; (viii) assessing the evolution of exposures; and (ix) understanding the views of the responsible for Caixa Central regarding the economic and financial situation of the clients, as to the predictability of expected cash flows of the respective businesses, as well as the prospects of collectability of credits.

Whenever we concluded for the need to review some assumption used by management, we recalculated the estimated amount of impairment and compared the results obtained with those calculated by the Caixa Central, in order to assess the existence of possible material divergences.

For the portfolio whose impairment is assessed through the collective analysis model, a set of specific procedures were developed with the objective of evaluating how the assumptions considered by management include all the risk variables by comparison to the available historic performance and recoveries of Caixa Central's loans and advances portfolio, namely: (i) review of the methodological documentation for the development and validation of the models; (ii) analysis of the documentation of the backtesting exercise of the risk parameters and its results; (iii) review and testing of portfolio segmentation; (iv) analysis of Caixa Central's definition of default and the criteria applied in the classification of staging, on a sample basis; (v) review and testing of the main risk parameters, as well as the available forward looking information and its update through the estimated economic effects, including the analysis of the methodologies defined by the Group for the determination of the overlay to be applied due to the current adverse macroeconomic context; (vi) critical analysis of the main assumptions and sources of information used in the future recoveries incorporated in the LGD (Loss Given Default),



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**Key Audit Matter**

customers, as well as different recovery strategies, may condition the estimation of recovery flows and timing of their receipt may have a material impact on the determination of the amount of impairment losses recognized at each moment.

**Summary of the Audit Approach**

including the test of historical recoveries incorporated in this calculation, on a sampling basis; and (vii) recalculation of Expected Credit Loss (ECL) for the loan and advances portfolio, with reference to 31 December 2022.

Our auditing procedures also included a review of the disclosures for loans and advances to customers, as well as the related impairment losses, presented on the Caixa Central's notes to the financial statements, considering the applicable accounting standards.

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**Impairment losses on securitised loans – sovereign debt**

Measurement and disclosures related with impairment losses on securitised loans – sovereign debt portfolio presented in Notes 2.3 e), 7, 8.1, 17, 22 and 43.1 to the financial statements

The significant expression of the securitised loans portfolio – sovereign debt and associated impairment losses, which require a set of complex assumptions and judgments from Caixa Central's management in relation to the identification of securities with a significant increase in credit risk, as well as the corresponding amount of impairment losses, justify that these constitute a key matter for the purposes of our audit.

As of 31 December 2022, the gross amount of the securitised loans portfolio related to sovereign debt amounted to Euros 6.294.801 thousand (of which Euros 6.237.572 thousand classified as financial assets carried out at amortized cost, as described in Note 8.1 and Euros 57.229 thousand classified as financial assets at fair value through other comprehensive income, as described in Note 7). The corresponding impairment losses recognized at that date amounted to Euros 4.747 thousand (as described in Notes 8.1 and 22).

The measurement of credit losses expected from these exposures, as well as the respective significant increase in credit risk, are determined through an

The audit procedures developed included the identification, understanding and evaluation of policies and procedures established by Caixa Central with regard to the approval, recording and monitoring the credit risk of securitized loans, as well as key controls underlying the timely identification, recording and correct measurement of expected impairment losses.

In the specific scope of our work, we have developed, among others, the following procedures:

- Understanding of Caixa Central's governance process, namely regarding the controls implemented on the review and approval of the main assumptions, judgments and future economic perspectives used in the models defined for the measurement of impairment losses; and
- Reading and analysis of the methodological documents prepared by Caixa Central and reviewing their adherence to the principles of the said standard.

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**Key Audit Matter**

analysis model developed by Caixa Central, in line with the requirements of IFRS 9, which classifies exposures by different stages depending on the evolution of the credit risk since the date of its initial recognition (stages 1, 2 or 3), being these securities with external rating and investment grade rating at the time of acquisition. These models are based on historical information on defaults and recoveries, complemented with market information, which is made available by external reference suppliers.

In this context, changes in the assumptions or methodologies or information provided by external suppliers used by Caixa Central in the analysis and quantification of credit losses expected from these exposures, may have a relevant impact on the estimation of recovery flows and the timing of their receipt, and consequently on the determination of the amount of expected credit losses recognized as impairment in Caixa Central's financial statements as of 31 December 2022.

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**Summary of the Audit Approach**

Regarding the models used by Caixa Central, a set of specific procedures were developed in order to assess whether the assumptions considered by management meet the requirements of IFRS 9, namely: (i) review of the methodological documentation underlying the model used; (ii) portfolio segmentation reviewing and testing; (iii) analysis of Caixa Central's definition of default and the criteria applied in the classification of staging, on a sampling basis; (iv) review and test of the main risk parameters; (v) critical analysis of the main assumptions and sources of information used in future recoveries incorporated in the calculation of LGD (Loss Given Default); and (vi) recalculation of ECL (Expected Credit Loss).

Our audit procedures also included a review of the disclosures about the securitized loan portfolio where these assets are included, as well as the respective impairments, presented on the Caixa Central's notes to the financial statements, considering the applicable accounting standards.

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**Employees post-employment benefits**

Measurement and disclosures related with employees post-employment benefits presented in Notes 2.3. o) and 42 to the financial statements

As of 31 December 2022 the liabilities for past services of Caixa Central with employees and pensioners' post-employment benefits amounted to Euros 12.169 thousand, mainly covering retirement and survival pensions, health care and death benefit, namely those predicted in the Collective Labour Agreement ("Acordo Colectivo de Trabalho" - "ACT") for Crédito Agrícola, known as Collective Labour Agreement for Credit Institutions of Crédito Agrícola Mútuo.

These liabilities are estimated based on actuarial valuations developed by an actuary of the Crédito Agrícola Group, certified by the Insurance and Pension Funds Supervisory Authority ("ASF"). These valuations incorporate a set of financial and actuarial

The audit procedures we have undertaken included the identification and understanding of the key controls implemented by Caixa Central to ensure the information compiled and provided to the actuary is correct and complete to calculate the liabilities and future financing needs of the plan, as well as the adequacy of the process of calculating the fair value of the Fund's assets.

The audit work included the analysis of the actuarial study prepared by the independent actuary with reference to 31 December 2022 and the meetings held with the management and the independent actuary in order to identify the methodologies and options considered in the definition of the main actuarial and financial assumptions adopted. Given

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**Key Audit Matter**

assumptions, such as the discount rate, the inflation rate, the mortality and disability tables, the growth rates of pensions and wages, among others, which correspond to the best estimation of the management concerning characteristics of the benefits and the population of employees and the current and future behavior of these variables.

In the specific case of the discount rate used in actuarial studies, it is determined on the basis of the market rates for high-quality corporate bonds in terms of credit risk, denominated in the currency in which the benefits will be paid (Euros) and similar maturity to the benefits plan expiration date.

In this context, future changes in the assumed financial and actuarial assumptions may give rise to material impacts on net liabilities as well as assets held to meet these liabilities, and for that reason this issue was considered a key matter for the purposes of our audit.

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**Summary of the Audit Approach**

the relevance of the required management judgments, we proceeded to evaluate the reasonableness of the main assumptions by comparing them with the data that we were independently able to obtain.

We reviewed the compliance of (i) the historic information of the employees used for the purposes of calculating responsibilities; (ii) the accounting recognition of costs related to past services and other changes in assumptions and estimates that occurred during the year; (iii) the fair value of the fund's assets, independently calculating its value for a sample of assets; and (iv) the variation over the year of the pension fund's surplus and the analysis of the respective conclusions obtained by Caixa Central for the recognition of this value.

The audit procedures included the review of the employees and pensioners' post-employment benefits disclosures included in the notes to the financial statements taking into account applicable and current accounting standards.

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**Financing of the Resolution Fund****Disclosures related to the Resolution Fund presented in Note 46 a) to the financial statements**

The resolution measures applied in 2014 to Banco Espírito Santo, SA - a process that led to the creation of Novo Banco, SA ("Novo Banco") - and in 2015 to Banif - Banco Internacional do Funchal, SA ("Banif") created uncertainties related to the possible insufficiency of resources of the Resolution Fund to ensure the fulfilment of its responsibilities, in particular the short-term repayment of the financing it has contracted for this purpose.

These uncertainties have become more relevant due to the liabilities and contingent liabilities assumed, namely those resulting from: (i) effects of the application of the principle that no creditor of the credit institution under resolution may incur greater loss than it would if it had entered into liquidation; (ii)

The audit procedures we developed for this matter included the identification and understanding of the key processes and controls instituted by Caixa Central regarding the identification and monitoring of contingent liabilities.

Concerning the relevance and complexity of the judgments required by Caixa Central's management, within the scope of our audit, we carried out, among others, the following procedures in relation to the Resolution Fund: (i) analysis of the evolution of Caixa Central's exposures to the Resolution Fund; (ii) understanding of the views of Caixa Central's management regarding the economic and financial situation of the Resolution Fund and the predictability of expected cash flows from its regular revenues; (iii)

<b>Key Audit Matter</b>	<b>Summary of the Audit Approach</b>
<p>legal proceedings against the Resolution Fund; (iii) negative effects arising from the resolution process resulting in additional responsibilities or contingencies for Novo Banco that must be neutralized by the Resolution Fund; and (iv) contingent capitalization mechanism associated with Novo Banco's sale process to Lone Star, under which the Resolution Fund, as shareholder of Novo Banco, may be called upon to make capital injections in the event of certain conditions related to the performance of a restricted set of assets of Novo Banco and the evolution of its capitalization levels.</p>	<p>analysis of the latest financial information available on the Resolution Fund; and (iv) appreciation of any relevant public communications on the contingent liabilities and responsibilities assumed by the Resolution Fund and/ or the Portuguese State.</p>
<p>The financial statements of 31 December 2022 reflect the management's expectation that Caixa Central, as an entity participating in the Resolution Fund, will not be required to make special contributions or any other type of extraordinary contributions to finance the resolution measures applied to BES and Banif or any other contingent liability or liability assumed by the Resolution Fund.</p>	<p>We also analyzed the information available regarding the developments of these subjects after 31 December 2022.</p>
<p>Contingent liabilities may evolve differently than originally expected, so they are subject to continuous review to determine whether this eventuality of resources outflow has become probable. In these circumstances, the assessment of this contingent liability implies that Caixa Central's management employs complex estimates and judgments as to the probability of materializing and quantifying the amounts of liabilities that may result from litigation and contingencies in which Caixa Central is a party involved, and, to that extent, this was a matter considered relevant for the purposes of our audit.</p>	<p>Our audit procedures also included the revision of the disclosures on provisions and contingent liabilities presented on the Caixa Central's notes to the financial statements, taking into account the applicable accounting standards.</p>

### **Responsibilities of management and supervisory board for the financial statements**

Management is responsible for:

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

- b) the preparation of the Directors' report, corporate governance report and the non-financial statement in accordance with the applicable law and regulations;
- c) the creation and maintenance of an appropriate system of internal control to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- d) the adoption of appropriate accounting policies and criteria; and
- e) the assessment of the Caixa Central's ability to continue as a going concern, disclosing, as applicable, events or conditions that may cast significant doubt on the Entity's ability to continue its activities.

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

#### ***Auditor's responsibilities for the audit of the financial statements***

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

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

- a) identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- b) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- d) conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are

inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern;

- e) evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- f) communicate with those charged with governance, including the supervisory board, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;
- g) of the matters we have communicated to those charged with governance, including the supervisory board, we determine which one's were the most important in the audit of the financial statements of the current year, these being the key audit matters. We describe these matters in our report, except when the law or regulation prohibits their public disclosure; and
- h) confirm to the supervisory board that we comply with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

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

### ***Report on other legal and regulatory requirements***

#### ***Directors' report***

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

#### ***Corporate governance report***

In compliance with paragraph 4 of article No. 451 of the Portuguese Company Law, it is our understanding that the corporate governance report includes the information required under article No. 29-H of the Portuguese Securities Market Code, that no material misstatements were identified in the information disclosed in this report and that it complies with paragraphs 1 c), d), f), h), i) and l) of that article.

### ***Non-financial statement***

In compliance with paragraph 6 of article No. 451 of the Portuguese Company Law, we hereby inform that the Entity will prepare a separate report of the Directors' report that includes the non-financial statement set forth in article No. 66-B of the Portuguese Company Law, which should be published on its website until the legal deadline.

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

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

- a) We were first appointed auditors of Caixa Central in the Shareholders' General Meeting of 30 May 2015, having remained in functions until the current period. Our last appointment was in the Shareholders' General Meeting of 28 May 2022 for the period from 2022 to 2024;
- b) The management has confirmed to us it has no knowledge of any allegation of fraud or suspicions of fraud with material effect in the financial statements. We have maintained professional scepticism throughout the audit and determined overall responses to address the risk of material misstatement due to fraud in the financial statements. Based on the work performed, we have not identified any material misstatement in the financial statements due to fraud;
- c) We confirm that our audit opinion is consistent with the additional report that was prepared by us and issued to the Caixa Central's supervisory board as of this date; and
- d) We declare that we did not provide any prohibited non-audit services referred to in paragraph 1 of article No. 5 of Regulation (EU) 537/2014 of the European Parliament and of the Council, of April 16, 2014 and that we remain independent of the Caixa Central in conducting our audit.

28 April 2023

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

[Original in Portuguese signed by]

Carlos José Figueiredo Rodrigues, ROC no. 1737  
Registered with the Portuguese Securities Market Commission under no. 20161347

## **PROPOSED APPROPRIATION OF PROFIT OR LOSS OF CAIXA CENTRAL**

Under the terms of Article 43 of the Legal Framework of Crédito Agrícola Mútuo and Article 40 of the Articles of Association of Caixa Central, the Executive Board of Directors proposes to the General Meeting that the Net Income for the Year of 2022, a profit of the value of 22,342,697.87 euros, should be applied as follows:

- (i) transfer to the Legal Reserve of the amount of 4,468,539.57 euros;
- (ii) transfer to the Reserve for cooperative training and education of the amount of 500 euros;
- (iii) transfer to Mutual Reserve of the amount of 500 euros;
- (iv) coverage of the negative retained earnings of 2018 remaining in Caixa Central's equity, of the value of 1,477,281.02;
- (v) remuneration of equity securities to the Associated Caixas of the value of 4,600,000 euros.

The Executive Board of Directors also proposes to the General Meeting that the remaining amount of 11,795,877.28 euros be transferred in its entirety to Free Reserves.

Lisbon, March 16<sup>th</sup>, 2023

The Executive Board of Directors



## REPORT ON CORPORATE GOVERNANCE STRUCTURE AND PRACTICES

The Report on the Structure and Practices of Corporate Governance of **Caixa Central – Caixa Central de Crédito Agrícola Mútuo, CRL (Caixa Central)** is an integral part of the Management Report, under the terms of Article 70(2)(a) and (b) of the Commercial Companies Code.

**Caixa Central** as a Credit Cooperative is governed by the Legal Framework of Crédito Agrícola Mútuo (approved by Decree-Law 24/91 of 11 January and republished, after successive changes, by Decree-Law 142/2009 of 16 June and henceforth RJCAM), by the Legal Framework of Credit Institutions and Financial Companies (RGICSF), by the Cooperative Code (CCoop), by the Commercial Companies Code (CSC) and by other legal and regulatory provisions, some of which are occasionally invoked in this Report.

Pursuant to Article 50(1) of RJCAM, **Caixa Central** is a Credit Institution in the form of a Cooperative with limited liability and is the central body of the **Integrated System of Crédito Agrícola Mútuo (SICAM)**, which comprises itself and the current seventy-one (71) **Caixas de Crédito Agrícola Mútuo**, its Member Associates.

### A. ASSOCIATIVE STRUCTURE

#### I. Capital Structure

##### 1. Share Capital

The share capital of **Caixa Central** is variable and unlimited but can never be less than the amount of 17,500,000.00 euros (seventeen million, five hundred thousand euros), as set out in Article 1(c) of Ministry of Finance Order No. 95/94 of 9 February, as amended by Order No. 362/2015 of 15 October, and on 31 December 2022, the share capital was 312,706,855.00 euros.

The share capital of **Caixa Central** is, by law, divided and represented by registered equity securities with a value of 5.00 euros (five euros) each, fully held by the current seventy-one (71) Associated **Caixas de Crédito Agrícola Mútuo**, as described below, respecting the limits set out in Article 53(2) of the RJCAM, which determines that no Member may hold a participation below 5,000.00 euros (five thousand euros) or greater than 10% (ten percent) of the paid-up share capital of **Caixa Central**, except in situations of financial imbalance referred to in Article 81(1) of the RJCAM.

Pursuant to the provisions of Article 50(8)(a) of the RJCAM and Article 7 of the Articles of Association of **Caixa Central** (Articles of Association), all **Caixas de Crédito Agrícola Mútuo** that were legally incorporated and are duly registered with Banco de Portugal may become its associates, and, under the terms of Article 67 of the RJCAM, the Articles of Association of **Caixas de Crédito Agrícola Mútuo**, all Associated Members of **Caixa Central** will have to account for:

- a) the liability of each of its Members limited to the share capital subscribed by each one;
- b) the minimum mandatory share capital;

- c) the express declaration of adherence to Caixa Central;
- d) the recognition and acceptance of Caixa Central's competence in terms of guidance, supervision and intervention powers;
- e) the exemption and exclusion regime;
- f) The acceptance of the liability regime provided for in Articles 78 to 80 of the RJCAM.

However, under the terms of the RJCAM, the following can also be Associated Members of **Caixa Central**:

- a) other institutions linked to Crédito Agrícola Mútuo, which, for this purpose, obtain express authorisation from Banco de Portugal (Article 50(8)(b) of the RJCAM).
- b) other institutions in the cooperative or mutual sector or, even, other credit institutions, at the invitation of Banco de Portugal, in the circumstances referred to in Article 81(1) of the RJCAM.

Under the terms of Article 4(2) and (3) of the Articles of Association, the share capital of **Caixa Central** may be increased, once or twice:

- a) through the issuance of new equity securities, upon the admission of new Members, when any Member increases its participation or by resolution of the General Meeting that will also decide on the form of subscription and realisation of the new equity securities or by incorporation, in whole or in part, of the value of reserves that may have this allocation (Article 4(2));
- b) by resolution of the General Meeting, on a reasoned proposal by the Executive Board of Directors, preceded by a prior opinion of the General and Supervisory Board, in a maximum amount equivalent to the share capital that was subscribed at the time, the proceeds of this increase being intended to correct the situation of any financial imbalance at Caixa Central that might eventually occur, namely, in the reduction of its own funds to a level below the legal minimum or in the non-compliance with the prudential ratios and limits that apply to it (Article 4(3)).

With regard to its reduction, the share capital of **Caixa Central** can only undergo changes that result from the depreciation of the capital securities of the **Caixas de Crédito Agrícola Mútuo**, resulting from its exoneration, exclusion or extinction or that have been deliberated by the General Meeting with the purpose of covering losses.

## 2. Restrictions on the transfer of Equity Securities

Under the terms of Article 5(5) of the Articles of Association, the assignment of capital securities of **Caixa Central** may only take place between Member Associates, and the assignment to third parties is strictly forbidden and yet, always dependent on the provisions of Article 5(5) of the Articles of Association, authorised by the Executive Board of Directors, preceded by a prior opinion of the General and Supervisory Board.

During 2022, there was no assignment of equity securities between Members.

### 3. Number of Votes

As a general rule, each Member will only have one vote, in accordance with the provisions in Article 22(1)(a) and Article 23(2) of the Articles of Association.

However, the use of these weighted votes is regulated in the Articles of Association as elaborated below, in B., 2., l., x)).

The Associated **Caixas de Crédito Agrícola Mútuo** that are intervened by **Caixa Central** will have only one vote, regardless of the matter that is submitted to vote.

### 4. Solidarity Regime and Mutualism of SICAM and FACAM

**Caixa Central** and its Associated **Caixas de Crédito Agrícola Mútuo**, which together comprise **SICAM**, although each with their own legal personality, effectively and reciprocally guarantee their obligations, within the framework of intra-systemic solidarity, under which all the Associate, **Caixas de Crédito Agrícola Mútuo**, support and guarantee **Caixa Central**, and **Caixa Central** supports and guarantees each of its Member Associates that may, at any time, be in any possible situation of imbalance.

As provided for in Article 78 of the RJCAM, **Caixa Central** fully guarantees the obligations assumed by its Associated **Caixas de Crédito Agrícola Mútuo**, under the terms in which the guarantor guarantees the bondsman's obligations.

In turn, each of the Associated **Caixas de Crédito Agrícola Mútuo** guarantees the obligations taken on by **Caixa Central**, as results from the conjugation of the provisions of the other rules of the RJCAM applicable to **SICAM**, as well as from the unequivocal reality evidenced above that it is the **Caixas de Crédito Agrícola Mútuo** that hold **Caixa Central's** capital and, in case of need, are asked to reinforce it.

**Caixa Central** has the right to demand from its Associates the benefits referred to in Article 80 of the RJCAM - reinforcement of own funds - if it is in a situation of "*financial imbalance, translated, namely, in the reduction of own funds to a level below the legal minimum or in non-compliance with the ratios and prudential limits that apply to it*", where **Caixas de Crédito Agrícola Mútuo** guarantee the observance of **Caixa Central's**, prudential ratios and limits, the levels of its own funds and the obligations assumed with its depositors.

Notwithstanding the cross-guarantee mechanism on which the solidarity scheme of **SICAM** is based, **Crédito Agrícola** has autonomous assets of an associative nature which provide financial assistance to the Associated **Caixas de Crédito Agrícola Mútuo**, thereby ensuring the soundness and sustainability of **SICAM** at all times: **Associação - Fundo de Assistência do Crédito Agrícola Mútuo (FACAM)**.

FACAM is an association under private law that resulted, by legal determination (Decree-Law 106/2019 of 12 August), from the transformation of the legal person under public law called Fundo de Garantia do Crédito Agrícola Mútuo (FGCAM).

FGCAM secured the deposits of all the depositor Customers of SICAM, and also provided financial assistance to all its member Credit Institutions.

Under the terms of Article 1(1) and Article 2(1) of the above-mentioned law, the Deposit Guarantee Fund (FGD), of which Caixa Central and its Associated Caixas Agrícolas, are now members on an equal footing with other banks, now secures the deposits of all SICAM customers.

With regard to provision of financial assistance to the Credit Institutions that are members of SICAM, this continued to be assured by FGCAM, which, as a result of the aforementioned transformation determined by law and which took place on 8 January 2020, was renamed FACAM.

FACAM is governed by its Articles of Association and its Internal Regulation, which is an integral part of the Articles of Association, and is managed by a Governing Board and supervised by a Supervisory Committee, most of whose members are required to be independent, especially in relation to the Crédito Agrícola Group, and are elected by the General Meeting for three-year periods. The members of the Governing Bodies of FACAM are still in office for the three-year period of 2020-2022, and the election of new members for the three-year period 2023-2025 is expected to take place at the Annual General Meeting of FACAM to be held in May 2023.

## II. Shareholdings held

### a) The Member Associates

As at 2 June 2022, Caixa Central had seventy-five (75) **Members**.

As a result of the following merger operations, Caixa Central, on 31 December 2022, had seventy-one (71) Associated Caixas de Crédito Agrícola Mútuo:

- a) on 3 June 2022, the C.C.A.M. de São Bartolomeu de Messines e São Marcos da Serra, C.R.L. was incorporated by C.C.A.M. de Silves, C.R.L., which on that date became C.C.A.M. Terras do Arade, C.R.L.;
- b) on 28 July 2022, the C.C.A.M. de Arouca, C.R.L. was incorporated in C.C.A.M. de Vale de Cambra, C.R.L., which, on the same date, was renamed C.C.A.M. de Terras de Santa Maria, C.R.L.;
- c) On 26 October 2022, C.C.A.M. de Albergaria e Sever, C.R.L. was incorporated in C.C.A.M. de Oliveira do Bairro, C.R.L., which on that date was renamed C.C.A.M. de Oliveira do Bairro, Albergaria e Sever, C.R.L.;
- d) On 29 November 2022, the C.C.A.M. de Borba, C.R.L. was incorporated into the C.C.A.M. de Elvas e Campo Maior, C.R.L., which on that date became the C.C.A.M. de Elvas, Campo Maior e Borba, C.R.L.

### a) The Shareholdings of the Members

Therefore, on 31 December 2022, the share capital of **Caixa Central** was 312,706,855.00 euros (three hundred and twelve million, seven hundred and six thousand, eight hundred and fifty-five euros), fully subscribed and paid up by the seventy-one (71) **Caixas de Crédito Agrícola Mútuo**, its Members, under the following terms:

Caixa de Crédito Agrícola Mútuo	Subscribed Capital	Shareholding
C.C.A.M. DE POMBAL, C.R.L.	€ 27 914 830.00	8.93%
C.C.A.M. DA COSTA AZUL, C.R.L.	€ 14 259 525.00	4.56%
C.C.A.M. DA BATALHA, C.R.L.	€ 11 500 270.00	3.68%
C.C.A.M. DE ALCOBAÇA, CARTAXO, NAZARÉ, RIO MAIOR E SANTARÉM, C.R.L.	€ 9 024 150.00	2.89%
C.C.A.M. DO NOROESTE, C.R.L.	€ 8 900 580.00	2.85%
C.C.A.M. DOS AÇORES, C.R.L.	€ 8 309 160.00	2.66%
C.C.A.M. DO ALTO DOURO, C.R.L.	€ 8 032 155.00	2.57%
C.C.A.M. DE CALDAS DA RAINHA, ÓBIDOS E PENICHE, C.R.L.	€ 7 948 495.00	2.54%
C.C.A.M. DO ALTO CÁVADO E BASTO, C.R.L.	€ 7 946 230.00	2.54%
C.C.A.M. DO BAIXO MONDEGO, C.R.L.	€ 7 883 370.00	2.52%
C.C.A.M. DA SERRA DA ESTRELA, C.R.L.	€ 7 816 780.00	2.50%
C.C.A.M. DO ALENTEJO SUL, C.R.L.	€ 6 945 990.00	2.22%
C.C.A.M. DO VALE DO SOUSA E BAIXO TÂMEGA, C.R.L.	€ 6 742 280.00	2.16%
C.C.A.M. DE TERRAS DO SOUSA, AVE, BASTO E TÂMEGA, C.R.L.	€ 6 401 775.00	2.05%
C.C.A.M. DE S. TEOTÓNIO, C.R.L.	€ 6 362 530.00	2.03%
C.C.A.M. DO ALGARVE, C.R.L.	€ 6 078 355.00	1.94%
C.C.A.M. DE CANTANHEDE MIRA, C.R.L.	€ 5 712 385.00	1.83%
C.C.A.M. DO BAIXO VOUGA, C.R.L.	€ 5 394 010.00	1.72%
C.C.A.M. DE TRÁS-OS-MONTES E ALTO DOURO, C.R.L.	€ 5 294 185.00	1.69%
C.C.A.M. DO ALENTEJO CENTRAL, C.R.L.	€ 4 983 925.00	1.59%
C.C.A.M. DA ZONA DO PINHAL, C.R.L.	€ 4 933 915.00	1.58%
C.C.A.M. DE PÓVOA DO VARZIM, VILA DO CONDE E ESPOSENDE, C.R.L.	€ 4 927 525.00	1.58%
C.C.A.M. DO DOURO E CÔA, C.R.L.	€ 4 677 515.00	1.50%
C.C.A.M. DE ALCÁCER DO SAL E MONTEMOR-O-NOVO, C.R.L.	€ 4 472 750.00	1.43%

Caixa de Crédito Agrícola Mútuo	Subscribed Capital	Shareholding
C.C.A.M. DO SOTAVENTO ALGARVIO, C.R.L.	€ 4 393 185.00	1.40%
C.C.A.M. TERRAS DO ARADE, C.R.L.	€ 4 307 905.00	1.38%
C.C.A.M. DE LOURES SINTRA E LITORAL, C.R.L.	€ 4 178 140.00	1.34%
C.C.A.M. DE ALENQUER, C.R.L.	€ 4 074 090.00	1.30%
C.C.A.M. DO VALE DO TÁVORA E DOURO, C.R.L.	€ 4 009 680.00	1.28%
C.C.A.M. BEIRA DOURO E LAFÕES, C.R.L.	€ 3 856 150.00	1.23%
C.C.A.M. DE ELVAS, CAMPO MAIOR E BORBA, C.R.L.	€ 3 750 700.00	1.20%
C.C.A.M. DO GUADIANA INTERIOR, C.R.L.	€ 3 749 305.00	1.20%
C.C.A.M. DE PORTO DE MÓS, C.R.L.	€ 3 720 200.00	1.19%
C.C.A.M. DE COIMBRA, C.R.L.	€ 3 691 955.00	1.18%
C.C.A.M. DA COSTA VERDE, C.R.L.	€ 3 521 165.00	1.13%
C.C.A.M. DE CORUCHE, C.R.L.	€ 3 440 475.00	1.10%
C.C.A.M. DE LOURINHÃ, C.R.L.	€ 3 397 925.00	1.09%
C.C.A.M. DO VALE DO DÃO E ALTO VOUGA, C.R.L.	€ 3 330 235.00	1.06%
C.C.A.M. DO RIBATEJO NORTE E TRAMAGAL, C.R.L.	€ 3 059 540.00	0.98%
C.C.A.M. DE CADAVAL, C.R.L.	€ 3 052 425.00	0.98%
C.C.A.M. DE VAGOS, C.R.L.	€ 3 020 360.00	0.97%
C.C.A.M. DE OLIVEIRA DE AZEMÉIS E ESTARREJA, C.R.L.	€ 3 005 960.00	0.96%
C.C.A.M. DE PERNES E ALCANHÕES, C.R.L.	€ 2 995 135.00	0.96%
C.C.A.M. DE MORAVIS, C.R.L.	€ 2 842 600.00	0.91%
C.C.A.M. DE ALBUFEIRA, C.R.L.	€ 2 822 995.00	0.90%
C.C.A.M. DE TERRAS DE SANTA MARIA, C.R.L.	€ 2 732 785.00	0.87%
C.C.A.M. DO DOURO E SABOR, C.R.L.	€ 2 728 665.00	0.87%
C.C.A.M. DA BARRADA E AGUIEIRA, C.R.L.	€ 2 673 685.00	0.86%
C.C.A.M. DE VILA FRANCA XIRA, C.R.L.	€ 2 668 240.00	0.85%
C.C.A.M. DO SOBRAL DO MONTE AGRAÇO, C.R.L.	€ 2 526 010.00	0.81%
C.C.A.M. DE OLIVEIRA DO BAIRRO, ALBERGARIA E SEVER, C.R.L.	€ 2 476 735.00	0.79%
C.C.A.M. DE TERRAS VIRIATO, C.R.L.	€ 2 381 385.00	0.76%

Caixa de Crédito Agrícola Mútuo	Subscribed Capital	Shareholding
C.C.A.M. DE SALVATERRA DE MAGOS, C.R.L.	€ 2 283 600.00	0.73%
C.C.A.M. DA REGIÃO DO FUNDÃO E SABUGAL, C.R.L.	€ 2 252 695.00	0.72%
C.C.A.M. DO MÉDIO AVE, C.R.L.	€ 2 176 205.00	0.70%
C.C.A.M. DA TERRA QUENTE, C.R.L.	€ 2 093 640.00	0.67%
C.C.A.M. DO NORDESTE ALENTEJANO, C.R.L.	€ 1 818 590.00	0.58%
C.C.A.M. DE VILA VERDE E TERRAS DE BOURO, C.R.L.	€ 1 811 060.00	0.58%
C.C.A.M. DA BEIRA BAIXA (SUL), C.R.L.	€ 1 688 240.00	0.54%
C.C.A.M. DE ESTREMOZ MONFORTE E ARRONCHES, C.R.L.	€ 1 674 075.00	0.54%
C.C.A.M. DE ARRUDA DOS VINHOS, C.R.L.	€ 1 637 635.00	0.52%
C.C.A.M. DE PAREDES, C.R.L.	€ 1 597 880.00	0.51%
C.C.A.M. DA ÁREA METROPOLITANA DO PORTO, C.R.L.	€ 1 353 390.00	0.43%
C.C.A.M. DE ALJUSTREL E ALMODÔVAR, C.R.L.	€ 1 303 520.00	0.42%
C.C.A.M. DE AZAMBUJA, C.R.L.	€ 1 136 785.00	0.36%
C.C.A.M. BEIRA CENTRO, C.R.L.	€ 1 009 585.00	0.32%
C.C.A.M. DO RIBATEJO SUL, C.R.L.	€ 977 700.00	0.31%
C.C.A.M. DO NORTE ALENTEJANO, C.R.L.	€ 947 280.00	0.30%
C.C.A.M. DE OLIVEIRA DO HOSPITAL, C.R.L.	€ 905 890.00	0.29%
C.C.A.M. DAS SERRAS DE ANSIÃO, C.R.L.	€ 676 910.00	0.22%
C.C.A.M. DE ENTRE TEJO E SADO, C.R.L.	€ 491 860.00	0.16%
<b>Total</b>	<b>€ 312 706 855.00</b>	<b>100.00%</b>

There are no other institutions that participate in the share capital of **Caixa Central**, namely those mentioned in Article 50(8)(b) of the RJCAM.

During 2022, the share capital was not reduced, but increased by approximately 0.52%, i.e., from 311,097,865.00 euros to the current value indicated above, through an increase of 1,608,990.00 euros, which was based on the capital increase subscribed by the following **Caixas de Crédito Agrícola Mútuo**:

Caixa de Crédito Agrícola Mútuo	Capital Increase
C.C.A.M. DO VALE DO SOUSA E BAIXO TÂMEGA, C.R.L.	€ 421 845.00
C.C.A.M. DO ALTO DOURO, C.R.L.	€ 381 285.00
C.C.A.M. DA BEIRA BAIXA (SUL), C.R.L.	€ 212 155.00
C.C.A.M. DO VALE DO TÁVORA E DOURO, C.R.L.	€ 138 885.00
C.C.A.M. DE ESTREMOZ MONFORTE E ARRONCHES, C.R.L.	€ 76 720.00
C.C.A.M. DE TERRAS VIRIATO, C.R.L.	€ 71 900.00
C.C.A.M. DA REGIÃO DO FUNDÃO E SABUGAL, C.R.L.	€ 59 445.00
C.C.A.M. DO NORTE ALENTEJANO, C.R.L.	€ 48 565.00
C.C.A.M. DE PAREDES, C.R.L.	€ 43 545.00
C.C.A.M. DE ALJUSTREL E ALMODÔVAR, C.R.L.	€ 39 295.00
C.C.A.M. DE OLIVEIRA DO BAIRRO, ALBERGARIA E SEVER, C.R.L. <sup>12</sup>	€ 33 250.00
C.C.A.M. DA ÁREA METROPOLITANA DO PORTO, C.R.L.	€ 25 530.00
C.C.A.M. DE VILA VERDE E TERRAS DO BOURO, C.R.L.	€ 21 260.00
C.C.A.M. DAS SERRAS DE ANSIÃO, C.R.L.	€ 18 175.00
C.C.A.M. DO RIBATEJO SUL, C.R.L.	€ 16 645.00
C.C.A.M. DE OLIVEIRA DO HOSPITAL, C.R.L.	€ 490.00
<b>Total</b>	<b>€ 1,608,990.00</b>

## B. ORGANISATION AND OPERATION

### 1. Governance Model

In its governance, **Caixa Central** adopts the model commonly known as “*German Model*”, provided for in Article 278(1)(c) of the CSC, taking into account the provisions of Article 55(1) of the RJCAM, a model that is characterised by the existence of a General and Supervisory Board, an Executive Board of Directors and a Statutory Auditor.

### 2. Governing and Statutory Bodies, Commissions and Committees

<sup>12</sup>The capital increase was made on 30 April 2022, by the then C.C.A.M. de Oliveira do Bairro, C.R.L., that is, before the merger by incorporation of C.C.A.M. de Albergaria e Sever, C.R.L., which occurred on 26 October 2022, date from which this C.C.A.M. changed its name to C.C.A.M. de Oliveira do Bairro, Albergaria e Sever, C.R.L.



Pursuant to Article 13(1) of the Articles of Association, the Corporate Bodies of **Caixa Central** are the General Meeting, the Executive Board of Directors, the General and Supervisory Board, the Superior Council, and the Statutory Auditor.

In turn, Article 13(2) establishes that the Board of the General Meeting and the Assessment Committee are Statutory Bodies.

In accordance with the provisions of Article 14(1) of the Articles of Association, the members of the Board of the General Meeting, the Executive Board of Directors, the General and Supervisory Board and up to nine (9) members of the Superior Council are elected by the General Meeting, by secret ballot, to be based on the candidacy that, in addition to complying with the other legal requirements, includes lists of candidates for all these Corporate Bodies, which may be nominated under the terms of Article 6 of Caixa Central's Electoral Regulations:

- a) by the outgoing Superior Council;
- b) or by five per cent (5%) of Caixa Central Associates in full enjoyment of their rights, with a minimum of four (4).

The mandate of the Governing Bodies is three (3) years, taking into account the provisions of Article 24(1) of the RJCAM applicable *ex vi* of Article 51 also of the RJCAM, a legal rule that is also enshrined in the Articles of Association.

Until 3 April 2022, the members of the Board of the General Meeting, the Superior Council, the General and Supervisory Board and the Executive Board of Directors of Caixa Central elected for the three-year period 2019-2021 remained in office. On 4 April 2022, the members elected for the said Corporate and Statutory Bodies at the Extraordinary General Meeting held on 5 February 2022, for the three-year period 2022-2024, took office and began their functions.

On 3 December 2021, within the scope of the electoral process for the three-year period 2022-2024, a proposal containing the candidate list for the elections of Caixa Central's Corporate and Statutory Bodies for the three-year period 2022-2024, under the terms of Caixa Central's Articles of Association and Electoral Regulations, was submitted to the Chairman of the General Meeting Board by Caixa Central's Superior Council in office at the time.

No other list was put forward for the elections, and that list submitted by the Superior Council was elected at the Extraordinary General Meeting on 5 February 2022.

All members of Caixa Central's Corporate and Statutory Bodies elected at that Extraordinary General Meeting of 5 February 2022 took office on 4 April 2022.

I. General Meeting

i) Composition of the General Meeting

The General Meeting is a deliberative corporate body composed of all Associates of Caixa Central, in full enjoyment of their rights (Article 18(1) of the Articles of Association).

ii) Composition of the Board of the General Meeting

In order to direct the work of the General Meeting, it is endowed, under the terms of Article 19 of the Articles of Association, with a statutory body, the General Meeting Board, which includes a Chairman, a Deputy Chairman and a Secretary, which are elected from among the Associated Members of **Caixa Central** in full enjoyment of their rights, and each of the candidate is responsible for presenting, from the outset and to the election, the natural person who, individually, will exercise the office.

Between 1 January and 3 April 2022, the Board of the General Meeting of **Caixa Central**, was composed of the following members:

Chairman: Nuno Carlos Ferreira Carrilho, appointed by Caixa de Crédito Agrícola Mútuo de Terras de Viriato, C.R.L.;

Deputy Chairman: Josué Cândido Ferreira dos Santos, appointed by Caixa de Crédito Agrícola Mútuo de Ferreira do Alentejo, C.R.L., which merged on 4 December 2020 with Caixa de Crédito Agrícola Mútuo de Beja e Mértola, C.R.L. and was renamed C.C.A.M. do Alentejo Sul, C.R.L.;

Secretary: Joaquim Miguel Cruz Mendes, appointed by Caixa de Crédito Agrícola Mútuo de Elvas e Campo Maior, C.R.L.

As from 4 April 2022, the date on which the Corporate and Statutory Bodies elected for the 2022-2024 term of office took office, the Board of **Caixa Central**'s General Meeting was composed of the following members:

Chairman: Nuno Carlos Ferreira Carrilho, appointed by Caixa de Crédito Agrícola Mútuo de Terras de Viriato, C.R.L.;

Deputy Chairman: José Feio dos Santos Soares, appointed by Caixa de Crédito Agrícola Mútuo de Vila Verde e Terras de Bouro, C.R.L.;

Secretary: Joaquim Miguel Cruz Mendes, appointed by Caixa de Crédito Agrícola Mútuo de Elvas e Campo Maior, C.R.L., which, following the merger operation by incorporation of Caixa de Crédito Agrícola Mútuo de Borba, C.R.L., which took place on 29 November 2022, changed its name to Caixa de Crédito

Agrícola Mútuo de Elvas, Campo Maior e Borba, C.R.L.

iii) Responsibilities of the General Meeting

The General Meeting of **Caixa Central** has the following statutory powers:

- Elect, suspend and remove the holders of the social and statutory positions referred to in Article 13 of the Articles of Association;
- Appoint the Statutory Auditor, proposed by the Commission for Financial Matters;
- Vote on the activity plan and budget plan for Caixa Central and the activity plan for SICAM and the Crédito Agrícola Group for the following year;
- Consider the annual reports on their respective activities, to be presented by the General and Supervisory Board and the Commission for Financial Matters;
- Deliberate on Caixa Central's management reports and accounting documents and on the Consolidated Annual Report of the Crédito Agrícola Group, as well as on the opinion of the General and Supervisory Board in relation to them;
- Vote on the proposal for the appropriation of profit or loss and proceed to a general appraisal of the management and supervision of Caixa Central;
- Deliberate on the exclusion of Associates;
- Function as an appeal body, either regarding admission or refusal of Members, or in relation to the sanctions provided for in Section IV of Chapter VI of the Articles of Association;
- Decide on the amendment of the Articles of Association;
- Deliberate on the Remuneration Policy for the members of the Management and Supervisory Bodies of Caixa Central and the Crédito Agrícola Group;
- Set the remunerations which, under the terms of the Remuneration Policy, it is responsible for setting.
- Deliberate on the Internal Policies for Selecting and Assessing the Suitability of Members of the Management and Supervisory Bodies and Holders of Essential Functions at Caixa Central;
- Deliberate on the Electoral Regulations of Caixa Central (Electoral Regulations);
- Decide on the exercise of the right of civil or criminal action against the Statutory Auditor, the Directors, the Trustees, the members of the General and Supervisory Board, as well as the withdrawal and the settlement of these actions, should they be lodged;
- Decide on other forms of financing that are not part of the share capital, including the issuance of investment securities.

iv) Ordinary and Extraordinary Meetings

Under the provisions of Article 55(5) of RJCAM and Article 21 of the Articles of Association, the General Assembly meets **ordinarily** twice a year:

- until 31 May of each year, to, among other matters:

- Discuss and vote on the management report and the individual and consolidated accounts of the previous year and on the annual reports of the General and Supervisory Board and the Commission for Financial Matters on their activity.
  - Deliberate on the proposal for the appropriation of profit or loss; and
  - Conduct a general appraisal of the management and supervision of Caixa Central.
- until 31 December of each year, to, among other matters, discuss and vote on Caixa Central's activity plan and budget plan, as well as SICAM's and Crédito Agrícola Group's activity plan for the following year.

Under the terms of the Articles of Association, the General Meeting may also meet **extraordinarily** when called by the Chairman of the General Meeting Board, on his own initiative or at the request of the General and Supervisory Board, or the Executive Board of Directors, or the Statutory Auditor or at least five percent (5%) of Members in full enjoyment of their rights, with a minimum of four (4) Members.

v) Notice

The notices of the General Meetings are sent by **Caixa Central** to its Associated **Caixas de Crédito Agrícola Mútuo** by e-mail or post, and are also posted in the places where **Caixa Central** has its headquarters and/or other forms of representation.

vi) Advance on the Notice

The Articles of Association establish that meetings are called by the Chairman of the General Meeting Board at least fifteen (15) days in advance, except for meetings that are intended for the election of holders of social and statutory positions and those to decide on changes to the Articles of Association, cases in which the minimum advance will be thirty (30) days.

vii) Preparatory Information

The preparatory information for the General Meeting is made available at least fifteen (15) days in advance of the date of the meeting where it is to be considered, at the headquarters of **Caixa Central** and/or sent by electronic mail or post to the Associated **Caixas de Crédito Agrícola Mútuo**. Documents relating to preparatory information for the General Meeting, except when mandatory under the terms of the Law and/or regulations, may not be published on the website of **Caixa Central**.

viii) Archive of deliberations

The historical collection with the decisions taken at the General Meetings, the share capital represented and the results of the votes, with reference to the previous 3 years, is filed at the head office of **Caixa Central**, where it can be consulted by the Associated **Caixas de Crédito Agrícola Mútuo**.

ix) Voting Rights

As mentioned above, in A.I.3, in order to proceed with the voting of most matters, each Associated **Caixa de Crédito Agrícola Mútuo** has one vote, except for the matters referred to in the following point, where there is a weighted vote.

x) Weighted Vote

Under the terms of Article 22 of the Articles of Association, each Associated **Caixa de Crédito Agrícola Mútuo** may have the number of votes corresponding to the sum of the following parts:

- One vote;
- As many votes as results from dividing the value of the equity securities, in euros, paid up by it by half of the division of the share capital, also in euros, paid up on 31 December of the previous year by the number of Associates, rounded off to the nearest unit;
- As many votes as results from dividing the equity of each Associate, in euros, as at 31 December of the previous year, by the quotient of the division of the total equity of the Associates, in euros, as at 31 December of the previous year, by the number of Associates rounded off to the nearest unit.

Pursuant to Article 22(3) of the Articles of Association, “[the] number of votes allocated to each Associate may not exceed 10% of the total number of votes and is determined annually by Caixa Central, which must appear on a list to be sent to the Members until 30 June of each year, remaining from 1 July of that year until 30 June of the following year”.

Associates may only use the total number of votes calculated under the terms of the aforementioned Article 22, when voting on the matters to which Article 23 of the Articles of Association expressly refers, namely:

- a) Election and removal of the Superior Council, the General and Supervisory Board and the Executive Board of Directors;
- b) Approval of the proposed activity plans and budget of Caixa Central, of the Integrated System of Crédito Agrícola Mútuo (SICAM) and of the Crédito Agrícola Group;

- c) Decisions regarding the approval of management reports, financial statements and application of profit or loss of the financial year;
- d) Amendments to the Articles of Association.

It should be noted that the Associated **Caixas de Crédito Agrícola Mútuo** that are intervened by **Caixa Central** under the provisions of Article 77 or Article 77-A both of the RJCAM, will only have one vote, regardless of the matters that are subject to a vote.

- xi) Decisions that, by statutory imposition, can only be taken by an absolute majority

In addition to the resolutions of the General Meeting which, under the terms of the CCoop and the CSC require an absolute majority, Article 40 of the Articles of Association regarding the application of profit or loss, requires that the General Meeting has to deliberate by an absolute majority of votes:

- Failure to share, in whole or in part, the profit or loss obtained annually;
- That the maturity of the Associates' credits - regarding their share in the profit or loss determined and to be distributed - exceeds thirty (30) days.

In addition to these matters, there are no others that statutorily require deliberation by an absolute majority.

- xii) General Meetings held during the year 2022

During 2022, two Ordinary General Meetings were held, as required by Law and the Articles of Association, and two Extraordinary General Meetings were also held, one of which was Electoral.

All the General Meetings were held in person at the Altis Hotel in Lisbon, as the Caixa Central's head office was unable to accommodate them. They were held in accordance with the indications given in the respective convening notices and in strict compliance with the safety, health and hygiene rules and procedures in force at the time, due to the pandemic situation.

The first, Electoral, **Extraordinary General Meeting**, which was convened on 5 January 2022, was held on 5 February 2022 and had the following Agenda:

1. Election of the Members of the General Meeting Board, the General and Supervisory Board, the Executive Board of Directors and the Superior Council of Caixa Central, for the three-year period 2022-2024;
2. Deliberation on the Remuneration Policy for the Members of the Management and Supervisory Bodies of Caixa Central and the Crédito Agrícola Group for the year 2022.

3. Setting the remuneration of the Members of the General Meeting Board, the General and Supervisory Board and the Superior Council of Caixa Central, for the three-year period 2022-2024;
4. Consideration of other matters of interest to Caixa Central and Crédito Agrícola Mútuo.

The second **Extraordinary General Meeting**, convened on 10 March 2022, was held on 25 March 2022, at which the following items on the agenda were considered and resolved by the Caixa Central Associated Members:

1. Deliberation on the issue, by Caixa Central, of perpetual investment securities representing subordinated debt, with an overall nominal value of up to 100,000,000.00 (one hundred million euros), with a view to complying with the minimum level 1 capital requirements and leverage ratio.
2. Consideration of other matters of interest to Caixa Central and Crédito Agrícola Mútuo.

The first **Ordinary General Meeting**, which was convened on the 28 April 2022, was held on 28 May 2022, and its Agenda included the following points:

1. Discussion and voting on the management report and financial statements of Caixa Central for the financial year of 2021 and the annual reports of the General and Supervisory Board and the Commission for Financial Matters;
2. Deliberation on the proposed appropriation of profit or loss;
3. General assessment of Caixa Central's management and supervision;
4. Discussion and voting on the management report and consolidated accounts of the Crédito Agrícola Group, for the financial year of 2021, with appraisal of the Superior Council's Opinion;
5. Presentation and appraisal of the report with the results of the annual assessment of the remuneration policies applied at Caixa Central and the Crédito Agrícola Group;
6. Presentation and assessment of the annual information on the performance of the Remuneration Committee's functions;
7. Appointment of the Statutory Auditor for the three-year period 2022-2024;
8. Deliberation on the granting of authorisation to the Executive Board of Directors for the acquisition and disposal of own bonds by Caixa Central - Caixa Central de Crédito Agrícola Mútuo, C.R.L.;
9. Consideration of other matters of interest to Caixa Central and Crédito Agrícola Mútuo.

Finally, the last **Ordinary General Meeting** for the year 2022 of **Caixa Central**, was held on 17 December 2022, having been convened on 30 November 2022, with the following Agenda:

1. Discussion and vote on the proposal for Caixa Central's Business Plan and Budget Plan and the Business Plan for Integrated System of Crédito Agrícola Mútuo (SICAM) and the Crédito Agrícola Group, for 2023;
2. Consideration of other matters of interest to Caixa Central and Crédito Agrícola Mútuo.

## II. Executive Board of Directors

As already mentioned, **Caixa Central**, in its governance, adopted the model known as “*German Model*”, provided for in Article 278(1)(c) of the CSC, a model that is characterised by the existence of an Executive Board of Directors, a General and Supervisory Board and a Statutory Auditor.

### a) Composition of the Executive Board of Directors

The Executive Board of Directors, elected at the General Meeting, is composed of five members - one Chairman and four Members - with the Chairman having the casting vote in the deliberations of the body.

Until 3 April 2022, the members elected for the three-year term 2019-2021 remained in office:

Chairman: Licínio Manuel Prata Pina;  
Member: Ana Paula Raposo Ramos Freitas;  
Member: José Fernando Maia Alexandre;  
Member: Sérgio Manuel Raposo Frade;  
Member: Sofia Maria Simões dos Santos Machado.

At the Extraordinary General Meeting of 5 February 2022, the following members of Caixa Central's Executive Board of Directors were elected for the three-year period 2022-2024, and took office on 4 April 2022:

Chairman: Licínio Manuel Prata Pina;  
Member: Ana Paula Raposo Ramos Freitas;  
Member: Isabel da Conceição Alves;  
Member: Luís Manuel Bravo Seabra;  
Member: Sérgio Manuel Raposo Frade.

### b) Selection and appointment of members of the Executive Board of Directors

The selection and appointment of the members of the Executive Board of Directors is carried out through the composition of a candidate list for election to the Social and Statutory Bodies, a list that necessarily includes candidates to all the Social and Statutory Bodies to be elected: General Meeting Board, Superior Council, General and Supervisory Board and Executive Board of Directors.



Lists may be submitted by a majority of members of the Superior Council of Caixa Central in office and/or by 5% of the Caixa Central Associates, a minimum of four (4) **Caixas Agrícolas**

The members of the Executive Board of Directors currently in office were part of the list presented by the Superior Council in office on 3 December 2021.

They were selected in accordance with the profiles outlined for each of the positions to be held by the Members of the Governing Body, as set out in Caixa Central's Succession Policy, drawn up pursuant to the provisions of Notice no. 3/2020 and approved by Caixa Central's Executive Board of Directors on 19 October 2021.

c) Adequacy Assessment and Election of the Members of the Executive Board of Directors

Once the selection and appointment has been made in the terms set out in the previous paragraph, it is the responsibility of **Caixa Central** Assessment Committee, a statutory body, to carry out, in accordance with the joint rules established in the Electoral Regulations and the Internal Policy for Selection and Assessment of Suitability of Members of the Management and Supervisory Bodies (PISAAMOAF), the prior or initial suitability assessment of candidates for membership of **Caixa Central's** Management and Supervisory Bodies.

The Electoral Regulation establishes the rules governing the entire electoral process of the Governing Bodies and PISAAMOAF defines the selection criteria and the adequacy assessment requirements, as well as the procedures to be adopted by the Assessment Committee to achieve this aim.

The suitability assessment of the Candidates and members of Caixa Central's Governing Body for the three-year period 2022-2024 was carried out in 2021, and the assessment reports were drawn up and signed by the Assessment Committee on 30 December 2021.

The request for authorisation addressed to Banco de Portugal under the terms and for the purposes of the provisions of Article 30-B of the RGICSF was submitted, through BPnetPAR, on 31 December 2021, and the authorisation, once issued, was communicated to Caixa Central, on 29 March 2022, through a letter from the Supervisor.

d) Responsibilities of the Executive Board of Directors

The responsibilities of the Executive Board of Directors are as follows:

- Manage Caixa Central in a healthy and prudent manner, observing banking standards and good practices, taking into account financial interests and solvency.

- Define and approve essential policies for the activity of Caixa Central, SICAM and the Crédito Agrícola Group within the applicable legal and regulatory framework.
- Define and approve Caixa Central's overall strategies, namely the commercial strategy and the risk strategy.
- Define and approve the cultures in force at Caixa Central, namely a risk culture and a corporate culture.
- Cooperate closely with the other bodies of Caixa Central, namely with the General and Supervisory Board, requesting their consent and/or the respective opinions provided for in the Law and/or the Articles of Association and with the Superior Council, in consultation with and hearing it in all matters resolved or to be resolved as deemed necessary and/or convenient.
- Represent Caixa Central in and out of court, actively and passively, being able to contract obligations, propose and follow lawsuits, give up or settle processes, commit to arbitrators, sign liability terms and, in general, resolve on all matters that do not fall within the competence of other bodies.
- Constitute representatives for the practice of certain acts or categories of acts, defining the extension of the respective mandates.
- Hire Caixa Central workers, establishing the respective contractual conditions, and exercise the corresponding directive and disciplinary power in relation to them.
- Acquire, dispose of or encumber any assets or rights.
- Decide on the issuance of bonds, acquisition, sale and encumbrance of properties, which form part of Caixa Central's permanent fixed assets and holdings referred to in Article 3(2) of the Articles of Association.
- Represent SICAM and the Crédito Agrícola Group.
- Prepare business plans and budget proposals for Caixa Central, SICAM and the Crédito Agrícola Group for the following year.
- Carry out the selection and assessment of the holders of essential offices, under the terms of the Internal Policy for the Selection and Assessment of Essential Office Holders approved at the General Meeting.
- Admit and dismiss members of Caixa Central, after hearing the Superior Council.
- Exercise the competences referred to in Sections II and III of Chapter VI of the Articles of Association, in terms of guidance and supervision of its Associates.
- Issue an opinion on the special registration at Banco de Portugal of members of the management and supervisory bodies of the Associates.
- Propose the application to Associates of the sanctions referred to in Section IV of Chapter VI of the Articles of Association, as well as the suspension referred to in Article 11.
- Decide on any and all types of intervention in the management of Associates.
- Define and approve the application of mechanisms that ensure that the composition and succession plan of the Executive Board of Directors are adequate.
- Approve its operating regulations.

The Executive Board of Directors may delegate to one or more of its members, the management and representation duties and powers as deemed suitable.

e) Distribution of Powers among the members of the Executive Board of Directors (Areas)

Between 1 January and 3 April 2022, the areas of responsibility of the Executive Board of Directors (BOD), as distributed among the members still in office under the 2019-2021 mandate, were as follows:

Licínio Pina Executive Chairman	Ana Paula Ramos Executive Director	Maia Alexandre Executive Director	Sérgio Raposo Frade Executive Director and CFO	Sofia Machado Executive Director
Institutional Representation, Coordination, Insurance and Supervision of the Financial Group	Audit, Interventions and Global Risk	Sales, Marketing and Information Systems	CFO, Planning, Accounting and Taxation, Companies, Asset Management, Venture Capital	Legal, Compliance, Credit Recovery and Real Estate
<ul style="list-style-type: none"> <li>- Human Resources Central Department (DCRH).</li> <li>- Credit Risk Department (DRC).</li> <li>- Operations Department (DO).</li> <li>- Communication and Institutional Relations Office (GCRI);</li> </ul>	<ul style="list-style-type: none"> <li>- Global Risk Department (DRG).</li> <li>- Organisation and Processes Department (DOP).</li> <li>- Transformation and Development Office (GTD);</li> </ul>	<ul style="list-style-type: none"> <li>- Strategic Marketing Department (DME).</li> <li>- Business Promotion Department (DDN).</li> <li>- Products Department (DP).</li> <li>- Direct Banking Department (DBD).</li> <li>- Innovation and Digital Department (DID);</li> </ul>	<ul style="list-style-type: none"> <li>- Strategic Planning and Management Control Department (DPEC).</li> <li>- Accounting and Taxation Department (DCF).</li> <li>- Logistics, Support and Purchasing Department (DLSC).</li> <li>- Financial and Treasury Department (DF);</li> </ul>	<ul style="list-style-type: none"> <li>- Legal Affairs Department (DAJ).</li> <li>- Compliance Department (DC).</li> <li>- Credit Recovery Department (DREC).</li> <li>- Data Protection Office (GPD);</li> </ul>

<ul style="list-style-type: none"> <li>- The Monitoring and Supervision Department (DAS), which reports hierarchically to the respective area of responsibility and functionally to the BOD;</li> <li>- Audit Department (DA) for functional reporting to the BOD and GSB;</li> <li>- Internal Control Office (GCI) for functional reporting to the BOD.</li> </ul>	<ul style="list-style-type: none"> <li>- Audit Department (DA), with hierarchical reporting to the Department and functional reporting to the BOD and GSB;</li> <li>- The Monitoring and Supervision Department (DAS) for functional reporting to the BOD;</li> <li>- Internal Control Office (GCI) for hierarchical reporting to the area of responsibility and functional reporting to the BOD.</li> </ul>	<ul style="list-style-type: none"> <li>- Retail Department (DR).</li> <li>- Data Technologies Department (DTD).</li> <li>- Audit Department (DA) for functional reporting to the BOD and GSB;</li> <li>- The Monitoring and Supervision Department (DAS) for functional reporting to the BOD;</li> <li>- Internal Control Office (GCI) for functional reporting to the BOD.</li> </ul>	<ul style="list-style-type: none"> <li>- Banking Security Department (DSB).</li> <li>- Companies Department (DE).</li> <li>- Audit Department (DA) for functional reporting to the BOD and GSB;</li> <li>- The Monitoring and Supervision Department (DAS) for functional reporting to the BOD;</li> <li>- Internal Control Office (GCI) for functional reporting to the BOD.</li> </ul>	<ul style="list-style-type: none"> <li>- Customer Ombudsman Office (GPC);</li> <li>- Credit Monitoring Department (DAC).</li> <li>- Audit Department (DA) for functional reporting to the BOD and GSB;</li> <li>- The Monitoring and Supervision Department (DAS) for functional reporting to the BOD;</li> <li>- Internal Control Office (GCI) for functional reporting to the BOD.</li> </ul>
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As of 4 April 2022, the date on which the members elected for the 2022-2024 term of office took office, the areas of responsibility of the Executive Board of Directors are distributed as follows:

Lícinio Pina Executive Chairman	Ana Paula Ramos Executive Director	Isabel da Conceição Alves Executive Director	Luís Manuel Seabra Executive Director	Sérgio Raposo Frade Executive Director and CFO
Institutional Representation, Coordination, Insurance and Supervision of the Financial Group	Compliance, Credit Recovery and Real Estate	Sales, Marketing and Information Systems	Audit and Global Risk	CFO, Planning, Accounting and Taxation, Companies, Asset Management, Venture Capital

<ul style="list-style-type: none"> <li>- Human Resources Central Department (DCRH).</li> <li>- Communication and Institutional Relations Office (GCRI);</li> <li>- Operations Department (DO).</li> <li>- Legal Affairs Department (DAJ).</li> <li>- Credit Risk Department (DRC).</li> <li>- Audit Department (DA), with hierarchical reporting to the BOD and functional reporting to the BOD and GSB;</li> <li>- Monitoring and Supervision Department (DAS), with hierarchical reporting to the BOD and functional reporting to the BOD and GSB;</li> <li>- Internal Control Office (GCI) for functional reporting to the BOD;</li> </ul>	<ul style="list-style-type: none"> <li>- Compliance Department (DC);</li> <li>- Transformation and Development Office (GTD);</li> <li>- Data Protection Office (GPD);</li> <li>- Customer Ombudsman Office (GPC);</li> <li>- Banking Security Department (DSB);</li> <li>- Credit Recovery Department (DREC);</li> <li>- Audit Department (DA), with hierarchical reporting to the BOD and functional reporting to the BOD and GSB;</li> <li>- Monitoring and Supervision Department (DAS), with hierarchical reporting to the BOD and functional reporting to the BOD and GSB;</li> <li>- Internal Control Office (GCI) for functional reporting to the BOD;</li> </ul>	<ul style="list-style-type: none"> <li>- Strategic Marketing Department (DME).</li> <li>- Business Promotion Department (DDN).</li> <li>- Products Department (DP).</li> <li>- Direct Banking Department (DBD).</li> <li>- Innovation and Digital Department (DID);</li> <li>- Retail Department (DR).</li> <li>- Companies Department (DE).</li> <li>- Audit Department (DA), with hierarchical reporting to the BOD and functional reporting to the BOD and GSB;</li> <li>- Monitoring and Supervision Department (DAS), with hierarchical reporting to the BOD and functional reporting to the BOD and GSB;</li> <li>- Internal Control Office (GCI) for functional reporting to the BOD;</li> </ul>	<ul style="list-style-type: none"> <li>- Global Risk Department (DRG).</li> <li>- Organisation and Processes Department (DOP);</li> <li>- Credit Monitoring Department (DAC).</li> <li>- Audit Department (DA), with hierarchical reporting to the BOD and functional reporting to the BOD and GSB;</li> <li>- Monitoring and Supervision Department (DAS), with hierarchical reporting to the BOD and functional reporting to the BOD and GSB;</li> <li>- Internal Control Office (GCI), for hierarchical reporting to the area of responsibility and functional reporting to the BOD.</li> </ul>	<ul style="list-style-type: none"> <li>- Strategic Planning and Management Control Department (DPEC).</li> <li>- Accounting and Taxation Department (DCF).</li> <li>- Logistics, Support and Purchasing Department (DLSC).</li> <li>- Technology and Data Department (DTD);</li> <li>- Financial and Treasury Department (DF);</li> <li>- Audit Department (DA), with hierarchical reporting to the BOD and functional reporting to the BOD and GSB;</li> <li>- Monitoring and Supervision Department (DAS), with hierarchical reporting to the BOD and functional reporting to the BOD and GSB;</li> <li>- Internal Control Office (GCI) for functional reporting to the BOD;</li> </ul>
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During 2022, the above distribution of areas of responsibility underwent some changes, better identified below in Chapter C. "Internal Organisation", which are summarised here:

1. The Model Validation Office was created on 9 August 2022, and was included in the area of responsibility of all Executive Directors, hierarchical reporting to be made to the Executive Board of Directors as a whole and functional reporting to the same body, as well as to the General and Supervisory Board;
2. On 28 September 2022, the Sustainability Office was created and was included in the area of responsibility of the Chairman of the Executive Board of Directors, Licinio Pina;

As a result of the aforementioned alterations, the areas of responsibility of the Executive Board of Directors of Caixa Central are now distributed as follows:

<b>Licínio Pina</b> Executive Chairman	<b>Ana Paula Ramos</b> Executive Director	<b>Isabel da Conceição Alves</b> Executive Director	<b>Luís Manuel Seabra</b> Executive Director	<b>Sérgio Raposo Frade</b> Executive Director and CFO
Institutional Representation, Coordination, Insurance and Supervision of the Financial Group	Compliance, Credit Recovery and Real Estate	Sales, Marketing and Information Systems	Audit and Global Risk	CFO, Planning, Accounting and Taxation, Companies, Asset Management, Venture Capital

<ul style="list-style-type: none"> <li>- Human Resources Central Department (DCRH).</li> <li>- Communication and Institutional Relations Office (GCRI);</li> <li>- Operations Department (DO).</li> <li>- Legal Affairs Department (DAJ).</li> <li>- Credit Risk Department (DRC).</li> <li>- Audit Department (DA), with hierarchical reporting to the BOD and functional reporting to the BOD and GSB;</li> <li>- Monitoring and Supervision Department (DAS), with hierarchical reporting to the BOD and functional reporting to the BOD and GSB;</li> <li>- Model Validation Office for hierarchical reporting to BOD and functional reporting to BOD and GSB;</li> <li>- Sustainability Office (GS);</li> <li>- Internal Control Office (GCI) for functional reporting to the BOD;</li> </ul>	<ul style="list-style-type: none"> <li>- Compliance Department (DC).</li> <li>- Transformation and Development Office (GTD);</li> <li>- Data Protection Office (GPD);</li> <li>- Customer Ombudsman Office (GPC);</li> <li>- Banking Security Department (DSB);</li> <li>- Credit Recovery Department (DREC);</li> <li>- Audit Department (DA), with hierarchical reporting to the BOD and functional reporting to the BOD and GSB;</li> <li>- Monitoring and Supervision Department (DAS), with hierarchical reporting to the BOD and functional reporting to the BOD and GSB;</li> <li>- Model Validation Office for hierarchical reporting to BOD and functional reporting to BOD and GSB;</li> <li>- Internal Control Office (GCI) for functional reporting to the BOD;</li> </ul>	<ul style="list-style-type: none"> <li>- Strategic Marketing Department (DME).</li> <li>- Business Promotion Department (DDN).</li> <li>- Products Department (DP).</li> <li>- Direct Banking Department (DBD).</li> <li>- Innovation and Digital Department (DID);</li> <li>- Retail Department (DR).</li> <li>- Companies Department (DE).</li> <li>- Audit Department (DA), with hierarchical reporting to the BOD and functional reporting to the BOD and GSB;</li> <li>- Monitoring and Supervision Department (DAS), with hierarchical reporting to the BOD and functional reporting to the BOD and GSB;</li> <li>- Model Validation Office for hierarchical reporting to BOD and functional reporting to BOD and GSB;</li> <li>- Internal Control Office (GCI) for functional reporting to the BOD;</li> </ul>	<ul style="list-style-type: none"> <li>- Global Risk Department (DRG).</li> <li>- Organisation and Processes Department (DOP);</li> <li>- Credit Monitoring Department (DAC).</li> <li>- Audit Department (DA), with hierarchical reporting to the BOD and functional reporting to the BOD and GSB;</li> <li>- Monitoring and Supervision Department (DAS), with hierarchical reporting to the BOD and functional reporting to the BOD and GSB;</li> <li>- Internal Control Office (GCI), hierarchical report to the Area of responsibility and functional report to the BOD;</li> <li>- Model Validation Office for hierarchical reporting to BOD and functional reporting to BOD and GSB;</li> </ul>	<ul style="list-style-type: none"> <li>- Strategic Planning and Management Control Department (DPEC).</li> <li>- Accounting and Taxation Department (DCF).</li> <li>- Logistics, Support and Purchasing Department (DLSC).</li> <li>- Technology and Data Department (DTD);</li> <li>- Financial and Treasury Department (DF);</li> <li>- Audit Department (DA), with hierarchical reporting to the BOD and functional reporting to the BOD and GSB;</li> <li>- Monitoring and Supervision Department (DAS), with hierarchical reporting to the BOD and functional reporting to the BOD and GSB;</li> <li>- Model Validation Office for hierarchical reporting to BOD and functional reporting to BOD and GSB;</li> <li>- Internal Control Office (GCI) for functional reporting to the BOD;</li> </ul>
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f) Internal regulation

The Executive Board of Directors has Internal Regulations which are available on Crédito Agrícola's institutional website ([www.creditoagricola.pt](http://www.creditoagricola.pt)).

In 2022, the Executive Board of Directors of Caixa Central approved amendments to its Internal Regulations, arising from the change in the composition of the Body resulting from the end of the term of office of the members elected for the 2019-2021 three-year period and the start of the term of office of the members elected for the 2022-2024 three-year period, as well as the necessary and already mentioned changes in the areas of responsibility, and also changes relating to updating the name, mission and composition of the Committee on Prevention of Money Laundering and Terrorist Financing, Compliance and Sanctions, elements that are included and developed below in the chapter corresponding to item h), sub-item A), point x.

g) Number of meetings held

The Articles of Association establish that the Executive Board of Directors meets at least once a month (Article 32(2)), although the Management Body has maintained the tradition of meeting once a week, whenever possible.

Until 3 April 2022, the Executive Board of Directors elected and authorised to hold office for the three-year period 2019-2021 held thirteen (13) ordinary meetings and one (1) extraordinary meeting.

From 4 April 2022 until 31 December 2022, the Executive Board of Directors elected and authorised to hold office for the three-year period 2022-2024, held a total of thirty-nine (39) ordinary meetings and five (5) extraordinary meetings.

h) Executive and Advisory Boards, Commissions, Committees and Forums of the Executive Board of Directors:

The Executive Board of Directors has, in terms of executive and/or consultative support, Councils, Commissions, Committees and Forums that meet, periodically and in accordance with the previously and normatively defined, without prejudice to being able to meet extraordinarily under the terms defined in its Internal Regulations.

Throughout the financial year 2022, the Executive Board of Directors had thirteen (13) executive Committees and Boards and one (1) merely advisory Committee, with the powers, frequency of meetings and composition described below.



A) Executive Boards and Committees:

i. Assets, Liabilities and Capital Committee (ALCO)

The Assets, Liabilities and Capital Committee (commonly referred to as ALCCO) meets, as a rule, on a monthly basis, with twelve (12) meetings having been held over the course of 2022, and is responsible for the integrated support to the management of the set of risks affecting the **Crédito Agrícola Group's** consolidated balance sheet and **Caixa Central's** individual balance sheet, and is generally responsible for proposing and ensuring, within the limits established, the implementation of the policy for the Management of Assets, Liabilities and Capital that maximises the value of equity in accordance with the guidelines issued by the Executive Board of Directors, in which the members of the Executive Board of Directors, a representative of the Governing Body of Crédito Agrícola Gest SGOIC, S.A., a representative of the Governing Body of Crédito Agrícola Vida, Companhia de Seguros, S.A. and the Directors of the Strategic Planning and Management Control Department, the Global Risk Department, the Monitoring and Supervision Department and the Financial and Treasury Department, who are required to act as secretaries at the meetings.

ii. Programme Management Office (PMO)

The Programme Management Board (commonly referred to as PMO) meets as a rule twice every quarter, having met eight (8) times throughout 2022, and its mission is to monitor the CA Group's Transformation Programme and each of the initiatives designed in that framework (grouped into streams - a set of initiatives revised annually that aim to respond to a challenge), as well as the initiatives with greater relevance in the Annual Activity Plan, in particular objectives, project plan(s), budget and its execution, in which the members of the Executive Board of Directors participate, a member of the Management Body of Crédito Agrícola Serviços, Centro de Serviços Partilhados, ACE, the head of the Strategic Planning and Management Control Department, the head of the Technologies and Data Department, the heads appointed by the Executive Board of Directors for each of the implementation streams of the **Crédito Agrícola Group's** transformation programme and, on an optional basis, the head of the Global Risk Department and the Organisation and Processes Department, who shall act as secretary at the meetings.

iii. Information Systems Committee

The Information Systems Committee meets, as a rule, on a monthly basis, having held ten (10) meetings in the course of 2022 and its mission is to monitor the management and structural decision-making of the information systems and information technology function of the **Crédito Agrícola Group**, in which the members of the Executive Board of Directors, a member of the Governing Body of Crédito Agrícola Serviços, Centro de Serviços Partilhados, ACE/Crédito Agrícola Informática - Sistemas de Informação, S. A. and the heads of the Technology and Data Department, who shall act as secretary for the meetings, the Strategic Planning and Management Control

Department, the Organisation and Processes Department, the Planning and Control Office and the Customer Relations Area, both of Crédito Agrícola Serviços, Centro de Serviços Partilhados, ACE, and, on an optional basis, the head of the Global Risk Department participate on a permanent basis, where other participants may be called, depending on the topics on the agenda.

#### iv. Credit Boards

The Credit Boards - the Credit Board and the Extended Credit Board - each of which met fifty-one (51) times in 2022, are decision-making bodies and are responsible for deciding on the granting of limits or credit operations proposed to it for approval. The Credit Boards are structured into five (5) levels - N1, N2, N3, N4 and N5 - in accordance with the delegation of powers established. The N5 Credit Board has specific powers to decide on credit recovery measures proposed to it for approval, namely credit restructuring, principal and interest forgiveness and other recovery measures within the scope of its powers and to decide on all write-offs of Caixa Central's portfolio and to assess and approve the analytical models supporting credit risk analysis, particularly scoring, rating and impairment. In addition to the members of the Executive Board of Directors - at least two (2) members in the case of the N4 Credit Board and at least three (3) members in the case of the N5 Credit Board - the heads of the Commercial/Business Areas, the Legal Affairs Department and the Credit Risk Department may sit on any of the Credit Boards, the latter of which will secretariat the meetings, presenting the proposals and providing technical support for decision-making, whenever relevant and applicable, the heads of other structures that originate credit risk may be called upon.

#### v. Credit Recovery Board

The Credit Recovery Board meets on a fortnightly basis and held thirty-two (32) meetings throughout 2022. Its mission is to contribute to the profitability of **Caixa Central's** credit portfolio, by adopting a position on the credit recovery management measures to be implemented and ensuring that the negative effects of defaults are minimised. Three (3) members of the Executive Board of Directors sit on this Board, the head of the Credit Recovery Department, who performs secretarial duties for the meetings and presents the proposals, and the head of the Credit Risk Department, who provides technical support to decision-making.

#### vi. Executive Monitoring and Supervision Committee

The Executive Monitoring and Supervision Committee meets, as a rule, weekly, having held twenty-seven (27) meetings throughout 2022, assuming the mission of assessing and deciding on matters relating to the monitoring and supervision of the Associated Caixas included in the scope of competence of the Monitoring and Supervision Department, regularly attended by three members of the Executive Board of Directors, the manager of the Monitoring and Supervision Department who acts as secretary to the meetings and, with observer status, the manager of the Transformation and Development Office.

vii. Executive Committee for Transformation and Development

The Executive Committee of Transformation and Development meets, as a rule, weekly, having held forty-four (44) meetings over the course of 2022 and its mission is to assess and decide on matters underlying the initiatives to boost and recover **Caixas de Crédito Agrícola Mútuo** in an intervention situation, under Articles 77 and 77-A of the RJCAM or which are under financial assistance or which show financial, commercial or operational performance below expectations, with the participation of three (3) members of the Executive Board of Directors, the head of the Transformation and Development Office who shall act as secretary at the meetings and, with observer status, the head of the Monitoring and Supervision Department.

viii. Shared Services Catalogue Pricing Board

The Shared Services Catalogue Pricing Board meets when and whenever one of the permanent members convenes it, as a rule quarterly, having held four (4) meetings throughout 2022. With the mission of monitoring the evolution of the services priced for **Crédito Agrícola Group**, with a perspective of continuous management, contributing to the improvement of the service price determination process, cost control and transparency of communication and billing to Caixas Agrícolas. The members of the Executive Board of Directors, the members of the Management Body of Crédito Agrícola Serviços, Centro de Serviços Partilhados, ACE, the heads of the Strategic Planning and Management Control Department, the Accounting and Tax Department, the Technology and Data Department, the Planning and Control Office and the Administrative and Financial Office, both of Crédito Agrícola Serviços, Centro de Serviços Partilhados, ACE, participate permanently in it. Those responsible for the Human Resources Central Department, the Organisation and Processes Department, the Legal Affairs Department and the Logistics, Support and Purchasing Department may also participate.

ix. Internal Control Committee

The Internal Control Committee of Caixa Central, whose Internal Regulations were amended on 2 September 2022, in order to update the identification of its Permanent Members, meets on a monthly basis, having held twelve (12) meetings during the year 2022, its mission being to coordinate and monitor the implementation of all issues related to SICAM's Internal Control System so as to ensure its adequacy and effectiveness, also ensuring coordination between **Caixa Central**, the Associated **Caixas Agrícolas** and the Companies of the **Crédito Agrícola Group**, this committee comprises three members of the Executive Board of Directors (the Chairman of the Executive Board of Directors and two members of the Executive Board of Directors responsible for the control functions and the Internal Control Office), the heads of the Internal Control Office, who chair the meetings, the Audit Department, the Global Risk Department, the Compliance Department, the Monitoring and Supervision Department, the Transformation and Development Office, the Organisation and Processes Department and the Technology and Data Department, and other participants may be convened depending on the specific agenda of the meeting.

x. Committee for the Prevention of Money Laundering and Financing of Terrorism, Compliance and Sanctions

The Committee for the Prevention of Money Laundering and Financing of Terrorism which, since June 2022, has been renamed the Committee on Anti-Money Laundering and Terrorist Financing, Compliance and Sanctions meets, as a rule, on a quarterly basis, assuming the mission of providing the appropriate guidelines for the effective application of the policies, procedures and controls suitable for the effective management of the compliance and money laundering and terrorist financing risks to which the Group is subject. All the members of the Executive Board of Directors and the heads of the Compliance Department, who act as secretaries for the meetings, the Global Risk Department, the Monitoring and Supervision Department, the Financial and Treasury Department, the Retail Department and the Corporate Department, the Direct Banking Department, the Innovation and Digital Department and the Audit Department may participate in the Committee as an Observer Member, and representatives from other areas of **Caixa Central, Caixas Agrícolas or Subsidiary Companies** may be called in on an ad hoc basis, according to the needs and impacts made evident by the topic under discussion.

During 2022, three (3) meetings were held, one (1) of the Committee on Prevention of Money Laundering and Terrorist Financing and the other two (2) of the renamed Committee on Prevention of Money Laundering and Terrorist Financing, Compliance and Sanctions.

xi. Operational Crisis Management Committee (Covid)

The Operational Crisis Management Committee (Covid) aimed to ensure that the impacts on the different areas under monitoring were identified and addressed. However, it did not replace the functioning of the bodies and structures already existing in the institution, but rather aimed to ensure that they remained operational, also adopting in their agendas and working methods the necessary corrections to the response to the pandemic.

However, given that the disruptive impact of SARS-CoV-2 infection situations has been significantly reduced, in view of the technological capabilities and labour flexibility mechanisms available at the time, and the elimination of restrictive measures to contain the COVID 19 pandemic with an impact on the Group's activity, on 19 September 2022 the Operational Crisis Management Committee (Covid) decided to deactivate the Business Continuity Plan activated on 24 March 2020.

Caixa Central and the CA Group reverted to ordinary business with effect from 1 October 2022, with the Operational Crisis Management Committee (Covid) ceasing to operate on that date.

The Operational Crisis Management Committee (Covid), in which all the members of the Executive Board of Directors, the heads of the Risk Management Function and Compliance Function, the Business Continuity Coordinator and the heads of the work areas active at any given time participated, met twelve (12) times during the year 2022, until it ceased to exist.

**xii. Risk Committee**

The Risk Committee, meets, as a rule, monthly, having held five (5) meetings in 2022.

The Internal Regulation of the Risk Committee was approved on 24 February 2022 and its mission is to permanently monitor and control the definition and implementation of the risk management strategy and overall risk management policy (and other specific policies for managing material risks), including the respective methodologies and relevant processes, as well as the risk appetite of the Crédito Agrícola Group, checking that they are compatible with a sustainable strategy in the medium and long term, and the business strategy and budget in force, with the participation of the Executive Board of Directors and the heads of the Global Risk Department, who secretariat the meetings, the Monitoring and Supervision Department, the Credit Risk Department, the Credit Monitoring Department, the Credit Recovery Department, the Financial and Treasury Department and the Strategic Planning and Management Control Department.

**xiii. Sustainability Board**

The Sustainability Board, created on 10 February 2022, meets quarterly and held two (2) meetings in 2022, with the mission of strengthening the Group's positive impact through research and development of socially conscious and environmentally responsible financial products, taking an active role in promoting sustainable financial practices in various areas of the Bank's operations, as well as in the internal transformation necessary to make CA Group an Organisation that leads by example through an operation oriented to ESG principles and inclusive. The Internal Regulation of the Sustainability Board, approved on 10 February 2022, underwent an amendment on 28 September 2022, concerning the updating of its composition, which now includes the Members of the Executive Board of Directors with the areas of Financial Sustainability and Risk, as well as the heads of the Sustainability Office, who will serve as secretaries for the meetings, the Communication and Institutional Relations Office, the Strategic Planning and Management Control Department, the Financial and Treasury Department, the Credit Risk Department, the Global Risk Department, the Strategic Marketing Department and the Products Department. The heads of the Human Resources Central Department, the Logistics, Support and Procurement Department, the Innovation and Digital Department, the Shared Services Centre of Crédito Agrícola Serviços, ACE may also participate on an optional basis. The Committee is chaired by the head of the Sustainability Board.

B) Advisory Boards and Committees:

i. Business Continuity Management Board

The Business Continuity Management Board, which approved its Internal Regulations on 28 July 2022, meets every six months, having met two (2) times in 2022, and is responsible for ensuring the approval and dissemination of the policy and guidelines in the field of Business Continuity Management for the entire **Crédito Agrícola Group**, playing a strategic role that fosters integration with other relevant topics such as risk management, in accordance with the recommendations issued by the national financial sector supervisory entities, and it comprises the member of the Executive Board of Directors in charge of Organisation and Processes (Business Continuity), a member of the Board of Directors of each subsidiary, a representative of the Management Board of CA Imóveis, a member of the Board of Directors of five (5) Caixas Agrícolas appointed by the Board of Directors of Caixa Central, the head of the Organisation and Processes Department, who also acts as secretary to the Board, the head of the Global Risk Department and the head of the Audit Department.

i) Body that carries out the performance assessment of the Executive Board of Directors

Under the terms of the Remuneration Policy for Members of **Caixa Central's** Management and Supervisory Bodies for the year 2022, approved at the Extraordinary General Meeting of 5 February 2022, the General and Supervisory Board is the competent body for assessing the individual performance of the Executive Directors, namely for the purpose of attributing and determining the variable remuneration component, on the advice of the Remuneration Committee.

j) Criteria for evaluating the performance of members of the Executive Board of Directors

The predetermined criteria for assessing the individual performance of each Executive Director and on which the attribution of a variable remuneration component is based are as follows:

- i. Evaluation of the performance of qualitative targets weighting the individual contribution made and the response capacity shown, in view of the complexity of individual assignments and the interaction established with Caixa Agrícola Mútuo and companies of the Crédito Agrícola Group.
- ii. Institutional performance, measured by assessing compliance with the quantitative objectives defined for the strategic pillars of the implementation of the Crédito Agrícola Group's strategy, in accordance with the Regulations for Implementing the Remuneration Policy for Members of **Caixa Central's** Management and Supervisory Bodies for the year 2022.

The assessment of performance will also take into account the various types of current and future risks, as well as the cost of the Institution's capital and liquidity requirements.

The definition of the total value of the variable component of remuneration will combine the assessment of individual performance and the assessment of the performance of the Board of Directors as a whole with the overall profit or loss of the Institution.

The development of the criteria referred to in i. and ii. above and their mode of application and consideration is presented in the Implementing Regulation of the Remuneration Policy for the Members of the Management and Supervisory Bodies of **Caixa Central** in force for 2022.

k) Positions held in Corporate or Statutory Bodies in the Crédito Agrícola Group

All members of the Executive Board of Directors combine their position as Executive Directors of **Caixa Central** with other positions within the **Crédito Agrícola Group**.

Therefore, with reference to the year 2022 and the members of the Executive Board of Directors in office on 31 December 2022:

The Chairman of the Executive Board of Directors, **Licínio Manuel Prata Pina** held, cumulatively and within the 2019-2021 three-year period, the positions of Chairman of the Board of Directors of Crédito Agrícola SGPS, S.A. and Chairman of the Board of Directors of Crédito Agrícola - Seguros e Pensões, SGPS, S.A.. During the 2022-2024 term of office, he was reappointed to those two positions and also, cumulatively, assumed the positions of Chairman of the Board of Directors of Crédito Agrícola Serviços - Centro de Serviços Partilhados, A.C.E. and Chairman of the Board of Directors of Crédito Agrícola Informática - Sistemas de Informação, S.A..

The Executive Director, **Ana Paula Raposo Ramos Freitas** held, cumulatively and within the 2019-2021 three-year period, the position of Manager of CCCAM, Gestão de Investimentos e Consultoria, Unipessoal, Lda which she has held since 2016, as well as the positions of Member of the Board of Directors of Crédito Agrícola SGPS, S.A. and of the Board of Directors of Crédito Agrícola - Seguros e Pensões, SGPS, S.A.. During the 2022-2024 term of office, she maintained those three positions, since she was reappointed as a Member of the Board of Directors, and from 1 July 2022, she also held the position of Manager of Crédito Agrícola Imóveis, Unipessoal, Lda.

The Executive Director **Sérgio Manuel Raposo Frade** held, cumulatively and within the 2019-2021 three-year period, the positions of Chairman of the Board of Directors of CA Capital, SCR, S.A. and Member of the Board of Directors of Crédito Agrícola, SGPS, S.A.. During the 2022-2024 term of office, he was reappointed to those two positions, and also held the positions of Member of the Board of Directors of Crédito Agrícola - Seguros e Pensões, SGPS, S.A., Member of the Board of Directors of Crédito Agrícola Serviços - Centro de Serviços Partilhados, A.C.E. and Member of the Board of Directors of Crédito Agrícola Informática - Sistemas de Informação, S.A.. Until 8 July 2022, he was also Manager of CCCAM, Gestão de Investimentos e Consultoria, Unipessoal, Lda, from which he resigned.

From 31 October 2022, **Isabel da Conceição Alves**, Executive Director, and **Luís Manuel Bravo Seabra**, Executive Director, took office as Members of the Board of Directors of Crédito Agrícola, SGPS, S.A., accumulating their functions on the Executive Board of Directors.



With reference to the year 2022, but to the Executive Directors who ceased their functions at Caixa Central on 3 April 2022:

The outgoing Executive Director José Fernando Maia Alexandre held until 3 May 2022, the position of Member of the Board of Directors of Crédito Agrícola, SGPS, S.A. and until 22 May 2022, the positions of Chairman of the Executive Board of Directors of Crédito Agrícola Informática - Sistemas de Informação, S.A., Chairman of the Executive Board of Directors of Crédito Agrícola Serviços - Centro de Serviços Partilhados, ACE. and Member of the Board of Directors of Crédito Agrícola - Seguros e Pensões, SGPS, S.A..

The outgoing Executive Director Sofia Maria Simões dos Santos Machado held, cumulatively, until 31 May 2022, the position of Manager of Crédito Agrícola Imóveis, Unipessoal, Lda. and, until 30 October 2022, the position of Member of the Board of Directors of Crédito Agrícola, SGPS, S.A.

- l) Positions held in Corporate or Statutory Bodies outside the Crédito Agrícola Group

The Chairman of the Executive Board of Directors, **Licínio Manuel Prata Pina**, in 2022, combined the positions held within the **Crédito Agrícola**, with the following other positions:

- a) Member of the National Council for the Social Economy, since 2014.
- b) Chairman of the Board of the General Meeting of Agricultural Cooperative of Farmers of the Municipality of Seia, since 2017.
- c) Member of the Board (A) of the Portuguese Banking Association (Associação Portuguesa de Bancos), representing Caixa Central, since 2018.

The Executive Director **Sérgio Manuel Raposo Frade**, until 6 October 2022, combined the positions held within Crédito Agrícola with the position of Non-Executive Member of the Board of Directors, on behalf of Crédito Agrícola, SGPS, S.A., of *Corretage e Información Monetaria y de Divisas*, S.A., a position he had held since 2013 and which he resigned in 2022, and, from 4 April 2022, he joined the Board (B) of the Portuguese Banking Association (Associação Portuguesa de Bancos), on behalf of Caixa Central.

The other members of the Executive Board of Directors have not held, nor currently hold, in Corporate or Statutory Bodies outside the Crédito Agrícola Group.



### III. General and Supervisory Board

#### a. Composition

The General and Supervisory Board is composed of nine (9) members, a majority of whom, including its Chairman and Deputy Chairman, shall be independent, qualified individuals, as defined in the applicable regulations and guidelines and in the Law in force at any given time, none of whom may represent and/or be appointed by the Associated **Caixas de Crédito Agrícola Mútuo**.

The other members of the General and Supervisory Board may be the Associated **Caixas de Crédito Agrícola Mútuo** in full enjoyment of their rights, who may be elected to the position on a rotating basis, and must designate a natural person to exercise the position individually.

The Chairman or whoever replaces him is given the casting vote in the deliberations of the General and Supervisory Board, as expressed in Article 27(5) of the Articles of Association.

Between 1 January and 3 April 2022, the members elected for the 2019-2021 three-year term of office remained in office, so that by that date the body had the following composition:

#### **Chairman**

Vasco Manuel da Silva Pereira

#### **Deputy Chairman**

Ricardo Filipe de Frias Pinheiro

#### **Independent Members**

João Luís Correia Duque

Maria Helena Maio Ferreira de Vasconcelos

Vítor Fernando da Conceição Gonçalves

#### **Non-Independent Members**

José Gonçalves Correia da Silva – appointed by Caixa de Crédito Agrícola Mútuo do Noroeste, C.R.L.;

Artur Teixeira de Faria – appointed by Caixa de Crédito Agrícola Mútuo de Terras do Sousa, Ave, Basto e Tâmega, C.R.L.

João Gante Gonçalves – appointed by Caixa de Crédito Agrícola Mútuo de Pombal, C.R.L.

Magda Cristina Baptista Antunes Santolini – appointed by Caixa de Crédito Agrícola Mútuo da Zona do Pinhal, C.R.L.

The members of Caixa Central's General and Supervisory Board listed below took office for the three-year period 2022-2024 on 4 April 2022, following the elections to Caixa Central's Statutory and Corporate Bodies held at the Extraordinary General Meeting of 5 February 2022:

**Chairman**

Ricardo Filipe de Frias Pinheiro

**Deputy Chairman**

Vítor Fernando da Conceição Gonçalves

**Independent Members**

Ana Cristina Louro Ribeiro Doutor Simões

João Luís Correia Duque

Maria Helena Maio Ferreira de Vasconcelos

**Non-Independent Members**

Licínia do Carmo de Oliveira Bugalho, appointed by Caixa de Crédito Agrícola Mútuo da Área Metropolitana do Porto, C.R.L.;

João Alexandre Moreira Laranjeira, appointed by Caixa de Crédito Agrícola Mútuo de Alcobaça, Cartaxo, Nazaré, Rio Maior e Santarém, C.R.L.;

Orlando José Matos Felicíssimo, appointed by Caixa de Crédito Agrícola Mútuo de Aljustrel e Almodôvar, C.R.L.;

Armandino José Barbosa da Silva, appointed by Caixa de Crédito Agrícola Mútuo de Vale do Sousa e Baixo Tâmega, C.R.L.

**b. Selection and appointment of the Members of the General and Supervisory Board**

Reference is made herein to item b) of point II (Executive Management Board), with the necessary adaptations.

**c. Adequacy Assessment and Election of the Members of the General and Supervisory Board.**

Reference is made herein to item c) of point II (Executive Management Board), with the necessary adaptations.

**d. Responsibilities**

Without prejudice to the other provisions of the Law and the Articles of Association, it is incumbent upon the General and Supervisory Board to:

- Approve its operating regulations.

- Supervise and monitor actions and decision-making in management matters, namely, to monitor and analyse the individual and collective performance of the Executive Board of Directors, as well as its decisions.
- Monitor and follow the implementation of Caixa Central's risk culture and policy.
- Monitor the execution of the internal audit plan, after previous involvement of the Risk Committee and the Commission for Financial Matters.
- Supervise the integrity of financial information and reporting, as well as the control system, including a framework for sound and effective risk management.
- Provide an opinion on the credit risk policies to be followed by the Executive Board of Directors and supervise and monitor their execution.
- Supervise the application of the Code of Conduct and the Conflict-of-Interest Prevention Policy.
- Give an opinion on the proposed activity plans and budgets of Caixa Central, SICAM and the Crédito Agrícola Group for the following year.
- Give prior consent on the acquisition, sale and encumbrance of properties, which form part of Caixa Central's permanent fixed assets and holdings referred to in Article 3(2) of the Articles of Association.
- Provide prior consent on the issuance of bonds and other negotiable debt securities.
- Give an opinion on the measures required to guarantee the solvency and liquidity of SICAM, its Associated Caixas de Crédito Agrícola Mútuo and the Crédito Agrícola Group, proposed by the Executive Board of Directors, and supervise and monitor their execution.
- Give an opinion on the measures necessary to satisfy the rights of SICAM's creditors, under the terms of Section VIII of Chapter VI of the Articles of Association, proposed by the Executive Board of Directors and to supervise their execution.
- Provide an opinion on the general guidelines for the management of Caixa Central's liquidity from the surpluses deposited there by the Members and supervise and monitor its execution.
- Give an opinion on the guidelines and general rules provided for in Section II of Chapter VI of the Articles of Association and to supervise their execution.
- Give an opinion on the inspection measures and on the intervention in the management of the Members, proposed by the Executive Board of Directors.
- Give an opinion on the special registration at Banco de Portugal of members of the management and supervisory bodies of the Members, under the provisions of Article 10 of the Legal Framework for Crédito Agrícola Mútuo.
- Suspend Associates from exercising their rights.
- Apply to Associates the sanctions provided for in the Articles of Association in case of non-compliance with the rules, guidelines, or binding recommendations, on the proposal of the Executive Board of Directors.
- Perform the duties assigned to it within the scope of the Irregularities Participation Policy.
- Ensure that those responsible for internal control functions are able to act independently.
- Designate and reappoint members to be a part of the Assessment Committee of Caixa Central.
- Create the Commission and the Committees referred to in Article 28 of the Articles of Association, designate their members as well as create mechanisms to guarantee their internal functioning, discriminating the role, composition and tasks of each one of them, as well as the flow of adequate information, approving their respective operating regulations.

e. Internal regulation

The Internal Regulations of the General and Supervisory Board, approved on 17 February 2020 and amended on 15 February 2021, are available for consultation on Crédito Agrícola's institutional website ([www.creditagricola.pt](http://www.creditagricola.pt)), and did not undergo any changes during 2022.

f. Number of meetings held

The General and Supervisory Board meets in plenary session at least once a month.

As at 3 April 2022 and with reference to the three-year period 2019-2021, three (3) ordinary meetings and one (1) extraordinary meeting were held.

As of 4 April 2022, and already within the scope of the three-year period 2022-2024, nine (9) ordinary meetings and four (4) extraordinary meetings were held.

g. Commission and Committees of the General and Supervisory Board

The General and Supervisory Board has within it the following Commission and Committees, which operate with the powers set out in the Law and in the EBA/GL/2021/05 Guidelines on Internal Governance:

1) The **Commission for Financial Matters**, which, under the terms of Article 441(1)(f to o), *ex vi* Article 444(2), both of the CSC, has the following legal powers:

- Verify, when deemed convenient and in the manner deemed appropriate, the regularity of the books, accounting records and documents that support them, as well as the status of any assets or values owned by the institution in any capacity.
- Check if the accounting policies and valuation criteria adopted by the institution lead to a correct assessment of assets and profit or loss.
- Provide an opinion on the management report and financial statements for the financial year.
- Oversee the effectiveness of the risk management system, the internal control system and the internal audit system, if any.
- Receive reports of irregularities presented by shareholders, employees of the institution or others.
- Supervise the process of preparing and disclosing financial information.
- Propose to the General Meeting the appointment of the Statutory Auditor.
- Oversee the auditing of the institution's accountability documents.

- Supervise the independence of the Statutory Auditor, namely with regard to the provision of additional services.

2) The **Remuneration Committee** which, pursuant to the provisions of Article 115-H of the RGICSF, has the following powers:

- Prepare proposals and recommendations on the setting of remuneration of Supervisory Body members, as well as of the employees of Caixa Central with the highest total remuneration of the Institution, including decisions with implications in terms of risks and risk management of Caixa Central.
- Provide all necessary support and make recommendations for the purpose of approving the general remuneration policy of Caixa Central.
- Use, in all matters within its competence, internal consultancy services as well as external consultancy services, in an appropriate and proportional manner to the size and complexity of Caixa Central.
- Review the conclusions of any consultancy services it has resorted to under the terms of the previous paragraph.
- Ensure that, using external consultancy services, no natural or legal person is contracted who provides or has provided services to Caixa Central, in the previous three years, in relation to matters directly under the responsibility of the Executive Board of Directors or that have contractual or corporate relations with institutions that provide consultancy services to Caixa Central, a rule that must also be respected as regards natural or legal persons who are related to the external consultant through employment or service provision contracts.

3) The **Risk Committee**, with the competences referred to in Article 115-L of the RGICSF, namely:

- Advise the management body on the risk appetite and general risk, current and future, of the credit institution.
- Assist the management body in supervising the execution of the credit institution's risk strategy by top management.
- Analyse whether the conditions of the products and services offered to customers take into account the business model and risk strategy of the credit institution and submit a correction plan to the management body, when that analysis results in the said conditions not adequately reflecting the risks.
- Examine whether the incentives established in the credit institution's remuneration policy take into account risk, capital, liquidity and expectations regarding profit or loss, including income dates.

In addition to the Commission and Committees required by Law referred to above, the General and Supervisory Board created the **Committee for Cooperative Affairs** in 2019, which operated until the end of the 2019-2021 three-year period and was wound up on 3 April 2022.

The **Committee for Cooperative Affairs** functioned as a forum for debate, analysis and preparation of issues related to the cooperative organisation of the Credit Institutions belonging to SICAM and as a privileged observatory for cooperative matters, in close liaison with those entities in the Crédito Agrícola Group or on the national scene that deal with specific matters related to the deepening of cooperativism.

On 18 April 2022, under the provisions of Article 26 of Caixa Central's Articles of Association and by resolution of the General and Supervisory Board elected for the three-year period 2022-2024, the **Commission for Supervisory Matters** was created, whose powers and responsibilities are set out in its Rules of Procedure and are as follows:

- a) Oversee the contribution of DAS to the effectiveness and coherence of the internal control system in SICAM;
- b) Oversee the performance of DAS, including the respective Activity Plans and reports issued;
- c) Appraise the Self-Assessment Report prepared by DAS, within the scope of the reporting to Banco de Portugal defined in Notice no. 3/2020, with reference to 30 November of each year;
- d) Appraise the revisions to the Supervision Model for the Caixas Agrícolas, which aims to guide the supervision of CCAMs according to risk and determines the Supervision Regime to which each CCAM will be subject;
- e) Ensure that those responsible for DAS are able to act independently.
- f) Supervise the monitoring carried out at the CCAMs, including those in intervention;
- g) Monitor the on-site inspection and supervision actions of the CCAMs, including the inspection processes due to complaints;
- h) Follow up on the merger processes of the Associated Caixas;
- i) Follow up on the evolution of the deficiencies identified in the audit reports.

The General and Supervisory Board approved, on 6 April 2022, the changes to the Internal Regulations of the Risk Committee and the Commission for Financial Matters, taking into account the start of functions of the new members elected for the three-year period 2022-2024. On 19 September 2022, the General and Supervisory Board approved the Rules of Procedure of the Commission for Supervisory Matters, as well as the amendment of the Rules of Procedure of the Remuneration Committee which was approved on that same date.

The Commission and the Committees were composed, between 1 January and 3 April 2022, of the following members of the General and Supervisory Board in office for the three-year period 2019-2021:

▪ **Commission for Financial Matters:**

- Independent Member: Vítor Fernando da Conceição Gonçalves (Chairman)
- Independent Member: Ricardo Filipe Frias Pinheiro
- Non-Independent Member: José Gonçalves Correia da Silva.

▪ **Remuneration Committee:**

- Independent Member: Ricardo Filipe Frias Pinheiro (Chairman)
- Independent Member: João Luís Correia Duque
- Non-Independent Member: Artur Teixeira de Faria

▪ **Risk Committee:**

- Independent Member: João Luís Correia Duque (Chairman)
- Independent Member: Maria Helena Maio Ferreira de Vasconcelos
- Non-Independent Member: João Gante Gonçalves

▪ **Cooperative Affairs Committee:**

- Non-Independent Member: José Gonçalves Correia da Silva (Chairman).
- Non-Independent Member: Artur Teixeira de Faria
- Non-Independent Member: Magda Cristina Baptista Antunes Santolini
- Independent Member: Maria Helena Maio Ferreira de Vasconcelos.

After 4 April 2022, the Commission and the Committees were integrated by the following members of the General and Supervisory Board elected and authorised to exercise their functions for the three-year period 2022-2024:

▪ **Commission for Financial Matters:**

- Independent Member: Vítor Fernando da Conceição Gonçalves (Chairman)
- Independent Member: Ana Cristina Louro Ribeiro Doutor Simões
- Non-Independent Member: Licínia do Carmo Bugalho

▪ **Remuneration Committee:**

- Independent Member: Ana Cristina Louro Ribeiro Doutor Simões (Chairwoman)
- Independent Member: João Luís Correia Duque
- Non-Independent Member: Orlando José Matos Felicíssimo

- **Risk Committee:**

- Independent Member: João Luís Correia Duque (Chairman)
- Independent Member: Maria Helena Maio Ferreira de Vasconcelos
- Non-Independent Member: João Alexandre Moreira Laranjeira
- Non-Independent Member: Armandino José Barbosa da Silva

Since the date of its creation on 18 April 2022, the **Committee for Supervisory Matters** has been composed of the following members of the General and Supervisory Board:

- Independent Member: Ricardo Filipe de Frias Pinheiro (Chairman)
- Independent Member: Maria Helena Maio Ferreira de Vasconcelos
- Non-Independent Member: Orlando José Matos Felicíssimo

Between 1 January and 3 April 2022, the Commission and the Committees of the General and Supervisory Board held the following meetings:

- Commission for Financial Matters - six (6) meetings;
- Remuneration Committee - two (2) meetings;
- Risk Committee - five (5) meetings;
- Cooperative Affairs Committee - two (2) meetings.

As of 4 April 2022, already as part of the performance of duties of the members of the General and Supervisory Board for the three-year period 2022-2024, the respective Committees and Commission held the following meetings:

- Commission for Financial Matters - eighteen (18) meetings;
- Remuneration Committee - ten (10) meetings;
- Risk Committee - seventeen (17) meetings.

The Commission for Supervisory Matters held five (5) meetings during 2022, bearing in mind that it was constituted on 18 April 2022.

#### h. Positions held in Corporate or Statutory Bodies in the Crédito Agrícola Group

Some of the members of the General and Supervisory Board combine the exercise of functions in other corporate or statutory positions within the **Crédito Agrícola Group** with their position in the Supervisory Body of **Caixa Central**.

Therefore, between 1 January and 3 April 2022, the following members of the General and Supervisory Board



elected for the 2019-2021 three-year period held their respective positions, cumulatively, with the following functions:

- José Gonçalves Correia da Silva held cumulatively the position of Chairman of the Board of Directors of Caixa de Crédito Agrícola Mútuo do Noroeste, C.R.L.
- Artur Teixeira de Faria held cumulatively, the position of Chairman of the Board of Directors of Caixa de Crédito Agrícola Mútuo de Terras do Sousa, Ave, Basto e Tâmega, C.R.L.
- Magda Cristina Batista Antunes Santolini, held cumulatively, the position of Chairwoman of the Board of Directors of Caixa de Crédito Agrícola Mútuo da Zona do Pinhal, C.R.L.
- João Gante Gonçalves held cumulatively, the position of Chairman of the Board of Directors of Caixa de Crédito Agrícola Mútuo do Pombal, C.R.L.

After 4 April 2022, the following members of the General and Supervisory Board elected for the three-year period 2022-2024 held their positions cumulatively with the following functions:

- Licínia do Carmo de Oliveira Bugalho, held cumulatively, the position of Chairwoman of the Board of Directors of Caixa de Crédito Agrícola Mútuo da Área Metropolitana do Porto, C.R.L.;
- João Alexandre Moreira Laranjeira, held cumulatively, the position of Chairman of the Board of Directors of Caixa de Crédito Agrícola Mútuo de Alcobça, Cartaxo, Nazaré, Rio Maior e Santarém, C.R.L.;
- Orlando José Matos Felicíssimo, held cumulatively, the position of Chairman of the Board of Directors of Caixa de Crédito Agrícola Mútuo de Aljustrel e Almodôvar, C.R.L. and, until 9 May 2022, also under the 2019-2021 term of office, of member of the Remuneration Committee of Crédito Agrícola Serviços – Centro de Serviços Partilhados, A.C.E. of member of the Remuneration Committee of Crédito Agrícola Informática – Sistemas de Informação, S.A.;
- Armandino José Barbosa da Silva, held cumulatively, the position of Chairman of the Board of Directors of Caixa de Crédito Agrícola Mútuo de Vale do Sousa e Baixo Tâmega, C.R.L.

i. Positions held in Corporate or Statutory Bodies outside the Crédito Agrícola Group

Between 1 January and 3 April 2022, the members of the General and Supervisory Board of Caixa Central elected for the 2019-2021 three-year period held the following positions outside the Crédito Agrícola Group:

- Vasco Manuel da Silva Pereira, in addition to his position on the General and Supervisory Board of Caixa Central, was Chairman of the Supervisory Board of Sociedade Gestora dos Fundos de Pensões do Banco de Portugal and a member of the Advisory Board of the Instituto de Gestão da Tesouraria e da Dívida Pública (IGCP);
- Ricardo Filipe de Frias Pinheiro, held his position in the General and Supervisory Board da Caixa Central in accumulation with the following positions:
  - Managing Partner of Companhia Agrícola da Assencada, Lda;

- Member of the Supervisory Board of ECS - Sociedade Gestora de Fundos de Investimento Imobiliário, S.A.;
  - Member of the Financial Management Board of Universidade Católica Portuguesa;
  - Lecturer at Universidade Católica Portuguesa.
- João Luís Correia Duque, held cumulatively, the position in the General and Supervisory Board with the following positions:
  - Professor at Instituto Superior de Economia of Universidade Técnica de Lisboa (ISEG);
  - Manager of CJRD, Lda.;
  - Member of the Remuneration Committee of REN - Redes Energéticas Nacionais, SGPS, S.A.;
  - Member of the Steering Committee of PSI20, part of Euronext Lisbon;
  - Member of the Board of Directors of Fundação Económicas - Fundação para o Desenvolvimento das Ciências Económicas, Financeiras e Empresariais (ISEG Economics Foundation).
- Maria Helena Maio Ferreira de Vasconcelos, held cumulatively, the position in the General and Supervisory Board da Caixa Central, with the following positions:
  - Chairwoman of the Supervisory Board of INCM - Imprensa Nacional Casa da Moeda;
  - Advisor to the Board of Directors of Portugal Ventures - Sociedade de Capital de Risco, S.A.
- Vítor Fernando da Conceição Gonçalves, accumulated the following other positions with the position held on the General and Supervisory Board of Caixa Central:
  - Professor of Management at ISEG - Instituto Superior de Economia e Gestão, University of Lisbon, being, inherently to that position, Chairman of ADVANCE - Centro de Investigação Avançada em Gestão of ISEG;
  - Member of the General Council of the University of Lisbon;
  - Member of the Supervisory Board of Fundação EDP;
  - Chairman of the Board of GAPTEC - Gabinete de Apoio da Universidade Técnica de Lisboa;
  - Member of the Supervisory Board of EDP Ventures - Sociedade de Capital de Risco, S.A.
- José Gonçalves Correia da Silva, appointed by Caixa de Crédito Agrícola Mútuo do Noroeste, C.R.L., held, in addition to the positions held within Crédito Agrícola, the position of Second Secretary of Centro Social e Paroquial da Areosa (for the 2018/2021 term of office) and Guest Lecturer at Porto Business School.

The members of the General and Supervisory Board of Caixa Central who took office on 4 April 2022, for the three-year period 2022-2024, held the following positions, cumulatively, outside the Crédito Agrícola Group:

- Ricardo Filipe de Frias Pinheiro:
  - Managing Partner of Companhia Agrícola da Assencada, Lda;
  - Member of the Supervisory Board of ECS - Sociedade Gestora de Fundos de Investimento Imobiliário, S.A.;
  - Member of the Financial Management Board of Universidade Católica Portuguesa;
  - Member of the Supervisory Board of El Corte Inglés - Grandes Armazéns, S.A.
  
- Vítor Fernando da Conceição Gonçalves:
  - Professor of Management at ISEG - Instituto Superior de Economia e Gestão, University of Lisbon, being, inherently to that position, Chairman of ADVANCE - Centro de Investigação Avançada em Gestão of ISEG;
  - Member of the Supervisory Board of EDP Ventures - Sociedade de Capital de Risco, S.A.;
  - Chairman of the Supervisory Board of Fundação EDP;
  - Chairman of the Board of GAPTEC - Gabinete de Apoio da Universidade Técnica de Lisboa;
  - Manager of Vigongeste, Lda.
  
- Ana Cristina Louro Ribeiro Doutor Simões:
  - Member of the Supervisory Board of LMcapital Wealth Management – Sociedade Gestora de Patrimónios, S.A.;
  - Member of the Supervisory Board of Teixeira Duarte, S.A.
  - Chairwoman of the Supervisory Board of Glintt – Global Intelligent Technologies S.A.,
  - Chairwoman of the Supervisory Board of Novartis Farma – Produtos Farmacêuticos, S.A.
  
- João Luís Correia Duque:
  - Since 15/11/2022, Chairman of the Instituto Superior de Economia da Universidade Técnica de Lisboa (ISEG), and, inherently, of the ISEG Management Board,
  - Until 27 December 2022, Manager of CJRD, Lda;
  - Chairman of the Remuneration Committee of REN - Redes Energéticas Nacionais, SGPS, S.A.;
  - Member of the Steering Committee of PSI20, part of Euronext Lisbon;
  - Member of the Supervisory Board of Novabase - Sociedade Gestora de Participações Sociais, S.A.;
  - Professor at ISEG.
  
- Maria Helena Maio Ferreira de Vasconcelos:
  - Chairwoman of the Supervisory Board of INCM - Imprensa Nacional Casa da Moeda;

- Advisor to the Board of Directors of Portugal Ventures - Sociedade de Capital de Risco, S.A.

### 3) Statutory Auditor

#### a. Identification

The Statutory Auditor has, in particular, the duty to carry out all the examinations and verifications necessary for the revision and certification of the accounts, under the terms provided for in the Law.

The Articles of Association stipulate, in Article 38(2), that the initial term of office of the Statutory Auditor may be two (2) or three (3) years, and may be renewed in accordance with the limits on terms of office and reappointments defined in the Law and in the Policy for the Selection and Appointment of the Statutory Auditor/Audit Firm (ROC/SROC) and Hiring of Auditing Non-Prohibited Services, approved on 10 May 2018.

At the General Meeting, held on 28 May 2022, the firm of Statutory Auditors PwC - PriceWaterhouseCoopers & Associados - SROC, Lda, was appointed as Statutory Auditor for the term of three years, for the 2022-2024 mandate, represented by Carlos José Figueiredo Rodrigues or, as second representative, by José Manuel Henriques Bernardo.

#### b. Indication of the number of consecutive years as Caixa Central's Statutory Auditor

The Statutory Audit Firm PWC - PriceWaterhouseCoopers & Associados was appointed for the first time as Statutory Auditor of **Caixa Central** at the General Meeting of 30 May 2015, for the year 2015, having been reappointed for three (3) year mandates, corresponding to the three-year periods 2016-2018, 2019-2021 and 2022-2024.

Its Representative Partners, meanwhile, were in their first year of office on 31 December 2022, corresponding to the 2022-2024 term of office.

#### c. Indication of the number of consecutive years as Auditor of the Entities of the Crédito Agrícola Group

PwC - PriceWaterhouseCoopers & Associados - SROC, Lda is the Statutory Audit Firm of the following Group companies, and has been so for the years indicated:

- Crédito Agrícola Gest – Sociedade Gestora de Orgãos de Investimento Colectivo, S.A. - for the 2016-2017, 2018-2019, 2020-2021 bienniums , and 2022-2024 three-year period;
- Crédito Agrícola SGPS, SA – in the three-year periods of 2016-2018, 2019-2021 and 2022-2024.
- Crédito Agrícola Seguros – Companhia de Seguros de Ramos Reais, SA - in the three-year periods of 2016-2018, 2019-2021 and 2022-2024.
- Crédito Agrícola Vida, Companhia de Seguros, S.A – in the three-year periods of 2016-2018, 2019-2021 and 2022-2024.

- Crédito Agrícola Informática, SA – in the years 2017, 2018 and three-year periods of 2019-2021 and 2022-2024.
- Crédito Agrícola Serviços – Agrupamento Complementar de Empresas, ACE – in the years 2017, 2018 and three-year periods of 2019-2021 and 2022-2024.
- Crédito Agrícola Imóveis, Unipessoal, Lda – in the three-year periods of 2016-2018, 2019-2021 and 2022-2024.
- CCCAM – Gestão de Investimentos e Consultoria, Unipessoal, Lda – in the three-year periods of 2016-2018, 2019-2021 and 2022-2024.
- Crédito Agrícola Seguros e Pensões SGPS S.A., in the three-year period 2022-2024;
- CA Capital, SCR, S.A., in the three-year period 2022-2024;

#### 4) Superior Council

##### a. Composition

Pursuant to Article 35 of **Caixa Central's** Articles of Association, the Superior Council is composed of a number of members not exceeding fifteen (15), nine (9) of its members being elected by the General Meeting, from the Associates not represented on the General and Supervisory Board, on the General Meeting Board and on the Assessment Committee, the elected Associates being responsible for designating a natural person to exercise the position in their own name.

With the exception of Superior Council Member Alcino Pinto dos Santos Sanfins, who died in 2021, and who had been appointed by Caixa de Crédito Agrícola Mútuo de Trás-os-Montes e Alto Douro, CRL, the members of the Superior Council elected for the 2019-2021 three-year period remained in office, as did the other Corporate and Statutory Bodies elected for that three-year period, until 3 April 2022, with the body having the following composition:

##### **Chairman**

Afonso de Sousa Marto, appointed by Caixa de Crédito Agrícola Mútuo da Batalha, C.R.L.;

##### **Deputy Chairman**

Hélio José de Lemos Rosa, appointed by Caixa de Crédito Agrícola Mútuo de Alenquer, C.R.L.;

##### **Members**

António Manuel Melo Gomes de Sousa, appointed by Caixa de Crédito Agrícola Mútuo dos Açores, C.R.L.;

José Lopes Gonçalves Barbosa, appointed by Caixa de Crédito Agrícola Mútuo do Alto Cávado e Basto, C.R.L.;

José Luís Tirapicos Nunes, appointed by Caixa de Crédito Agrícola Mútuo do Alentejo Central, C.R.L.;

Orlando José Matos Felicíssimo, appointed by Caixa de Crédito Agrícola Mútuo de Aljustrel e Almodôvar, C.R.L.;

António João Mota Cachulo da Trindade, appointed by Caixa de Crédito Agrícola Mútuo do Baixo Mondego, C.R.L.;

Francisco Eduardo das Neves Rebelo, appointed by Caixa de Crédito Agrícola Mútuo de Vale do Távora e Douro, C.R.L.

The members elected at the General Meeting of 5 February 2022, entered into office, as did the other members of the Corporate and Statutory Bodies elected on that date, on 4 April 2022, and appointed their Chairman and Deputy Chairman at their first meeting.

Thus, the Superior Council of Caixa Central for the three-year period of 2022-2024 has the following composition:

#### **Chairman**

Afonso de Sousa Marto, appointed by elected Member, Caixa de Crédito Agrícola Mútuo da Batalha, C.R.L.

#### **Deputy Chairman**

Hélio José de Lemos Rosa, appointed by Caixa de Crédito Agrícola Mútuo de Alenquer, C.R.L.;

#### **Members**

António Manuel Melo Gomes de Sousa, appointed by Caixa de Crédito Agrícola Mútuo dos Açores, C.R.L.;

José Lopes Gonçalves Barbosa, appointed by Caixa de Crédito Agrícola Mútuo do Alto Cávado e Basto, C.R.L.;

José Luís Tirapicos Nunes, appointed by Caixa de Crédito Agrícola Mútuo do Alentejo Central, C.R.L.;

José Gonçalves Correia da Silva, appointed by Caixa de Crédito Agrícola Mútuo do Noroeste, C.R.L.;

João Gante Gonçalves, appointed by Caixa de Crédito Agrícola Mútuo de Pombal, C.R.L.;

Artur Teixeira de Faria, appointed by Caixa de Crédito Agrícola Mútuo de Terras do Sousa, Ave, Basto e Tâmega, C.R.L.;

Magda Cristina Batista Antunes Santolini, appointed by Caixa de Crédito Agrícola Mútuo da Zona do Pinhal, C.R.L.

#### **b. Responsibilities**

Without prejudice to the provisions of the Articles of Association, the Superior Council is responsible for:

- Designating and replacing its Chairman.
- Approving its operating regulations and relations with the other Governing Bodies of **Caixa Central**.
- Presenting, on its own initiative, to the Executive Board of Directors and/or the General and Supervisory Board, recommendations and suggestions within the scope and tasks of Caixa Central, namely on:

- i) proposed amendments to the Legal Framework for Crédito Agrícola Mútuo, to be presented by Caixa Central.
  - ii) proposed amendments to the Articles of Association.
  - iii) **Caixa Central** guidelines on the Articles of Association of **Caixa Central** Associates.
  - iv) the proposal for **Caixa Central's** business plan and budget, business plan and budget for **SICAM** and the **Crédito Agrícola Group**.
  - v) proposals for admission, suspension and/or exclusion of **Caixa Central** Associates.
  - vi) the proposal for the application of sanctions to Associates, pursuant to Section IV of Chapter VI of **Caixa Central's** Articles of Association.
  - vii) the exercise by **Caixa Central** of the powers provided for in Article 70(3) of **Caixa Central's** Articles of Association.
- Communicate, through recommendations, suggestions or advice, on any other matters submitted by the Executive Board of Directors and/or the General and Supervisory Board of **Caixa Central**.

### c. Number of meetings held

The Superior Council meets in plenary at least once a month, or whenever convened by its Chairman on his own initiative or at the request of two of its members, the General and Supervisory Board or the Executive Board of Directors.

Between 1 January and 3 April 2022, within the 2019-2021 three-year period, the Superior Council held a total of three (3) meetings, and from 4 April 2022, within the 2022-2024 three-year period, held a total of nine (9) meetings.

### 5) Assessment Committee

Pursuant to Article 29(2) of **Caixa Central's** Articles of Association, the Assessment Committee of **Caixa Central** is composed of three (3) of Caixa Central's Associated **Caixas de Crédito Agrícola Mútuo** that do not hold any office in it, and is responsible, under the provisions of the Internal Selection Policy Selection and Assessment of Adequacy of members of the Management and Supervisory Bodies of Caixa Central (PISAAMOAF), of the Electoral Regulation of Caixa Central and of the Internal Regulation of the Assessment Committee, for the performance, pursuant to the law and whenever necessary, of the suitability assessment of the members of the Management and Supervisory Bodies.

The term of office of the Assessment Committee is three (3) years, and its appointment is made by the General and Supervisory Board of Caixa Central, from among three (3) Associated **Caixas Agrícolas** in full enjoyment of their rights and who do not hold any social or statutory position in Caixa Central.

As at 31 December 2022, the Assessment Committee appointed for the 2021-2023 mandate comprised the following Caixas Agrícolas:

- Caixa de Crédito Agrícola Mútuo de Caldas da Rainha, Óbidos e Peniche, C.R.L.
- Caixa de Crédito Agrícola Mútuo da Costa Azul, C.R.L.
- Caixa de Crédito Agrícola Mútuo de Alcácer do Sal e Montemor-o-Novo, C.R.L.

Each of these Members has appointed the following Representatives to exercise the office in its own name, and they are currently in office:

- Chairwoman: Cristiana Lopes Lage da Costa Lourenço, appointed by the Associate Caixa de Crédito Agrícola Mútuo de Caldas da Rainha, Óbidos e Peniche, C.R.L.;
- Member: Ana Maria Nogueira Garcia Rodrigues, appointed by the Associate Caixa de Crédito Agrícola Mútuo da Costa Azul, C.R.L.;
- Member: Manuel Francisco Fura Nunes Jorge, appointed by the Associate Caixa de Crédito Agrícola Mútuo de Alcácer do Sal e Montemor-o-Novo, C.R.L.

During 2022, the Assessment Committee held a total of three (3) meetings, two (2) concerning additional requests from Banco de Portugal for the authorisation process pertaining to the Members of the Management and Supervisory Bodies for the three-year period 2022-2024 and the other for the purpose of deliberating on the appropriateness of a request for a new accumulation of functions during the term of office by a member of the General and Supervisory Board.

## C. INTERNAL ORGANISATION

### I. RJCAM

The RJCAM, approved by Decree-Law 24/91 of 11 January, is the basic legal act that governs the activity of **Caixa Central**.

In everything that is not provided for in the RJCAM, **Caixa Central** is governed, depending on the matter, by the RGICSF and other regulations that discipline Credit Institutions, by CCoop and by other legislation applicable to cooperatives in general.

In accordance with the provisions of Article 20 of the RJCAM – *ex-vi* Article 55 of the RJCAM - and, without prejudice to the provisions of the Articles of Association, the designation of members of the Governing Bodies of **Caixa Central** is governed by the provisions of the Commercial Companies Code, and it is certain that, under the terms of the same provision, the structure, composition and responsibility of **Caixa Central** management, is governed by the provisions of the same Code as for public limited-liability companies.

The composition, functioning and responsibility of the General Meeting are governed by the provisions on the matter in CCoop.



## II. Articles of Association

All references to the Articles of Association that are made in this document refer to the Articles of Association approved at the Ordinary General Meeting of **Caixa Central** of 14 December 2019.

In accordance with Article 20(1)(i) of the Articles of Association, it is incumbent upon the General Meeting to decide on the amendment of the Articles of Association.

The Associated **Caixas de Crédito Agrícola Mútuo** of **Caixa Central** may use the totality of votes calculated under the terms of Article 22 - which regulates the right to vote - in specific matters such as voting on the amendment to the Articles of Association, as provided for in Article 23(1)(d) of the Articles of Association.

With regard to the constitutive and deliberative quorum of the General Meeting, the Articles of Association do not differ from the Law, so the rules provided for in CCoop apply.

In this sense, the General Meeting convenes at the appointed time, as set in the notice which called it, if more than half of the Associates with voting rights are present or represented.

If, at the appointed time for the meeting, the attendance number foreseen for the first call is not verified, it will meet with any number of co-operators, one hour later.

For a statutory amendment to be approved, a qualified majority of at least two thirds of the votes cast is required.

## III. Code of Ethics and Conduct of Crédito Agrícola Group

### a. Purpose and binding nature

The Code of Ethics and Conduct of the Crédito Agrícola Group plays a central role in the definition of the organisational culture of both of **Caixa Central** and of the **Crédito Agrícola Group**, establishing the fundamental ethical and deontological values and principles that govern the activity of the **Crédito Agrícola Group**, as well as the standards of responsible and prudent professional conduct to be observed by all its Employees in performing their duties.

The Code of Ethics and Conduct of the Crédito Agrícola Group also embodies the backbone of most of the Internal Policies and Regulations of the **Crédito Agrícola Group**. This includes, among others, the regulations on the responsibilities of the internal control functions, the prevention, identification, communication and mitigation of conflicts of interest and management of transactions with related parties, and the reporting of irregularities (whistleblowing).

As a Binding Regulation, it applies across the board to all the institutions that make up **Crédito Agrícola Group**, and all institutions and institutions related to **Crédito Agrícola Group** that review themselves in its values and principles can also join.

### b. Training and Disclosures on Ethics and Conduct

In the first half of 2022, Caixa Central organised awareness-raising actions on Ethics and Conduct directed at all

the **Caixas Agrícolas** belonging to SICAM, represented by the Members of the respective Boards of Directors and Supervisory Boards, with the aim, in particular, of clarifying the concept of ethics and providing the respective legal, regulatory and internal regulatory framework of the **Crédito Agrícola Group**. These actions allowed **Caixas Agrícolas** to be aware of the importance of distinguishing between correct and incorrect conducts under the Code of Ethics and Conduct, and to learn in a practical context the essential concepts for a healthy and prudent management.

In addition, within the scope of the Internal Governance training given to the Members of the Boards of Directors and Supervisory Boards of the **Caixas Agrícolas** and also to Employees with roles as Interlocutors/Holders of Control Functions, Advisors and Secretaries to the Board of Directors, training that was also given during the year under review, the Code of Ethics and Conduct and the main regulations that implement it were also covered.

In the second half of 2022, complementary training was also provided on the Code of Ethics and Conduct of the Crédito Agrícola Group and Ethical Dilemmas, in an e-learning regime, with an essentially practical focus, so that all Members of Corporate and Statutory Bodies, in particular Members of the Management and Supervisory Bodies of all the Entities of the **Crédito Agrícola Group**, as well as all Employees, especially those of SICAM, to understand more effectively what behaviour is acceptable and unacceptable in the light of the Code of Ethics and Conduct of Crédito Agrícola Group as well as the Policy on Prevention, Communication and Resolution of Conflicts of Interest and Transactions with Related Parties and the Policy on Reporting of Irregularities.

In addition, messages on ethics and conduct were included in the internal newsletters made available to all Employees, with the purpose of make Employees aware of the importance of the debate and the reflection on these topics of Ethics and Conduct and Internal Governance.

### c. Changes to the Code of Ethics and Conduct

At the end of 2022, the process of biannual review of the Code of Ethics and Conduct of the Crédito Agrícola Group was started, and its revised version was approved on 19 January 2023 and came into force on 10 February 2023, with the Code of Ethics and Conduct now including a non-exhaustive list of acceptable and unacceptable conduct in the light of the values and principles contained therein. This review was also used to adjust the Code of Ethics and Conduct, bringing it into line with the provisions of Decree-Law no. 109-E/2021, of 9 December, and to review the role of the Ethics Committee.

### d. Communication of Anomalous Situations under the Code of Ethics and Conduct of the Crédito Agrícola Group

Under the terms of the Code of Ethics and Conduct of the Crédito Agrícola Group, in the version still in force at the end of 2022, all and any fact and all and any situation that constitutes a breach of the provisions of the referred Code must be reported immediately to the Ethics Committee of the **Crédito Agrícola Group**, an internal consultation body whose mission is to ensure the continuous compliance with the ethical standards defined in the **Crédito Agrícola Group** and the ethical quality of its decisions and actions, as well as the processing of internal or external ethical issues.

Pursuant to point 9 of the Policy on Reporting of Irregularities of Crédito Agrícola Group, all breaches of the Code of Ethics and Conduct of the Crédito Agrícola Group must be treated as irregularity reports, and the Ethics Committee is responsible for sorting and forwarding them.

Thus, in this regard, the Ethics Committee received, during 2022, eight (8) communications referring to ethical issues to be evaluated by the Ethics Committee, seven (7) of which were received during 2022 and one (1) other received during 2021.

#### IV. Internal Regulations

The rules of organisation and functioning of the Corporate and Statutory Bodies of Caixa Central, as well as the principles and rules of action that should govern the conduct of the respective members in the exercise of their functions, without prejudice to the provisions of the Law and the Articles of Association, are established by the Internal Regulations of each of the Corporate and Statutory Bodies.

During 2022, changes to the Internal Regulations of the Executive Board of Directors, as well as to the Internal Regulations of the Committees and of the Commission of the General and Supervisory Board were approved, namely, to reflect the composition and allocation of responsibilities of their members due to the beginning of their functions for the new 2022-2024 three-year period.

#### V. Other Internal Regulatory Instruments

##### 1. Binding Regulations

Aware of the internal organisation of **SICAM** and in order to provide all its Credit Institutions with uniform, harmonised, integrated, consistent and transversal regulating instruments, **Caixa Central** adopts, whenever the matter at hand permits and justifies it, Binding Regulations approved by **Caixa Central's** Executive Board of Directors, after obtaining a prior opinion from the General and Supervisory Board and hearing the Superior Council, and subsequently disclosed to all **Caixas de Crédito Agrícola Mútuo**, its Associates, which are obliged to their full and punctual compliance.

These Binding Regulations are issued with due regard to the guidance of the Associated **Caixas de Crédito Agrícola Mútuo** incumbent upon **Caixa Central** under the terms of Article 75 of the RJCAM, considering also the powers conferred on it by Article 69 of the same diploma and by Articles 3(3)(e) and 43(1)(f) and (2) of its Articles of Association, as well as the position held by **Caixa Central** within the **CA Group**.

In addition to the Code of Ethics and Conduct of Crédito Agrícola Group, referred to above in point III, Caixa Central adopts a set of other regulatory instruments (including Standards, Policies and Regulatory Guidelines) that embody the rules, guidelines and recommendations issued as part of its guidance duties to its **Members**.

In this context, during 2022, the following Binding Regulations were approved *ex novo* or amended:

a) Binding Regulations approved *ex novo*:

- Binding Regulation on Information Security, effective from 21 January 2022;
- Binding Regulation on Information Classification, effective from 21 January 2022;
- Binding Regulation on the Use of Electronic Mail, effective from 21 January 2022;

- Binding Regulation on the Use of ICT Equipment, effective from 21 January 2022;
- Policy on Customer Identification and Acceptance and Management of High Risk Customers, effective from 21 January 2022;
- Binding Policy on Approval of New Products, effective from 4 March 2022;
- Code of Ethics of the Internal Audit Function, effective from 10 March 2022;
- Internal Audit Charter for the Internal Audit Function of Caixa Central, effective from 10 March 2022;
- Policy on Pension Fund Risk Management, effective from 17 May 2022.

b) Amended Binding Regulations:

- Policy on Information Security, effective from 21 January 2022;
- Binding Regulation on Credit Monitoring, effective from 25 January 2022;
- Policy on the Outsourcing of Services of CA Group, effective from 2 March 2022;
- Binding Regulation on Products and Services Management, effective from 4 March 2022;
- Binding Policy of the Internal Audit Function in SICAM, effective from 10 March 2022;
- Policy on Global Risk Management, effective from 29 March 2022;
- Binding Regulation for Competences of Pricing of Operations with Customers, effective from 30 March 2022;
- Binding Regulation for Credit Recovery, effective from 2 May 2022.
- Policy of Credit Risk Management, effective from 3 May 2022;
- Binding Policy on the Prevention of Money Laundering and Terrorist Financing, effective from 6 September 2022;
- Binding Regulation of Mandatory Report to External Entities, effective from 6 September 2022;
- Binding Regulation on Credit Granting, effective from 30 December 2022.

Once approved, Binding Regulations are disclosed to all the Associates and, when applicable, to the Subsidiary Companies, and published and disclosed on the Intranet of the Crédito Agrícola Group (CAIS), which contains the repository of all current Regulations. Some Binding Regulations are published and maintained on the website of Crédito Agrícola Group due to their importance for all interested parties and general public.

## 2. Other Regulations, Instructions and Normative Guidelines

Given its guiding powers, in addition to the Binding Regulations mentioned above, Caixa Central also issues Standards and Regulatory Instructions and Guidelines that establish rules and guidelines to ensure due compliance with the applicable legal and regulatory rules within the scope of the activities carried out by the entities of the **Crédito Agrícola Group**.

Within the scope of the **Internal Governance**, it is highlighted, during 2022, the approval, publication and disclosure of the following Standards and Regulatory Guidelines:

- a. **Standard for Handling Complaints about Caixas de Crédito Agrícola Mútuo belonging to SICAM**, which defines the principles, the responsibilities and the process for receiving, analysing and handling complaints received by Caixa Central, in its capacity as SICAM's Central Body, regarding situations allegedly taking place at Caixas Agrícolas, its Associates and covers the activities of receipt, analysis and handling of complaints by Caixa Central.
- b. **ON DAJ/01/2022, on Preparatory Information for General Meetings**, which aims to provide Caixas de Crédito Agrícola Mútuo with rules and guidelines to ensure the legally and statutorily established right of its Associates to have access to Preparatory Information for each of their General Meetings;
- c. **ON DAJ/02/2022, on the List of Associates in Full Enjoyment of their Rights**, which aims to provide Caixas de Crédito Agrícola Mútuo with rules and guidelines that enable them to ensure, at all times, the proper updating of the List of Associates in full enjoyment of their rights.

### VI. Reporting of Irregularities (Whistleblowing)

Under the Policy on Reporting of Irregularities of the Crédito Agrícola Group, eight (8) complaints were received during 2022, of which one (1) was received by **Caixa Central** and the other seven (7) by Associated **Caixas Agrícolas**, all of which were closed and filed during 2022, as no irregularities were found and, consequently, no corrective measures were adopted.

The reports that had been received during 2021 through the e-mail address available on the website of Crédito Agrícola and which handling continued through 2022, were all processed and closed, and no irregularities were detected, and as such no corrective measures had to be adopted and implemented.

## VII. Complaints to Caixa Central about its Associates

Although not being handled under the Standard for Handling Complaints, which was only approved, published and disclosed at the end of 2022:

- a. Between 1 January and 31 December 2022, forty-eight (48) complaints concerning its Associates were received by Caixa Central;
- b. By 31 December 2022, sixty-five (65) complaints had been handled by Caixa Central, a number that includes the handling of complaints received in the years preceding 2022;
- c. On 31 December 2022, twenty-four (24) complaints were still under investigation, of which thirteen (13) were received during 2022 and the remaining eleven (11) were received in 2021.

## VIII. Powers of intervention of Caixa Central

### a. Under Article 77 of the RJCAM

Article 77 of the RJCAM establishes the possibility for Caixa Central to intervene in its Associated Caixas Agrícolas whenever there is a situation of imbalance which, due to its extent or continuity, may affect the regular operation of the Caixa, when its solvency is threatened or when serious irregularities are found.

Under the terms of this legal provision, Caixa Central may appoint a Delegate who, in conjunction with the members of the Management Body of the Caixa Agrícola in question, will monitor the management and administration of the Caixa and adopt the measures deemed necessary by Caixa Central to put an end to the situation of imbalance in which it is found.

During 2022, this intervention measure in Caixa de Crédito Agrícola Mútuo do Guadiana Interior, C.R.L. ceased and the same measure was decided for Caixa de Crédito Agrícola Mútuo de Loures, Sintra e Litoral, C.R.L., in which, since 4 August 2022, the Board of Directors has been accompanied by a Caixa Central Delegate.

### b. Under Article 77-A of the RJCAM

By way of the intervention measure laid down in Article 77-A of RJCAM, when a Caixa Agrícola belonging to SICAM is in a situation of serious financial imbalance, or at risk of being so, and fails to comply with the guidelines defined by Caixa Central within the scope of its guidance powers, Caixa Central may appoint one or more Provisional Directors for the Caixa Agrícola in question, with the powers conferred by law and by the Articles of Association on the members of the Board of Directors and, further, with the additional powers described in items a) to d) of paragraph 2 of the said legal provision.

Under this designation, Caixa Central may suspend, in whole or in part, the Caixa Agrícola's Administrative and Supervisory Bodies in office, and the Provisional Directors and the members of the Supervisory Committee shall exercise their functions for a maximum period of one (1) year, which may be extended one or more times by Caixa Central until the intervened Caixa Agrícola reaches a situation of adequate financial balance.

Both the intention to appoint Provisional Directors and to suspend the Supervisory Body with the appointment of a Supervisory Committee, as well as the intention to extend the intervention that has already taken place, must be communicated in advance to Banco de Portugal so that the Supervisor may authorise the intervention under the terms proposed.

During 2022, the intervention measure under Art. 77-A of RJCAM was terminated, on 6 May 2022, in Caixa de Crédito Agrícola Mútuo de Estremoz, Monforte e Arronches, C.R.L..

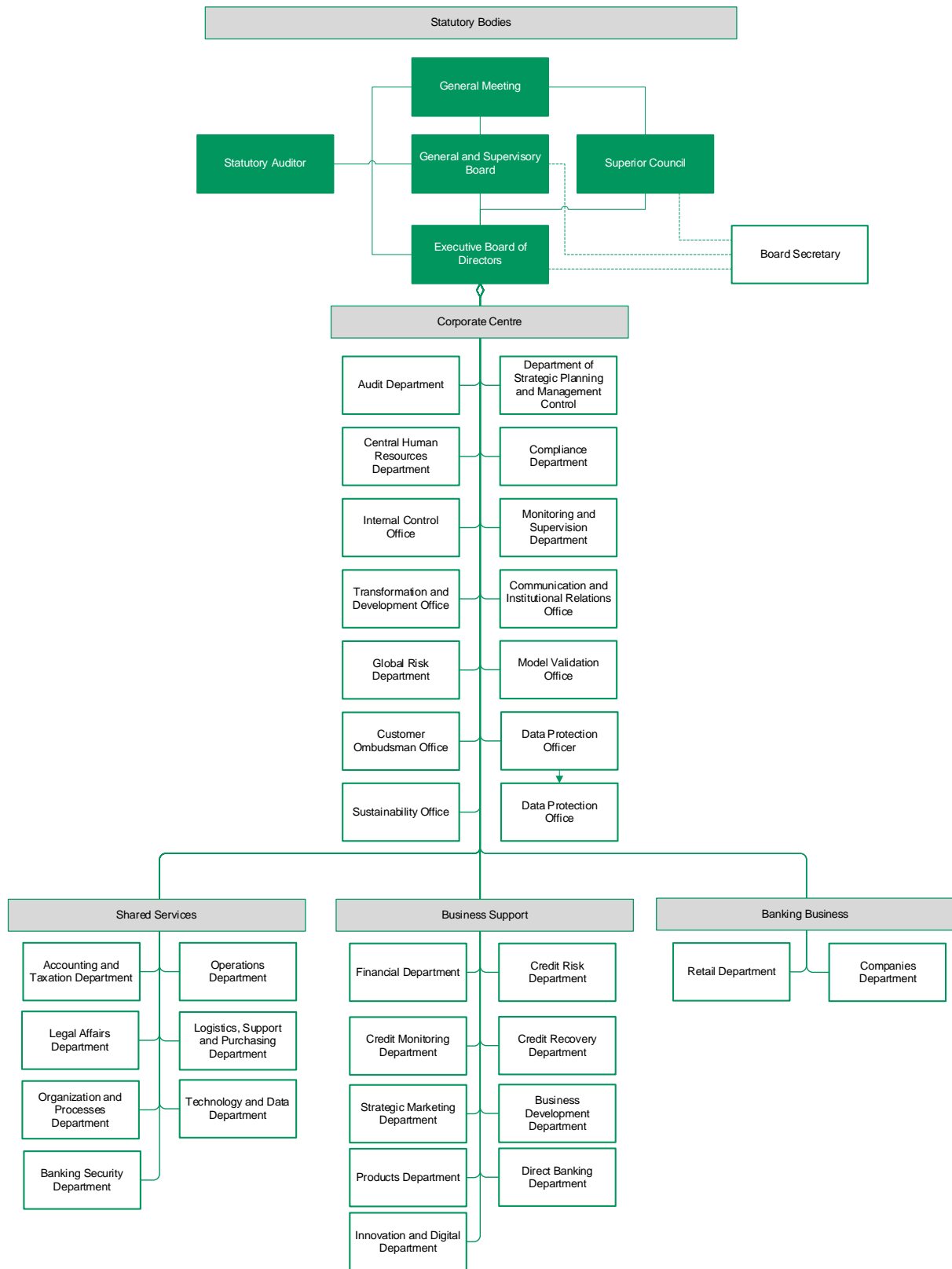
This measure is maintained in the following Associates of Caixa Central, in which Provisional Directors appointed by Caixa Central are in office and their respective elected directors have been suspended:

- Caixa de Crédito Agrícola Mútuo do Algarve, C.R.L.;
- Caixa de Crédito Agrícola Mútuo de Coimbra, C.R.L.;
- Caixa de Crédito Agrícola Mútuo de Coruche, C.R.L.;
- Caixa de Crédito Agrícola Mútuo de Entre Tejo e Sado, C.R.L..

Caixa de Crédito Agrícola Mútuo de Coimbra, C.R.L. has also appointed a Supervisory Committee, pursuant to paragraph 4 of Article 77-A of RJCAM, for the year 2022.

## IX. Internal Organisation Chart

The structure of **Caixa Central** is made up of the Governing Bodies, collegiate functional decision-making bodies and the Departments and Offices described in **Caixa Central's** Structure and Organic Standard (EOCC Standard). On 9 August 2022 was created the Model Validation Office and, on 28 September 2022 was also created the Sustainability Office, structures whose competences are reflected in the EOCC Standard together with the competences of the other structures that are part of Caixa Central, namely those required for the functioning of the internal control system and the management and control of its operations:



Source: EOCC Standard, version 6/2022, dated 28/09/2022



The organisational model of **Caixa Central** is, in turn, structured in four standard functions:

- Corporate Centre: Functional areas providing direct support to the Executive Board of Directors in the development of the Group's Strategy and Management.
- Shared Services: Shared functional areas of an operational nature that directly support the other areas of the Group, maximising synergies and efficiency.
- Business Support: Cross-cutting functions dedicated to the development and execution of the Group's business processes.
- Urban Business: Caixa Central's own banking business, focused on individual customers and SMEs in the large urban cities, Lisbon and Porto, and in Medium and Large Companies operating in Portugal.

#### X. Identification of each of Caixa Central's Departments and Offices

As of 31 December 2022, Caixa Central had twenty-four (24) Departments, seven (7) Offices and one (1) Data Protection Officer, distributed by the Corporate Centre, Shared Services, Business Support and Urban Banking Business, with the following missions:

##### Corporate Centre:

- Audit Department: Protection of the institution and contribution to the sustainable development of its activities, through systematic, disciplined, independent and objective assessment, based on risk, organisational culture, governance systems and the internal control system of SICAM, with a view to ensuring its suitability and effectiveness. In July 2022, the Audit Department's mission was revised and became to provide permanently and proactively the Board of Directors, the Supervisory Bodies and other SICAM structures with independent, objective, relevant and credible risk-based assessments, advice and knowledge, contributing to its management in an effective and efficient manner, and to the protection and creation of value, solvency and reputation of SICAM;
- Department of Strategic Planning and Management Control: Development of the Strategic Group Plan, oriented around common strategic objectives defined by the Executive Board of Directors and execution of Management Control activities. Support for decision-making by the Executive Board of Directors, monitoring the holdings and activities of companies directly or indirectly invested by the Crédito Agrícola Group and the investment strategy for the benefit of the Group.
- Central Human Resources Department: Ensure the Management of Human Resources of the CA Group, in terms of development of the applicable strategy, policies and guidelines as well as the execution of the activities inherent to this function, covering skills management and professional development, training, external selection and recruitment or in the context of intergroup mobility, legal and labour advice and the administrative management processes of the Group's employees.
- Compliance Department: Management of the Compliance Function of the Crédito Agrícola Group, ensuring the proper compliance with the applicable regulations and the Prevention of Financial Crime.

- Internal Control Office: Management and monitoring of the adequacy and effectiveness of the Internal Control System, namely in the identification, management and dynamization of the resolution of all the CA Group's weaknesses.
- Monitoring and Supervision Department: Ensure, from a prudential point of view, the adequacy of the internal governance systems and the economic and financial sustainability of the Associated Caixas Agrícolas, anticipating scenarios of possible imbalances and ensuring compliance with the guidelines defined by Caixa Central, in line with the best supervisory practices, with the banking regulations and legislation.
- Transformation and Development Office: Promote the dynamism and quick and effective recovery of the Caixas de Crédito Agrícola Mútuo that show financial, commercial, operational performance below expectations and/or other deviating aspects, in order to ensure their alignment with Caixa Central guidelines and defend the sustainability of SICAM.
- Communication and Institutional Relations Office: Management and coordination of Communication activities (external and internal) and Institutional Relations in the Group, promoting the Crédito Agrícola brand in a consistent manner and in conjunction with the global strategy, ensuring a level of quality in the various aspects of communication, in order to make CA Group a reference for good practices in this field.
- Global Risk Department: Assistance to Caixa Central's Management Body (management and supervisory functions) in defining the risk strategy and risk appetite of the CA Group, as well as in the development of policies and processes associated with the risk management system, in particular the management and control of risks and capital in an integrated and global perspective.
- Data Protection Officer and Data Protection Office: Ensure and control, under the terms of the Governance Model established for CA Group, its compliance with the requirements of the General Data Protection Regulation (GDPR).
- Customer Ombudsman Office: Integrated management of suggestions and complaints submitted to SICAM;

During 2022 the Corporate Centre was equipped with the two new offices identified below:

- Model Validation Office: Created on 9 August 2022, its functions are to ensure the independent validation of the risk management and assessment models adopted by the Crédito Agrícola Group, ensuring a detailed assessment of the suitability of each model for its intended purposes;
- Sustainability Office: Created on 28 September 2022, its functions are to develop the Crédito Agrícola Group's sustainability strategy, in line with the principles and guidelines set out in the sustainability policy, namely with the sustainable development objectives defined by the Group as priorities, with a view to the Group's ambition to be a benchmark in environmental and social Sustainability and to be recognised in the market as such.

Shared Services:

- Accounting and Taxation Department: Record management, accounting control, consolidation of accounts, calculation of profit or loss by entity, framework and compliance with tax obligations and production of accounting and tax information, including prudential reporting.
- Operations Department: Processing of operations (Back-Office) associated with the provision of services, including financial intermediation, to the Group and to the Group's Customers, ensuring the maximisation of efficiency and effectiveness.
- Legal Affairs Department: Coordination and functional supervision of the Group's legal activity, in the areas of Legal Advisory, Credit Contracting, Solicitor's Office, Pledges and other Judicial Seizures and Litigation.
- Logistics, Support and Purchasing Department: Management of the general services necessary for the Group's functioning and operation, including asset and facilities management, procurement and contract management, as well as document custody.
- Organisation and Processes Department: Definition, updating and monitoring of processes and regulations, and development and execution of internal consultancy projects on topics of organisation, efficiency and digital transformation of processes in the Group.
- Technology and Data Department: Definition of the strategic lines of IS/IT and governance as well as promoting the total alignment between business and technology, and the fulfilment of strategic and tactical projects, through support close to the Business (Departments of Caixa Central, Caixas de Crédito Agrícola Mútuo and CA Group Companies). Centralisation of IS/IT Subcontracting strategy across CA Group.
- Banking Security Department: Ensuring property protection and security in the CA Group, in its logical and physical components.
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Business Support:

- Financial Department: Management of treasury, liquidity and financial asset portfolio;
- Credit Risk Department: Risk analysis of credit operations, including new operations, renewals and restructuring, assuming a centralised view of the risk of exposure to customers and sectors, ensuring compliance with the rules and policies established in Caixa Central's Credit Concession Standard and reference for SICAM, when applicable.
- Credit Monitoring Department: Follow-up and monitoring of the loan portfolio granted to Customers at SICAM, according to the appetite for credit risk and the strategy in force at each moment. Support, as a result of the analyses carried out, the definition/review of the appetite for credit risk, credit risk policies and limits, to be defined by the competent area.
- Credit Recovery Department: Management of the overdue loan portfolio, with a view to its resolution, profitability and recovery.
- Strategic Marketing Department: Definition of the marketing strategy for the Group at the level of definition of segmentation, value proposition, offer, pricing, communication and distribution channels.

- Business Development Department: Implementation of the retail strategy at the Group level, explaining to Caixas de Crédito Agrícola Mútuo the strategy and value proposals by segment and supporting its realisation on the ground.
- Products Department: Specialise the operational product development competency and centralise product "factories".
- Direct Banking Department: Strategic and operational management of non-face-to-face and digital channels in an integrated manner (CA website, CA Online (homebanking), CA Mobile, Direct Line, B24, digital channels and social networks) and services over the SIBS network (including ATM, automatic payments terminals at point-of-sale).
- Innovation and Digital Department: Definition and management of the evolution of the Group's digital offer, as a centre of excellence, assuming itself as an innovation laboratory, promoting the adoption of digital channels and processes with specialists prepared and dedicated to ensure the progressive digital transformation of the traditional banking business and support processes in the Group.

#### Urban Banking Business:

- Retail Department: Definition and execution of the commercial strategy of the urban retail banking business, in alignment with the Group's strategic objectives.
- Corporate Department: Positioning, originating and/or commercially managing SICAM's banking business with regard to the financing of structured projects (i.e., project finance, acquisition of companies and income assets), financing of Large and Mid-Caps at national level and financing to medium-sized Companies and Local Authorities in the social area of Caixa Central.

## XI. Internal Control Functions and Essential Functions

### a. Internal Control Functions

**Caixa Central** has the following internal control functions, in compliance with the provisions of Banco de Portugal Notice no. 3/2020 ("Notice no. 3/2020"):

- Compliance Function, assigned to the Compliance Department.
- Risk Management Function, assigned to the Global Risk Department.
- Internal Audit Function, assigned to the Audit Department.

Using the authority provided in Article 50(3) of Notice No. 3/2020, under which institutions, when part of a financial group, may establish common services for the development of the responsibilities assigned to the internal control functions, on 11 November 2021, **Caixa Central** defined and approved, a Policy of Common Services of Crédito Agrícola.

This Policy on Common Services regulates the provision of services common to the internal audit function and the risk management function by the complementary group of companies (Crédito Agrícola Serviços - Centro de Serviços Partilhados, ACE) to the Caixas Agrícolas belonging to SICAM, under the guidance, monitoring and supervision of Caixa Central. With regard to the compliance function, this is performed individually by each of the

Caixas Agrícolas, through its Compliance Monitor, with the guidance, as well as the monitoring and supervision by Caixa Central, through the Compliance Department.

In January 2022, Caixa Central started the process of formalising the contract letters for the common services of the Internal Audit Function and the contract letters for the common services of the Risk Management Function to be signed by each of the adherent Caixas Agrícolas.

The other institutions belonging to the CA Group have their respective control functions in accordance with the legislation and regulations governing their respective sectors of activity, namely the insurance sector, asset management and collective investment undertakings and venture capital.

Without prejudice to the specific powers of the Internal Control Functions as referred to above, in respect of Caixas de Crédito Agrícola Mútuo, Associates of Caixa Central, the Monitoring and Supervision Department and the Transformation and Development Office perform supplementary control functions, as part of the guidance and oversight functions incumbent on Caixa Central under the terms of Articles 75 and 76 of the RJCAM and taking into account the powers conferred on it by Article 69 of the said Legal Framework and Article 3(3)(e) and Article 43(1)(f) and (2) of the Articles of Association.

In order to ensure the effectiveness of the Internal Control System, and despite the performance of the control functions and the Monitoring and Supervision Department, the Internal Control Office is also responsible for monitoring the identified deficiencies and opportunities for improvement in relation to the internal control system, analysing their pertinence, ensuring the existence of resolution plans and monitor their implementation under the terms set out in the Deficiencies Management Policy.

## b. Essential Functions

For the purposes of Article 33-A do RGICSF and the Internal Policy for Selecting and Assessing the Suitability of Holders of Essential Functions of **Caixa Central**, which was revised in line with the provisions in Notice no. 3/2020 and approved at the Ordinary General Meeting of Caixa Central held on 18 December 2021, Holders of Essential Functions at **Caixa Central** are considered to be those responsible for the functions of:

- Internal Audit;
- Compliance;
- Risk Management;
- Monitoring, Guidance and Supervision of **Caixas de Crédito Agrícola Mútuo**, its Associates;
- Intervention of **Caixa Central** in its Associated **Caixas de Crédito Agrícola Mútuo**, under the provisions of Article 77 or 77-A of the RJCAM;
- Financial Management;
- Credit Risk Management;
- Credit Monitoring;
- Credit Recovery;

- Internal Control;
- Banking Security;
- Technology and Data;
- Data Protection, and
- Strategic Planning and Management Control.

The holders of these Essential Functions are those who, not exercising management or supervisory positions at **Caixa Central**, may as a result of the functions they exercise, have an influence that could be considered significant in the management of **Caixa Central**.

In the selection of the Holders of Essential Functions of **Caixa Central**, both in terms of *ex novo* recruitment, or in terms of designation by means of an internal selection process, an adequacy assessment, conducted by the Executive Board of Directors, assisted by the Human Resources Central Department, aiming at ensuring that they contribute, in the exercise of their respective competences, to the sound and prudent management of Caixa Central and to an organisational culture of legal and regulatory compliance, guided by the highest ethical standards based on the values and principles of action adopted in the **Crédito Agrícola Group**.

In 2022, an assessment was made of the suitability of the Holder of an Essential Function, corresponding to the assessment of the head of Caixa Central's Credit Monitoring Department (DAC).

Essential Functions at **Caixa Central** consist, in particular, of the following:

i. Internal Audit

- Conducting independent and risk-oriented analyses.
- Execution of internal audit activities at Caixa Central and Associated Caixas that resorted to shared audit services for the development of responsibilities attributed to the internal audit function (IAF).
- Coordination, guidance, monitoring, appraisal and support to IAF at SICAM, ensuring its independence and the sufficiency and adequacy of human and technological resources for the effective and efficient performance of the function at SICAM.
- Definition of audit programmes for the actions to be developed at SICAM, with the objectives of the audit, activities and the internal control procedures under review, as well as the resources necessary for their execution.
- Definition of criteria for assessing the suitability of specific policies, procedures and controls implemented in SICAM.
- Continuous monitoring of the deficiencies identified, ensuring that measures aimed at correcting them are adopted in a timely and effective manner by the structural unit to which they refer.
- Promoting the implementation, in the context of the internal fraud risk management framework, of requirements for monitoring and alarming internal fraud detection to support remote/continuous audit

activities.

- Execution of the reporting activities underlying IAF.
- Articulation of IAF's annual training plan with the Training Centre of the Human Resources Central Department of Caixa Central.

## ii. Compliance

- Supervision of the processes associated to Compliance risk management at SICAM;
- Reporting to management and supervisory bodies of the activities performed and all the situations identified with relevant Compliance risk;
- Definition of the Strategic Plan and Activities for the Compliance function.
- Articulation of the Compliance function at Caixa Central and at CCAM, defining control mechanisms for Compliance Monitors and implementing methodologies and improvements in the application systems supporting the Compliance function;
- Monitoring of the Compliance Function of CA Serviços in articulation with the Compliance and Methodologies Office (GCM);
- Regular monitoring and assessment, in the respective areas of competence, checking whether the strategies, policies, processes, systems and procedures established to detect any risk of non-compliance with the legal and regulatory obligations and other applicable duties are adequate, duly updated, correctly applied and effectively complied with;
- Identification, assessment, monitoring and control of Compliance risks in the Crédito Agrícola Group, ensuring the implementation, monitoring and regular assessment of the adequacy and efficacy of the measures taken to correct any detected flaws;
- Analysis of warning signs of Compliance risk, namely the analysis of Customer complaints on matters within the Compliance Department's area of competence.
- Development, implementation, monitoring and evaluation of internal control procedures that allow the prevention of Money Laundering and Terrorist Financing (ML/TF) at SICAM, in compliance with what is required by the regulatory supervisory and judicial authorities.
- Participation in the definition of policies, procedures and international regulations concerning:
  - conflicts of interest, supervising the respective implementation and effective application, cooperating in the identification and management process with a view to their prevention, reporting and resolution;
  - transactions with related parties, supervising the respective implementation and effective application, and cooperating in the process of identification of the related parties;
  - Reporting of Irregularities (Whistleblowing);
  - other policies related to the scope of action of the Compliance Department.



- Development, implementation and monitoring of control mechanisms that prevent, ensure timely detection and trigger an appropriate response to situations of external fraud directed against the Crédito Agrícola Group or against its Customers, ensuring coordination with the judicial authority.
- Monitoring of legislative and regulatory changes and analysis of business impact and disclosure of relevant changes with a view to ensuring compliance with them.
- Issuance of guidelines and recommendations to SICAM regarding Compliance.
- Monitoring of SICAM's reporting activity and preparation of periodic reports with the results of the controls carried out.
- Coordination of the preventive duties of financial crime in the Crédito Agrícola Group, in compliance with what is defined in the legislation and regulations of the supervisory bodies.
- Advice to business lines and to CCAMs on regulatory issues, including product governance, pricing and advertising or evidence of financial crime.
- Provision of advice to the management and supervisory bodies, for purposes of compliance with all the legal and regulatory provisions and other duties to which the Group is or will be subject;
- Prior analysis and provision of advice to the management and supervisory bodies before decisions are taken that involve taking relevant compliance risks;
- Reporting to the management and supervisory bodies of any signs of breach of applicable legal and regulatory obligations, rules of conduct and relations with customers or other duties that could result in the institution or its employees committing an unlawful act corresponding to an offence or causing a negative reputational impact;
- Reporting to the management and supervisory bodies of any situations that compromise or could materially compromise the independence of the compliance function;
- Preparation and execution of Compliance programmes to verify compliance of processes, procedures and internal standards with regulatory requirements.
- Articulation of institutional relations with supervisors and other bodies at national level, including the monitoring of specific inspections and determinations.
- Processing of court arrest orders in the context of ML/FT proceedings.
- Central Register of Beneficial Owners of Caixa Central and CA Group companies.
- Drafting of the annual report on compliance matters under Banco de Portugal Notice no. 3/2020;
- Annual drafting of a report, to be signed by the head of the compliance function, which includes an assessment of the independence of the function and a description of all the flaws identified by any institution, internal or external to the institution, pursuant to the provisions in Article 28(1)(p) of Banco de Portugal Notice 3/2020.



### iii. Risk Management

- Participation in the definition of the risk strategy and risk appetite framework - Risk Appetite Statement (RAS) and the Risk Appetite Framework (RAF).
- Development of policies and processes associated with the risk management system and defining concrete procedures for the different stages of the risk management cycle (identification, evaluation, monitoring, control and reporting), including methodologies, analytical and metrical models, as well as promoting actively its implementation and provide adequate organisational training.
- Definition and monitoring of the execution of the risk management function's business plan.
- Monitoring of the risk profile of Caixa Central and the Crédito Agrícola Group.
- Provide relevant, independent expert information, analysis and assessments on risk exposure.
- Identification, measurement, control and reporting of the various risks, in particular credit, market, operational, information and communication technologies, interest rate and liquidity risks, articulating the activity developed in this field with the different specialised organic units.
- Implementation of the internal control system from the perspective of risk management, carrying out continuous monitoring of its adequacy and effectiveness and collaborating in the identification and resolution of opportunities for improvement.
- Promotion of an integrated risk management culture.
- Analysis of new products and services from the perspective of risk.
- Support for the functioning and coordination of the Risk Board.
- Participation in the Assets, Liabilities and Capital Board.
- Implementation of a continuous process of understanding, analysing and communicating risks in the CA Group, preparing systematic information on risks and their analysis and internal reporting to the relevant bodies and external and regulatory reporting.

### iv. Monitoring, Guidance and Supervision of **Caixas de Crédito Agrícola Mútuo**, its Associates.

- Monitor the suitability of members of the Management and Supervisory Bodies of CCAMs.
- Supervise and monitor the activity of CCAMs through a set of controls and the monitoring of indicators, in order to preventively identify governance or equity imbalances and ensure compliance with legal provisions of a prudential nature and the guidance of the supervisory authorities and Caixa Central.
- Ensure the execution of *in loco* inspection and inspection actions of CCAMs.
- Participate in activities of a transversal nature relating to SICAM's internal control system, in conjunction with and in addition to the other control functions of Caixa Central, with a view to ensuring that the management bodies of CCAMs maintain an adequate internal control system, considering their size and the degree of centralisation of authority and delegation.

- Regularly submit to Caixa Central's Executive Board of Directors information on the evolution of a set of risk indicators for CCAMs.
- Ensure the functioning of the Executive Monitoring and Supervision Committee.

v. Intervention of **Caixa Central** in its Associated **Caixas de Crédito Agrícola Mútuo**, under the provisions of Article 77 or 77-A of the RJCAM

- Ensure the functioning of the Executive Committee for Transformation and Development.
- Monitoring the situation of CCAMs that show levels of financial, commercial or operational performance deviating from the guidelines established by Caixa Central and by the Supervisory Authorities and support in the definition of concrete action measures to mitigate the deviations identified.
- Definition of action strategies, by defining the guidelines, objectives, specific transformation measures and respective implementation plans for the CCAMs that fall under the intervention regime – under Articles 77 and 77-A of R.J.C.A.M. –, need financial assistance or have deviating levels of financial, commercial or operational performance.
- Development of business plans and economic and financial analyses to support the evaluation and implementation of action measures.
- Structuring and promoting multidisciplinary working groups with a view to the design and implementation of action measures, guaranteeing the correct articulation between de CCAMs and the organic structures of Caixa Central.
- Analysis of proposals related to the granting of possible authorisations under specific rules of intervention and financial assistance contracts and preparation of opinions for higher deliberation.
- Periodic reporting of the evolution of performance evidenced by the CCAMs that are being monitored by the Transformation and Development Office, in particular those that fall under the intervention and financial assistance process.

vi. Financial Management

- Treasury management, considering the liquidity position of SICAM and the institutional exchange position of Caixa Central, according to the rules and guidelines defined.
- Participation, within the scope of participation in the Assets, Liabilities and Capital Management Committee (ALCCO), in the definition of the strategy for the management of assets and liabilities of SICAM.
- Management of financial asset portfolios, according to the rules and guidelines defined.
- Intervention in financial markets, namely money, foreign exchange and capital markets.
- Management of market risks, interest rate risk of the banking portfolio and liquidity risk, according to defined rules, limits and guidelines.

- Development and management of products for operationalising the transfer and remuneration of intra-SICAM liquidity (e.g., deposits from Associated Caixas at Caixa Central).
- Support to SICAM's commercial network in structuring treasury and risk coverage products.
- Preparation and distribution of market information for reference of SICAM.
- Relationship management with Correspondent Banks and Other Credit Institutions.

#### vii. Credit Risk Management

- Leadership of the Credit Risk GTO, in conjunction with the other participants.
- Risk analysis of credit proposals using the rules, methodologies and analysis tools established for SICAM, in the context of granting credit, including new operations, renewals and restructuring according to the defined delegation of powers in the Credit Granting Standard.
- Risk analysis of proposals for Syndicated Credit operations.
- Issuance of a non-binding risk opinion for customers who have higher risk levels, or which imply a significant exposure to a CCAM, measured in relation to own funds, under the terms of Credit Granting Standard of Caixa Central and the Reference Standard for SICAM.
- Issuance of risk opinion within the scope of the acceptance and management of institutions eligible as counterparts and authorised for the purpose of trading.
- Secretarial Services of Credit Boards for the decision levels at which the Executive Board intervenes.
- Participation in the definition of Caixa Central's credit risk management policy and the guidelines for SICAM.
- Responsible for the credit limit management system, for customer or group of customers and product or product set and parameterisation of the automatic originator of reference limits.
- Participation in the definition of prudential limits and risk profile for the granting of credit.
- Validation of Economic Groups in the context of opening new customers when granting credit.
- Reports to the Executive Board of Directors, and to external bodies when applicable, within the scope of credit granting, with indicators and segmentation and activity reports.
- Report to the Executive Board of Directors on the monthly evolution of incoming operations for risk analysis, indicating their risk profile, possibly suggesting measures aimed at improving risk.

#### viii. Credit Monitoring

- Definition and operationalisation of the mechanisms for monitoring compliance with the contractual obligations by the borrowers and their financial situation and reporting in the context of the monitoring of the loan portfolio of Caixa Central and the Associated Caixas.
- Centralised management of economic and risk groups (GER) at SICAM, focused on the regular review of the relations of direct and indirect influence between customers, in articulation with and with the contribution of the commercial structural of SICAM.
- Individual impairment analysis of eligible customers of Caixa Central and selective review of the individual impairment analyses conducted by the Associated Caixas.
- Definition and operationalisation of the model for the dynamic analysis of the portfolio of collateral by customer or economic and risk group (GER), namely customers with credit risk positions at more than one SICAM institution, for mitigation of the risk of overdraft facilities and optimisation of the capital level of SICAM.
- Monitoring of the individual and sectoral credit concentration of SICAM and production of monitoring reports, with periodic reporting to the Executive Board of Directors of Caixa Central and of the Associated Caixas.
- Preventive monitoring of the credit lines and limits at SICAM supported by automated reading of the monitoring measurements in line with the risk appetite framework.
- Definition and operationalisation of automated mechanisms for monitoring and reporting early warning indicators on the performance of the customers of SICAM.
- Recommendation of mitigation strategies and action plans for the commercial structure of Caixa Central and the Associated Caixas.
- Regular assessment of the defined credit monitoring strategies, with periodic reporting to the Executive Board of Directors of the Caixa Central and the Associated Caixas (namely whether they are appropriate to the credit profile and the terms under which they are applied - namely whether they meet the proportionality criterion).
- Identification, measurement and analysis of credit risk factors of SICAM's portfolios, taking into account macroeconomic factors and regular reporting to the Executive Board of Directors of Caixa Central and of the Associated Caixas.

#### ix. Credit Recovery

- Credit Recovery Board Leadership.
- Preventive action and support in the recovery of the non-performing loans of CCAMs, pursuant to the binding regulations of credit recovery of SICAM.
- Development and operationalisation of mechanisms for monitoring the credit recovery activities at SICAM, pursuant to the binding regulations of credit recovery of SICAM.

- Undertaking of contacts, negotiation and restructuring in the context of Credit Recovery at Caixa Central.
- Extrajudicial recovery under Caixa Central distinguishing customers/economic groups of high exposure and/or complex contracts, of contracts of minor complexity and exposure.
- Organisation of the proceedings and preparation for litigation.
- Monitoring of insolvent customers.
- Enforcement proceedings, monitoring of legal proceedings.
- Production, analysis and reporting of management information under the Credit Recovery of Caixa Central.

#### x. Internal Control

- Implementation of a governance model and methodology for management of flaws of the Crédito Agrícola Group.
- Articulation with the different participants in the system of management of flaws, promoting their resolution.
- Advising the Internal Control Committee.
- Timely reporting to the supervisors on matters associated with internal control flaws, namely in the context of the respective regulatory reports.

#### xi. Banking Security;

- Definition of the governance model for the logical and physical security of the Crédito Agrícola Group, ensuring its approval.
- Definition of the Security Policy of the Crédito Agrícola Group in line with the Group's business requirements and strategy and respecting the laws and regulatory framework of the sector.
- Ensure the creation, approval, disclosure of and compliance with security rules, in articulation with the Group's different institutions, pursuant to that defined in the Security Policy.
- Definition of the strategic function of cybersecurity to be operationalised at CA Serviços.
- Definition and supervision of the implementation of the security controls, according to the risk profile of the system components to which they refer.
- Definition and supervision of the operationalisation of the response capacity of the different institutions of the CA Group to security incidents.
- Ensure banking security inspection visits to CCAM and ATM and remote control of the sites.
- Issue of the security reports and recommendations.
- Support on security matters to the Business Continuity Management.

## xii. Technology and Data

- Definition and maintenance of the overall strategy for Information Systems and Information Technology (IS/IT) of the Crédito Agrícola Group, ensuring alignment between the business vision and that of technology.
- Stimulation of the Crédito Agrícola Group's IS/IT innovation process among the internal structures and external partners in collaborative action models.
- Support in the planning, development and management of projects in the strategic and tactical plan of the Crédito Agrícola Group with an impact on technology, acting from the selection and prioritisation of initiatives to their roll-out, communication and closure (e.g., changes in procedures, training manuals on tools, definition of accesses according to roles and responsibilities), in coordination with the Business and CA Serviços.
- Support to the definition of IS/IT Outsourcing policies and strategies of the Crédito Agrícola Group, and analysis of the risk of the overall exposure to external service providers supported by received service management models, based on monitoring indicators, follow-up of service levels, among other measurements considered relevant.
- Formalisation and alignment of the IS/IT strategy, construction and operation with CA Serviços, assessing and mitigating potential impacts on its structure and action capacity.
- Monitoring of the IS/IT management and maintenance activity of the Crédito Agrícola Group, reporting to the management bodies, and identification of optimisation measures with CA Serviços.
- Definition and maintenance of the data management strategy to ensure full compliance with the regulatory requirements and prepare the organisation for future challenges, placing data at the centre of the business.
- Ensure data quality compliance in articulation with the Business and IS/IT.
- Document the IS/IT policies, processes, risks and management controls and data management of the Crédito Agrícola Group.
- Coordinate and manage the relationship with all the external regulatory institutions on matters of technology, in close partnership with the internal departments and CA Serviços.
- Coordinate the relationship with all the internal users of Caixa Central on matters of technological evolution, in close partnership with CA Serviços.
- Coordinate and manage the Group's portfolio of projects that have technological scope.

## xiii. Data Protection

- Operationalisation of the performance of the duties established for the Data Protection Officer (DPO) in the context of the General Data Protection Regulation (GDPR).
- Ensure the adequacy of the implementation of a control framework to control data protection in the context of the Crédito Agrícola Group.

- Monitoring of the implementation of the data protection programme in the context of the Crédito Agrícola Group.
- Monitoring and supporting the Sponsors of CCAMs and Subsidiary Companies in all matters related to the protection of personal data in the Crédito Agrícola Group, with due support from the Data Protection Office (GPD).

#### xiv. Strategic Planning and Management Control

- Leadership of the Crédito Agrícola Group's Strategic Planning process, incorporating market trend analysis, competitive benchmarking and diagnosis of the internal situation.
- Monitoring and follow-up of the evolution of strategic projects for the Crédito Agrícola Group, to support the management of the Group's programme of initiatives.
- Development of the annual activity plan (including the budget, objectives, initiatives and actions required for its accomplishment) and monitoring of its implementation and the evolution of the activity in all critical aspects, in the context of the Management Control process.
- Management of the Shared Services Catalogue according to the dynamics of the evolution of the Crédito Agrícola Group's strategy, in line with the guidelines of the Pricing Board and the Executive Board of Directors of Caixa Central.
- Implementation of the regular reporting of Analytical Accounting of Caixa Central and CA Serviços, in collaboration with the CAS-GAF and CAS-GPC.
- Development and management of the corporate business intelligence support structure, as a management and decision support instrument for Caixa Central's Executive Board of Directors and structural bodies, in alignment with the data governance strategy and model.
- Development and maintenance of the funding and capital plan, incorporating the medium and long-term strategic goals, the commercial policies and goals, and the limits arising from Risk Management, as well as the development of the institution's underlying funding and capitalisation strategies, in the context of the Funding and Capital Strategy process.
- Development of the Investor Relations function, including relations with Rating Agencies.
- Monitoring of the equity holdings of the Crédito Agrícola Group, to support the management bodies entrusted with this matter, under the Management of Equity Holdings process.

#### I. Intranet (CAIS) and website

In addition to its internal network (CAIS), where information on internal regulations is systematised in an integrated and up-to-date manner, and is accessible to all its employees, Crédito Agrícola also has a website in Portuguese and English devoted to disclosing institutional information on the Crédito Agrícola Group.

This website is available at <http://www.creditoagricola.pt>.

## D. REMUNERATION

### I. Remuneration Policy

The Remuneration Policy for Members of **Caixa Central**'s Management and Supervisory Bodies for the year 2022 was approved at the Extraordinary General Meeting held on 5 February 2022, in compliance with the provisions of Article 115-C (4) of RGICSF, approved by Decree-Law 298/92 of 31 December, in its consolidated version.

Pursuant to Article 115-C(1) of the RGICSF, **Caixa Central**, as a Credit Institution, is obliged to define its Remuneration Policy and as a “parent company”, of the Group that it heads.

Thus, and as a result of this legal requirement, the Remuneration Policy approved at the General Meeting of 05 February 2022 enshrines, in Point I, the Remuneration Policy for Members of the Management and Supervisory Bodies of **Caixa Central** and, in Point II, the Remuneration Policy for Members of the Management and Supervisory Bodies of the **Crédito Agrícola Group**.



**REMUNERATION POLICY FOR MEMBERS OF THE  
MANAGEMENT AND SUPERVISORY BODIES OF CAIXA CENTRAL - CAIXA  
CENTRAL DE CRÉDITO AGRÍCOLA MÚTUO, CRL, AND THE CRÉDITO AGRÍCOLA GROUP**

*Pursuant to Article 115-C(4) of the Legal Framework of Credit Institutions and Financial Companies (RGICSF), approved by Decree-Law 298/92 of 31 December, and Articles 7(3) and 20(4) of the Remuneration Statute of the Integrated System of Crédito Agrícola Mútuo (hereinafter Remuneration Statute of SICAM), the Remuneration Committee of CAIXA CENTRAL – CAIXA CENTRAL DE CRÉDITO AGRÍCOLA MÚTUO, CRL (hereinafter CAIXA CENTRAL), hereby submits for the approval of the General Meeting the Remuneration Policy for Members of the Management and Supervisory Bodies of CAIXA CENTRAL and the CRÉDITO AGRÍCOLA GROUP for 2022.*

*It is proposed that the Remuneration Policy for Members of the Management and Supervisory Bodies of CAIXA CENTRAL and the CRÉDITO AGRÍCOLA GROUP for 2022 be approved under the following terms:*

**I. REMUNERATION POLICY FOR MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODIES OF CAIXA CENTRAL**

**1. INTRODUCTION**

*In compliance with applicable regulations, the Remuneration Policy for Members of the Management and Supervisory Bodies of CAIXA CENTRAL was defined and drawn up so as to reflect adequately and proportionately the size, internal organisation and nature of the Institution, the scope and complexity of the business carried out by it, the nature and magnitude of the risks assumed and to be assumed and the degree of centralisation and delegation of powers established within the same Institution.*

*The Remuneration Policy also reflects the functions of the Central Body of the Integrated System of Crédito Agrícola Mútuo (SICAM) exercised by CAIXA CENTRAL and the nature and specific purposes of this System, which place it in a unique position in the Banking Sector.*

The Remuneration Policy considers the applicable legal and regulatory instruments, namely the following:

- a) The RGICSF;
- b) Directive 2013/36/EU of the European Parliament and of the Council (IV Capital Requirements Directive);
- c) Regulation 575/2013 of the European Parliament and of the Council (Capital Requirements Regulation);
- d) European Banking Authority Guidelines EBA/GL/2021/04 on Sound Remuneration Policies;
- e) European Banking Authority Guidelines EBA/GL/2021/05 on Internal Governance;
- f) European Banking Authority Guidelines EBA/GL/2018/06 on the management of non-performing exposures and restructured exposures;
- g) European Banking Authority Guidelines EBA/GL/2020/06 on the granting and monitoring of loans;
- h) Banco de Portugal Notice no. 3/2020, of 15 July, which regulates the governance and internal control systems and defines the minimum standards on which the organisational culture of the entities subject to supervision by Banco de Portugal must be based and revokes
- i) Notices nos. 5/2008 and 10/2011, as well as Instruction no. 20/2008;
- j) The Remuneration Statute of SICAM.

## 2. GENERAL PRINCIPLES

The legal and regulatory framework in force provides for the application of the principle of proportionality in defining remuneration policies, and therefore the relevance given to items such as the legal nature of the Institution as a cooperative or the fact that the Remuneration Policy of CAIXA CENTRAL is consistent with the discouragement of excessive risk-taking, insofar as it recommends awarding moderate remuneration, compatible with the traditions and specific nature of Crédito Agrícola.

From this perspective, and in view of the circumstances described above, in addition to having to consider inapplicable to CAIXA CENTRAL all legal or regulatory provisions (including those contained in the instruments referred to above) which presuppose that the entities subject thereto have the legal nature of public limited companies, the application of many of the other rules had to be considered, always by reference to the principle of proportionality envisaged in Article 115-C(3) of the RGICSF.

Consequently, the aforesaid principle of proportionality presided over the drafting of this Remuneration Policy that, pursuant to the RGICSF and Articles 7(4) and 20(5) of the Remuneration Statute of SICAM, also pursues the following objectives:

- a) *To promote and be consistent with sound and prudent risk management and not encourage risk-taking that exceeds the level of risk tolerated by the Institution.*
- b) *Be compatible with the Institution's business strategy, objectives, values and long-term interests and include measures to avoid conflicts of interest; c) Clearly distinguish the criteria for setting the fixed component of the remuneration, based primarily on the relevant professional experience and organisational responsibility of each member of the Management or Supervisory Body and the criteria for the variable component of the remuneration, based on the sustainable and risk-adjusted performance of the Institution, as well as on the compliance of the members of the Management Body with their duties beyond what is required.*

### 3. GENERAL CONSIDERATIONS

*It is further stated that:*

- a) *The Remuneration Policy for Management and Supervisory Bodies is defined by the Remuneration Committee, which is responsible for reviewing it periodically, at least once a year, with a view to its approval by the General Meeting of CAIXA CENTRAL under the terms of Article 115-C(4) of the RGICSF.*
- b) *The description of the variable component of remuneration, including the items that compose it, is set out in the following sections of this Policy, it being understood that variable component means the benefits that are classified as such under the terms of European Banking Authority Guidelines EBA/GL/2021/04.*
- c) *Without prejudice to the fact that, given the nature of the Institution, it is impossible to pay remuneration in the form of shares or instruments under the terms of Article 115-E(3) of the RGICSF, the payment of a portion of the variable remuneration shall be deferred under the terms referred to in the following sections;*
- d) *The Remuneration Policy aims to align the interests of the Members of the Management Body with the long-term interests of the Institution;*
- e) *Without prejudice to that which is specifically provided for in this Policy with regard to the assessment of the individual performance of the Members of the Management Body for the purpose of the attribution and determination of the variable component of remuneration, in view of the cooperative nature of CAIXA CENTRAL, the performance of the Management and Supervisory Bodies is, in the first place, assessed by the Members at the General Meeting, such assessment reflecting not only the Institution's economic performance, but also other criteria directly related to the above mentioned cooperative nature, including the quality of the relationship established between the Management and the Cooperative Members and of the information provided to them on the progress of the company's business.*

#### **4. REMUNERATION OF MEMBERS OF THE SUPERVISORY BODY: GENERAL AND SUPERVISORY BOARD**

*The remuneration of Members of the General and Supervisory Board - which is fixed, under the terms of the Law and Articles 20(6) and 9(4) of the Remuneration Statute of SICAM, by the General Meeting, under proposal of the Remuneration Committee –, taking into account the nature of the composition of that Governing Body, consists exclusively of a fixed component that shall be paid by the attribution of a monthly fixed value, paid fourteen times per year, where their participation in Committees or Commissions of that Governing Body and/or, under the general terms, the duties performed within that Body, may be taken into account in the determination of the value to be attributed to each Member.*

*In addition to this remuneration, these Members have the right to be reimbursed for business expenses justifiably incurred by them in the performance of their duties.*

#### **5. REMUNERATION OF MEMBERS OF THE BOARD OF DIRECTORS: EXECUTIVE BOARD OF DIRECTORS**

##### **5.1 REMUNERATION OF EXECUTIVE DIRECTORS**

*The fixed component of the remuneration of the Executive Members of the Management Body is determined by the Remuneration Committee, pursuant to the law and Article 9(4) of the Remuneration Statute of SICAM and consists in the attribution of a monthly fixed value, paid fourteen times per year.*

*For the purposes of the Remuneration of SICAM, all Members of the Executive Board of Directors are considered to be full-time Executive Directors, with exclusive dedication.*

*In view of the specific nature of CAIXA CENTRAL, there is no type of plan for the attribution of shares or options for the acquisition of shares to Members of the Executive Board of Directors.*

*Variable remuneration may be attributed on an annual basis to the Members of the Executive Board of Directors, which is defined by the General and Supervisory Board, according to the assessment of the overall performance of the Executive Board of Directors conducted by the Supervisory Body and pursuant to the opinion of the Remuneration Committee.*

*With a view to promoting healthy and prudent management, the aforesaid variable remuneration, the attribution of which is not guaranteed, should consider, among others, the Institution's risks and performance, where there is a close connection with the strategic pillars defined for the respective economic cycle.*

*For strict use within the scope of their functions, Members of the Executive Board of Directors are provided with a credit card, mobile phone and company car, without prejudice to their right to reimbursement of justifiable expenses incurred in the exercise of their functions.*

*"Displaced" Executive Directors will be considered to be those who reside in a location at least one hundred and fifty (150) kilometres away from their place of work, which, for the purposes of this Policy, is assumed to correspond to the city of Lisbon, where the registered office of CAIXA CENTRAL is located, this distance is measured on the basis of common routes used to travel between the two locations.*

*Unless expressly waived or of transfer of residence, on a definitive basis, to the city of Lisbon or to a location less than one hundred and fifty (150) kilometres away, measured in accordance with the terms indicated in the preceding paragraph, the Executive Directors who are found to be displaced shall be entitled, alternatively, to:*

- a) Housing allowance to cover the costs of accommodation in a place located in the Municipality of Lisbon or in a neighbouring municipality, for the purposes of carrying out the respective functions and while they last; or*
- b) Payment by Caixa Central of all or part of the rent for a property or building unit situated in the Municipality of Lisbon or neighbouring municipality, for the purposes of carrying out their respective functions and for as long as they last.*

*The maximum amount of the housing allowance or rent to be borne by Caixa Central, when applicable, will be determined by the Remuneration Committee, taking into consideration the general principles and rules contained in this Policy and market conditions.*

*In addition to the above-mentioned amounts, Members of the Executive Board of Directors do not receive any other compensation, namely regarding the exercise of functions in the governing bodies of other companies of the Crédito Agrícola Group.*

### 5.1.1 Regarding performance evaluation

- a) *The General and Supervisory Board is the body responsible for assessing the individual performance of Executive Directors, namely for the purpose of attributing the variable component of remuneration and determining its value, after obtaining the opinion of the Remuneration Committee.*
- b) *The predetermined criteria for the evaluation of individual performance on which the right to a variable component of remuneration is based as follows:*
  - i. *Evaluation of the performance of qualitative targets weighting the individual contribution made and the response capacity shown, in view of the complexity of individual assignments and the interaction established with Caixa Agrícola Mútuo and companies of the Crédito Agrícola Group.*
  - ii. *Performance of the Institution, ascertained by assessment of the accomplishment of the qualitative goals defined for the strategic pillars of implementation of the CA Group's strategy, pursuant to that defined in the Implementing Regulation of this Policy.*
- c) *The assessment of performance will also take into account the various types of current and future risks, as well as the cost of the Institution's capital and liquidity requirements;*
- d) *The definition of the total value of the variable component of remuneration will combine the assessment of individual performance and the assessment of the performance of the Board of Directors as a whole with the overall profit or loss of the Institution;*
- e) *f) The development of the criteria referred to in item b) above and the way in which they are applied and weighted will be set out in the Implementation Regulation of this Policy, to be prepared by the Remuneration Committee, which will define the relative weight of each criterion for the purposes of determining the individual performance assessment on which the right to the variable component is based for the purposes of determining the real total amount of the said component to be attributed to each Executive Director.*

### 5.1.2 Regarding the acquisition of the right to the variable component of remuneration

*Regarding the acquisition of the right to the variable component of remuneration, the following should be taken into account:*

- a) *Executive Directors shall only be considered to have an established right to the variable component and its payment when the same component is sustainable in light of the financial situation of the Institution and justified by the performance of the Institution, the Board of Directors and each Executive Director. The variable component may not determine an impact greater than 3% of the Institution's net annual profit or loss and no variable component may be attributed when the Institution shows negative profit or loss.*

- b) *The variable remuneration is subject, considering the minimum limit provided for by law, to a deferral period, defined in the Implementing Regulation, and, for the total amount of the said remuneration, to reduction and reversal mechanisms, in accordance with the provisions of this Policy and the regulations and guidelines in force;*
- c) *Without prejudice to applicable legislation, the variable component of remuneration may be changed under the terms of the following items, by application of the malus or clawback mechanisms, if the performance of the Institution declines or is negative, taking into account both current remuneration and reductions in payment of amounts for which the right to receive payment has already been established under the terms of items a) and b).*
- d) *The mechanisms of reduction (malus) and reversal (clawback) will be applied under the terms of Article 115-E(10) of the RGICSF, i.e. the former will correspond to the regime whereby the Institution may, when assessing performance, reduce all or part of the amount of variable remuneration that has been deferred and whose payment is not yet an acquired right, pursuant to items a) and b), and the latter will correspond to the regime whereby the Institution, when assessing performance, will retain the amount of variable remuneration whose payment is already an acquired right.*
- e) *The decision to apply the mechanisms of reduction (malus) or reversal (clawback) may only apply to Executive Directors in respect of whom it is shown, during the respective assessment, that they participated in or were responsible for an action which resulted in significant losses for the Institution; losses which imply non-compliance with the prudential ratios or limits to which the Institution is bound, or who failed to comply with the suitability criteria inherent in the Internal Policy for the Selection and Assessment of Members of the Management and Supervisory Bodies of CAIXA CENTRAL.*
- f) *The decision to apply these mechanisms is taken by the body responsible for assessing Executive Directors, as defined in section 5.1.1 a) above, with the opinion of the Remuneration Committee.*

### **5.1.3 As regards the ratio between the fixed and the variable component of the remuneration**

- a) *Under no circumstances may the variable component exceed the fixed component of annual remuneration.*
- b) *Without prejudice to basic principle established in the previous paragraph, in relation to the year of 2022, the variable component shall correspond, at the most, to 30% of the aforesaid fixed component.*



## 5.2. REMUNERATION OF NON-EXECUTIVE DIRECTORS

*The Management Body does not include non-executive members.*

## 6. GENERAL PROVISIONS

- a) *Since the legal nature of the Institution is that of a cooperative, it is impossible for it to award variable remuneration in shares or options, meaning that Article 115-E(3), (4) and (5) of the RGICSF are inapplicable.*
- b) *In addition to the provisions established in this Policy, namely a possible variable component of the remuneration of the Directors, no other benefits or bonuses are attributed or attributable;*
- c) *The Members of the Management Body under no circumstances shall be entitled to receive remuneration in the form of profit sharing.*
- d) *In the event of the dismissal or early termination of office of any Member of the Board of Directors or of the General and Supervisory Board, there shall be no entitlement to the payment of any other indemnity or compensation beyond that established in the applicable legal provisions, where the Remuneration Committee is responsible for establishing the maximum value of all the compensations payable to the Members as a result of the aforesaid dismissal or termination of office;*
- e) *Members of the Board of Directors of the Institution do not receive any remuneration paid by companies in a group or control relationship with the Institution.*
- f) *There are no supplementary or early retirement pension arrangements whatsoever in force, nor are discretionary pension benefits granted, in relation to the Members of the Management and Supervisory Bodies;*
- g) *There are no other relevant non-cash benefits that may be considered remuneration;*
- h) *Members of the Governing Body do not use any remuneration or liability insurance, or any other risk hedging mechanisms to mitigate the risk alignment effects inherent to their remuneration arrangements.;*
- i) *Without prejudice to the provisions of the following paragraph, no entitlement to guaranteed variable remuneration is conferred under any circumstances;*
- j) *On an exceptional basis, taking into account the Institution's long-term interests and provided that there is a sound and strong capital base at the Institution, guaranteed variable remuneration may be attributed to an Executive Director elected for his/her first term of office, aimed at compensating him/her for the termination of previous positions.*



## 7. STATUTORY AUDITOR

*The remuneration of the Statutory Auditor is established based on market practices and defined within the scope of the contract for the provision of auditing services, under the terms foreseen in the legislation and regulations specifically applicable in this matter.*

## 8. OTHER CORPORATE OR STATUTORY BODIES

*The remuneration of the other Corporate or Statutory Bodies of Caixa Central shall be determined by the General Meeting, upon proposal of the Remuneration Committee, except for the Assessment Committee, whose remuneration is set by the Executive Board of Directors, upon proposal of the Remuneration Committee.*

## 9. FINAL PROVISIONS

*This Remuneration Policy shall enter into force after its approval by the General Meeting and shall be disclosed on the Institution's website.*

## II. REMUNERATION POLICY FOR MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODIES OF THE CRÉDITO AGRÍCOLA GROUP

*This policy applies to companies that are in a controlling or group situation with CAIXA CENTRAL.*

*The remuneration of Members of the Management and Supervisory Bodies of companies of the Crédito Agrícola Group shall be subject, with the necessary adaptations, to the same principles and rules established above, insofar as they are not incompatible with their specific nature or with the rules applicable to them according to the activity they perform, with the following particularities:*

- a) *Notwithstanding the provisions of items b) and c), if the Board of Directors includes Non-Executive Members, these shall be entitled to a fixed remuneration determined by the competent corporate body.*
- b) *In the event of accumulation of corporate positions in various companies of the Crédito Agrícola Group, the principle shall apply that only one of them will be remunerated, a principle which may only be waived in exceptional cases and with adequate justification, without prejudice to the right to reimbursement of expenses justifiably incurred in the exercise of the unremunerated position, applying in particular to Members of the Executive Board of Directors of CAIXA CENTRAL the principle that other positions held in the Group are free of charge, as referred to in point 5.1 above;*

- c) *The principle referred to in the previous item shall apply whether various positions are accumulated within the Management or Supervisory Bodies, or whether these positions are accumulated with functions of a different nature, especially those carried out under employment or service provision contracts.*
- d) *As the companies of the Crédito Agrícola Group are obliged by legal or regulatory requirements to approve remuneration policies, these must be compatible with this Remuneration Policy, without prejudice to the specificities dictated by the nature of each of them and with the degree of information and detail required by the applicable legislation or regulations.*

*In addition, CAIXA CENTRAL, as the central body of the Integrated System of Crédito Agrícola Mútuo (SICAM), shall also monitor the definition and implementation of the remuneration policies of its Associated Caixas de Crédito Agrícola Mútuo, with a view to assisting them in the said definition and implementation, and shall be responsible in particular for:*

- *Disclosing applicable national and EU legal and regulatory rules.*
- *Providing support in interpreting and integrating the same rules, as well as those contained in the Remuneration Statute of SICAM.*
- *Commenting on requests for exemption from compliance with the rules of the Remuneration Statute of SICAM, under the terms laid down therein.*
- *Preparing any opinions requested in the matter of Remuneration Policies.*
- *Without prejudice to the applicable legislation and regulations and the autonomy of the Associates, preparing and making available to them Remuneration Policy models that comply with the same legislation and regulations.*
- *Ensuring that, in general, remuneration is in line with the provisions of Article 115-C and following of the RGICSF and with the objectives pursued by the same legal rules, as well as with the Remuneration Statute of SICAM.*
- *Using its legal powers of guidance and supervision of the Associates to correct any irregularities detected in the matter of Remuneration Policies.*
- *In particular, supervising compliance with the Remuneration Statute of SICAM, under the terms stipulated therein, and apply, if necessary, the penalties provided for therein.*
- *Issuing, pursuant to the terms of its Articles of Association and applicable legal and regulatory provisions and in the exercise of its guidance and supervision functions, rules, guidelines and recommendations on Remuneration Policies.*

## II. - Remuneration Committee

The General and Supervisory Board is statutorily obliged to create a Remuneration Committee, with the responsibilities and composition foreseen in the Law, namely in Article 115-C(6) and Article 115-H of the RGICSF (in accordance with Article 28(1) of the Articles of Association).

The majority of members of the Remuneration Committee shall be independent, under the terms and for the purposes of the provisions of Article 45(1) of Banco de Portugal Notice 3/2020.

The members of the Remuneration Committee, in accordance with Article 45(2) of Notice 3/2020, have, at the collective level, specific professional qualifications and experience for the exercise of their functions, namely, adequate professional qualification and experience in matters of remuneration policies and practices, as well as in the area of risk management and other internal control functions, so as to ensure that the Committee gathers adequate qualifications to ensure effective alignment between the remuneration structures of the Institution, its risk profile and capital base.

In addition to the duties in terms of remuneration setting, and the others provided for in the Law, in terms of remuneration policies, these are responsibilities of the Remuneration Committee:

- a) Prepare proposals and recommendations on the setting of remuneration of Supervisory Body members, as well as of the employees of Caixa Central with the highest total remuneration of the Institution, including decisions with implications in terms of risks and risk management of Caixa Central.
- b) Provide all necessary support and make recommendations for the purpose of approving the general remuneration policy of Caixa Central.
- c) Use, in all matters within its competence, internal consultancy services as well as external consultancy services, in an appropriate and proportional manner to the size and complexity of Caixa Central.
- d) Review the findings of any advisory services it has engaged pursuant to the preceding paragraph.
- e) Ensure that, using external consultancy services, no natural or legal person is contracted who provides or has provided services to Caixa Central, in the previous three years, in relation to matters directly under the responsibility of the Executive Board of Directors or that have contractual or corporate relations with institutions that provide consultancy services to Caixa Central, a rule that must also be respected as regards natural or legal persons who are related to the external consultant through employment or service provision contracts.

The Remuneration Committee must:

- a) Exercise their functions with scrupulous respect for the applicable legal and regulatory rules.
- b) Send information annually to the General Meeting stating how it performed its functions, information that must include at least a reasoned opinion on the adequacy of the remuneration policy and any changes to it that it deems necessary.
- c) Be present at General Meetings where the remuneration policy is on the agenda.
- d) Provide information requested by the General Meeting.

### III. Remuneration Setting

The remuneration of members of the General and Supervisory Board is determined under the terms of the Law and of Articles 20(6) and 9(4) both of the Remuneration Statute of **SICAM**, by the General Meeting, based on a proposal from the Remuneration Committee.

The determination of the fixed component of the remuneration of members of the Executive Board of Directors is the responsibility of the Remuneration Committee, pursuant to the Law and Article 9(4) of the Remuneration Statute of **SICAM**, which may be a performance bonus also paid to members of the Executive Board of Directors, attributed by the General and Supervisory Board, in accordance with the assessment of the overall performance of the Executive Board of Directors carried out by it and under the opinion of the Remuneration Committee.

### IV. Remuneration Disclosure

In compliance with the provisions of Article 47 of Notice 3/2020 of Banco de Portugal, as well as in Article 450 of Regulation (EU) 575/2013 of the European Parliament and of the Council, it is required to provide the following information, regarding the Remuneration Policy for Members of the Management and Supervisory Bodies and Employees of Caixa Central de Crédito Agrícola Mútuo, CRL, as well as the disclosure of the annual amount of remuneration earned by Members of the Executive Board of Directors, General and Supervisory Board and employees with a material impact on the institution's risk profile, in 2022:

#### 1. Remuneration Policy for Members of the Management Body and the Supervisory Body

Pursuant to the Remuneration Policy for Members of the Management and Supervisory Bodies of Caixa Central de Crédito Agrícola Mútuo, CRL:

- The variable component of the remuneration of the Members of the Executive Board of Directors is linked to the sustainable and risk-adjusted performance of the institution, as well as the performance of their duties beyond what is required;
- The variable remuneration component was paid to the Members of the Executive Board of Directors exclusively in cash;
- No portion of the variable remuneration of Members of the Executive Board of Directors was deferred.
- The remuneration of Members of the General and Supervisory Board is composed exclusively of a fixed component.

- During 2022 financial year, no hiring subsidies were paid, nor severance payments were made due to the early termination of employment.
- In 2022 financial year, no Member of the Executive Board of Directors or of the General and Supervisory Board received remuneration equal to or higher than 1 million euros, broken down into pay brackets of 500 thousand euros, for remuneration between 1 million euros and 5 million euros, and broken down into pay brackets of 1 million euros for remuneration equal or greater than 5 million euros.

2. Remuneration of members of the Management Body and the Supervisory Body

**Table 1 - Disclosure of quantitative data on the remuneration of Members of the Executive Board of Directors:**

**Members of the Executive Board of Directors in office throughout the year 2022 (three-year periods of 2019-2021 and 2022-2024):**

Executive Board of Directors	Fixed Remuneration	Remuneration in Kind	Fixed Remuneration with Remuneration in Kind	Variable Remuneration (3)	Total
Licínio Manuel Prata Pina – Chairman	€ 480,685.76	€ 21,600.00 (1)	€ 502,285.76	€ 97,420.40	€ 599,706.16
Ana Paula Raposo Ramos Freitas – Member	€ 339,907.17	€ 13,776.91 (2)	€ 353,684.08	€ 68,478.67	€ 422,162.75
Sérgio Manuel Raposo Frade – Member	€ 339,907.17	€ 20,149.27 (2)	€ 360,056.44	€ 69,637.87	€ 429,694.31

(1) Amount of remuneration in kind in respect of the use of a residential house.

(2) Amount of remuneration in kind concerning the acquisition of a vehicle

(3) Variable remuneration paid in cash.

**Members of the Executive Board of Directors who took office on 4 April 2022 (three-year period 2022-2024):**

Executive Board of Directors	Fixed Remuneration	Remuneration in Kind	Fixed Remuneration with Remuneration in Kind	Variable Remuneration	Total
Isabel da Conceição Alves – Member	€ 268,607.17	n/a	€ 268,607.17	n/a	€ 268,607.17
Luis Manuel Bravo Seabra – Member	€ 268,607.17	n/a	€ 268,607.17	n/a	€ 268,607.17

**Members of the Executive Board of Directors who ceased their duties on 3 April 2022 (2019-2021 three-year period):**

Executive Board of Directors	Fixed Remuneration	Remuneration in Kind	Fixed Remuneration with Remuneration in Kind	Variable Remuneration (2)	Total
José Fernando Maia Alexandre – Member	€ 124,759.25	€ 42,000.00 (1)	€ 166,759.25	€ 65,580.67	€ 232,339.92
Sofia Maria Simões dos Santos Machado – Member	€ 94,008.25	€ 21,240.54 (1)	€ 115,248.79	€ 66,739.87	€ 181,988.66

(1) Amount of remuneration in kind concerning the acquisition of a vehicle

(2) Variable remuneration paid in cash

**Table 2 - Disclosure of quantitative data on the remuneration of Members of the Supervisory Body:**

**Members of the General and Supervisory Board who took office on 4 April 2022 (2022-2024 three-year period):**

General and Supervisory Board (in office as of 4 April 2022)	Fixed Remuneration
Ricardo Filipe de Frias Pinheiro – Chairman	€ 98,800.00
Vítor Fernando da Conceição Gonçalves – Deputy Chairman	€ 80,765.00
Ana Cristina Louro Ribeiro Doutor Simões – Independent Member	€ 62,370.00
João Luís Correia Duque – Independent Member	€ 69,270.00
Maria Helena Maio Ferreira de Vasconcelos – Independent Member	€ 57,225.00
Licínia do Carmo de Oliveira Bugalho – Non-Independent Member	€ 51,975.00
João Alexandre Moreira Laranjeira – Non-Independent Member	€ 41,580.00
Orlando José Matos Felicíssimo – Non-Independent Member	€ 58,502.50
Armandino José Barbosa da Silva – Non-Independent Member	€ 41,580.00

**Members of the General and Supervisory Board who ceased functions on 3 April 2022 (2019-2022 three-year period):**

General and Supervisory Board (in office until 3 April 2022)	Fixed Remuneration
Vasco Manuel da Silva Pereira – Chairman	€ 29,187.21
Ricardo Filipe de Frias Pinheiro – Deputy Chairman	€ 21,000.00
Vítor Fernando da Conceição Gonçalves – Independent Member	€ 19,500.00
João Luís Correia Duque – Independent Member	€ 18,000.00
Maria Helena Maio Ferreira de Vasconcelos – Independent Member	€ 15,000.00
José Gonçalves Correia da Silva – Non-Independent Member	€ 18,800.00
Magda Cristina Batista Antunes Santolini – Non-Independent Member	€ 12,533.33

Artur Teixeira de Faria – Non-Independent Member	€ 15,666.67
João Gante Gonçalves – Non-Independent Member	€ 12,533.33

### 3. Employee Remuneration Policy

As per the Employee Remuneration Policy of Caixa Central de Crédito Agrícola Mútuo, CRL:

- The variable component of remuneration is composed of pecuniary remuneration, in the terms reproduced below.
- The variable remuneration component was paid in cash;
- The payment of the variable component of remuneration is not subject to deferral.
- During 2022 financial year, no hiring subsidies were paid, nor severance payments were made due to the early termination of employment.
- In 2022 financial year, no Employee has received remuneration of 1 million euros or more, broken down into pay brackets of 500 thousand euros, for remuneration between 1 million euros and 5 million euros broken down into pay brackets of 1 million euros for remuneration equal or greater than 5 million euros.

#### a) Fixed remuneration

Employees covered by Article 46(2) of Banco de Portugal Notice 3/2020, referred to in Article 115-C(2)(b) to (e) of the Legal Framework of Credit Institutions and Financial Companies receive a fixed remuneration, paid 14 times a year, in accordance with the conditions set out in the Collective Labour Agreement of Crédito Agrícola Institutions and in the Labour Code, which may also include a fixed monthly remuneration supplement, established contractually or following casuistic remuneration readjustment, of a permanent or temporary nature.

#### b) Variable remuneration

A non-predetermined variable remuneration may be awarded annually, which is defined on the basis of an evaluation process of a set of critical competencies for the function, the results obtained, and the risks incurred by the institution.

The performance evaluation methodology and criteria, approved by the Executive Board of Directors, are internally disclosed and applied in the same way to the institution's employees in general. The Executive Board of Directors validates the final results of the performance evaluation carried out by the direct hierarchy of employees.



For the employees in question, the variable component of remuneration, with an undetermined final value and an unsecured attribution, has a maximum limit of 15% of the total annual remuneration (excluding the increase provided for in clause 71(4) of the ICAM ACT), a percentage which corresponds to about two gross wages per employee.

The variable component can, therefore, be attributed annually, considering, among others, the results of the performance evaluation, with respect to the rules and procedures applicable to the activity, namely the internal control rules and those related to relations with customers and investors.

Variable remuneration, when attributed, is always paid in cash, based on the criteria previously defined and in accordance with the best practices at all times.

4. Remuneration of employees with a material impact on the institution's risk profile

**Table 3 - Disclosure of aggregated quantitative data as provided for in Article 450(h) of Regulation (EU) 575/2013:**

Activity	No. of Employees	Variable Remuneration (1)	Variable Remuneration (2)	Total
Top management	26	€ 3,086,772.41	€ 315,360.00	€ 3,402,132.41
Control functions	3	€ 372,344.46	€ 31,500.00	€ 403,844.46
Other functions	2	€ 252,687.17	€ 25,500.00	€ 278,187.17
Total	31	€ 3,711,804.04	€ 372,360.00	€ 4,084,164.04

(1) Includes basic fixed remuneration, meals allowance and, when applicable, remuneration supplement and exemption from working hours.

(2) Variable remuneration paid in cash.

**Table 4 - Disclosure of aggregated quantitative data as provided for in Article 450(g) of Regulation (EU) 575/2013:**

Business Area	Total Remuneration Fixed and Variable
Sales	€ 415,902.11
Control	€ 403,844.46
Support	€ 3,264,417.47
Total	€ 4,084,164.04

## E. TRANSACTIONS WITH RELATED PARTIES

The rules set forth in Articles 33 (Related Parties) and 34 (Conflicts of interest) of Notice no. 3/2020 have led to significant changes both in the Policy on Prevention, Communication and Resolution of Conflicts of Interest and Transactions with Related Parties of the Crédito Agrícola Group, hereinafter referred to as "PPCI", and in the procedures enshrined therein, particularly the reporting obligations incumbent on all persons bound to comply therewith.

Particular reference is made to the changes made to the treatment of transactions with related parties, which include the redefinition of the concept of "Related Party", so as to align it with the provisions in Notice 3/2020, the institution of the mandatory drafting of a "List of Related Parties" by each Institution subject to the Policy, updated quarterly, as well as the establishment of new reporting obligations for the Members of the Management and Supervisory Bodies of those Institutions, as the various natural and legal persons related to them should feature in that List.

With a view to implementing a more robust registration, processing and filing process both for declarations of interest and, in the case of members of the Management and Supervisory Bodies, the List of Related Parties, a technological solution called the *Portal do Órgão Social* (Corporate Body Portal) went into operation on 4 March 2022 for the submission and updating of declarations of interest and, subsequently, to obtain, from the information submitted by the members of the Management and Supervisory Bodies and in a centralised manner, the List of Related Parties for each entity of the Crédito Agrícola Group.

With the aim of disseminating the aforementioned Portal and its functionalities, clarifying possible doubts and standardising procedures, four (4) clarification sessions were held in May 2022, aimed at the Management and Supervisory Bodies of the Caixas Agrícolas and the Companies of the Crédito Agrícola Group, as well as the employees with responsibilities in the process of analysing potential conflict of interest situations and identifying related parties of the institutions.

I. Items relative to business

Information on business with related parties, in accordance with IAS 24, is available in the Notes to the Financial Statements of this Management and Accounts Report.

## **SUMMARY OF THE SELF-EVALUATION REPORTS UNDER THE TERMS OF ARTICLE 60 OF NOTICE 3/2020**

In accordance with Article 60 of Banco de Portugal Notice 3/2020, the General and Supervisory Board hereby presents the summary of the Self-Assessment Reports prepared under Articles 58 and 55 of the same Notice, respectively as the supervisory body of the Crédito Agrícola Group's parent company and as the supervisory body of Caixa Central Caixa Central de Crédito Agrícola Mútuo, CRL.

### **SELF-ASSESSMENT REPORT OF THE CRÉDITO AGRÍCOLA GROUP**

#### **Background**

The Self-Assessment Report presents the results of the assessment carried out concerning the adequacy and effectiveness of its internal control system to ensure compliance with the requirements defined in Article 51 of Notice 3/2020, as well as in relation to the consistency of the internal control systems of the subsidiaries and the parent company's internal control system, as AT 30 November 2022.

The Self-Assessment Report consists of the detailed Assessment documents of Caixa Central's supervisory body (General and Supervisory Board), the overall Assessment of Caixa Central's management body (Executive Board of Directors), the Assessment of Caixa Central's supervisory body on the consistency between the internal control systems of CCCAM and CCAM and Caixa Central's opinion on the individual self-assessments of the CCAMs.

The Self-Assessment Report is accompanied by annexes with (i) the identification of the flaws with F3 - high and F4 - severe classification, and the information on the flaws with F1 - reduced and F2 - moderate classification, as at 30 November 2022, and the respective measures and deadlines for their resolution, (ii) the description of the criteria for classifying the flaws, (iii) the statement of the General and Supervisory Board and the Executive Board of Directors on the adequacy of the classifications assigned to the flaws with F3 - high and F4 - severe classifications.

In addition, the annexes also include (i) the multi-year action plan of the Internal Audit function and (ii) the description of the internal organisation of the CA Group and the main changes that have occurred since 30 November 2021 and (iii) the individual reports of Caixa Central and the 71 CCAMs that are members of SICAM.

#### **Assessment of the General and Supervisory Board**

The General and Supervisory Board assessed the adequacy and effectiveness of the CA Group's internal control system, considering the impacts of the open flaws, concluding that it was adequate and not having identified other impacts arising from those flaws.

The General and Supervisory Board believes it should point out that the knowledge and bases for assessing the organisational culture and the governance and internal control systems of the Associated Caixas derive from the information resulting from the activity and supervision exercised by Caixa Central under the terms of its status, taking into account the autonomy that is legally conferred on the CCAMs.

The progress of the implementation of the measures defined to correct the detected flaws was periodically monitored, including the flaws in the internal financial control system and accounting system reported by the statutory auditor, or identified by other institutions outside the CA Group, including supervisory authorities. Positive developments have taken place towards their resolution, in addition to an improvement in their monitoring process, namely through the action of the Internal Control Committee, advised by the Internal Control Office, the provision of guidelines to the services of the Associated Caixas and the support given by the Monitoring and Supervision Department in facilitating their resolution.

The General and Supervisory Board, upon monitoring the work performed by the internal control functions of Caixa Central (of which, as of 2022, the monitoring and supervision function of the Associated Caixas is now also included), as the parent company, through an appraisal of the documentation produced, regular meetings with its officers and knowledge of existing standards, policies and processes, is of the opinion that the internal control functions have sufficient status and authority to perform their duties objectively and independently.

The General and Supervisory Board considers that the processes of preparation of the prudential and financial reports and the processes of preparation of information to be disclosed to the public are globally reliable, and considers adequate the compliance with the duties of public disclosure performed by the CA Group, which result from applicable legislation and regulations, and which respect the matters set out in Notice 3/2020, including financial and prudential information.

The General and Supervisory Board is aware of the limitations underlying any internal control system that can only provide a reasonable degree of comfort to management and supervision regarding the achievement of the objectives defined under Notice 3/2020. Also given the dynamic nature of any internal control system, the assessment made in the reporting period cannot be used for future projections on the adequacy and effectiveness of the internal control system.

### Assessment of the Executive Board of Directors

The Executive Board of Directors assessed the organisational culture of the CA Group and its governance and internal control systems, concluding that, in general, they are adequate and effective, without prejudice to the constraints that still exist, due to the internal control flaws still open, as documented in the annex to the Self-Assessment Report, of which it is an integral part.

The Executive Board of Directors considers that policies and procedures were approved, for the monitoring process of the organisational culture and the governance and internal control systems by the Associated Caixas, and that there is an adequate knowledge of the types of risks to which the CA Group is or may be exposed and of the processes used to identify, evaluate, monitor and control those risks.

The implementation and maintenance of information and communication processes adapted to the activity and risks of the CA Group is generically assured, and periodic reports on the adequacy and effectiveness of the internal control system are prepared, in order to communicate the detection and correction of flaws.

Most of the CCAMs with weaker internal control systems have been integrated in merger processes or have undergone changes in their governing bodies with a view to strengthening their suitability and effectiveness.

The control environment relating to the conduct of the different activities undertaken has been benefiting, in a very relevant way, from the set of initiatives in the organisational, technological, procedural and risk management fields that have been developed and that the reports on the internal control system in recent years have shown. The investments that have been made (and those underway) in the implementation of suitable tools for better identification and control of risk situations in the different areas reveal the priority and importance that topics related to internal control have merited.

The performance, under a common services regime, of the internal audit function and the risk management function, as permitted by Article 50 of Notice 3/2020, has helped to overcome some residual situations where the full independence of these functions was not guaranteed and to provide an internal control environment governed by homogeneous criteria and more consistent practices.

The Executive Board of Directors has analysed the External Auditor's reports, including those arising from the audits carried out on the CCAMs as part of the process of assessing compliance with legal and regulatory standards and those issued within the scope of financial reporting, and has taken into account the recommendations and determinations of the supervisory authorities.

### **Assessment by the General and Supervisory Board as to the consistency of the internal control systems of CCCAM and the CCAMs**

The General and Supervisory Board is not aware of any information indicating that there are any relevant inconsistencies between the internal control systems of the subsidiaries and the parent company.

As far as it is presented to the General and Supervisory Board, the Executive Board of Directors promotes consistency between the internal control systems of its subsidiaries and that of the parent company.

The internal control functions are ensured through a partially centralised model, leveraged on Caixa Central's internal control structures, with the implementation, in January 2022, of common services within the sphere of the internal audit function and the risk management function, framed by article 50 of Notice 3/2020, which have contributed to strengthening the consistency of the CA Group's internal control system.

From 25 February 2022 onwards, Banco de Portugal stipulated that the activity of the Monitoring and Supervision Department would fall within the second line of defence of Caixa Central, alongside the risk management and compliance functions, given the relevant responsibilities it has in terms of monitoring and supervising the SICAM members, thereby strengthening its role in the supervision of the entities that comprise it.

## Opinion of the Executive Board of Directors on individual self-assessments of the supervisory bodies of the CCAMs

The Executive Board of Directors issued its opinion taking into account the Individual Self-assessments of the supervisory bodies, and also the conclusions of the Statutory Auditors' reports on compliance with the legal and regulatory standards, in addition to the results of the monitoring and control actions performed by Caixa Central's control functions. It also took into account complaints about the CCAMs that reach Caixa Central, following which investigation processes are triggered.

The Executive Board of Directors of Caixa Central, although not evidenced by the assessments of the CCAMs, is aware of concrete situations that show that the organisational culture, as well as the governance and internal control systems, need to be strengthened. In such cases, Caixa Central promotes the adoption of measures it deems appropriate.

The performance, under a common services regime, of the internal audit function and the risk management function, as permitted by Article 50 of Notice 3/2020, has helped to overcome some residual situations where the full independence of these functions was not guaranteed and to provide an internal control environment governed by homogeneous criteria and more consistent practices.

Caixa Central, as the CA Group's parent company for the purposes of the provisions of Notice 3/2020, has approved/revised binding policies, defined procedures and disclosed guidelines aimed at ensuring compliance with the requirements of Banco de Portugal Notice 3/2020.

An independent assessment of the conduct and values of SICAM was carried out with the support of KPMG. This process was centralised in Caixa Central and, in addition to complying with Article 3(2) and 3(3) of Notice 3/2020, it will provide knowledge of the conduct and values of the SICAM institutions and enable further reflection or implementation of the corrective measures deemed appropriate, depending on its conclusions.

The strengthening of control and monitoring of the matters set out in Banco de Portugal Notice 3/2020 is planned, by the internal control functions, with a view to mitigating any existing weaknesses, and the implementation of a Training Plan for CA Group employees that aims to meet the needs identified in each area of activity, in addition to periodic training.

## SELF-ASSESSMENT REPORT OF CAIXA CENTRAL – CAIXA CENTRAL DE CRÉDITO AGRÍCOLA MÚTUO, CRL

### Background

The Self-Assessment Report presents the results of the assessment, made by Caixa Central, on the adequacy and efficacy of the organisational culture in force and its governance and internal control systems, including the remuneration practices and policies and all other matters addressed in Notice 3/2020, as at 30 November 2022.

The Self-Assessment Report consists of the assessment documents of the General and Supervisory Board, the Executive Board of Directors and the reports of the persons responsible for the internal control functions - risk management, compliance, internal audit and, since 2022, by determination of Banco de Portugal, the monitoring and supervision function.

The Self-Assessment Reports have annexes presenting (i) the identification of flaws classified as F3 – high level and F4 – severe, and information on flaws classified as F1 – low level and F2 – moderate, as at 30 November 2022, and the respective measures and deadlines for their elimination; (ii) the description of the criteria for classification of flaws; (iii) the report issued by the person responsible for the internal audit function with a validation of the classification assigned to flaws; and (iv) the statements of the General and Supervisory Board and Executive Board of Directors on the adequacy of the classifications assigned to flaws classified as F3 – high level and F4 – severe.

Furthermore, the annexes also include (i) the multi-year action plan for Internal Audit; and (ii) the description of the internal organisation of Caixa Central and the main changes occurred since 30 November 2021.

### Assessment of the General and Supervisory Board

The General and Supervisory Board assessed the organisational culture and the governance and internal control systems of Caixa Central, considering the impacts of the open flaws, concluding that they prove to be appropriate and effective from an overall perspective.

There was regular monitoring of the evolution of the implementation of the measures defined to correct the detected flaws, including the flaws of the internal financial control system and the accounting system reported by the statutory auditor, or identified by other institutions outside Caixa Central, including the supervisory authorities. There has been a positive evolution in the resolution of these issues and an improvement in the monitoring process, namely the articulation of the Internal Control Office with the internal control functions and with the other structures of the institution in order to speed up the resolution of these issues. A large number of flaws, some of which are long-standing, remain open. Thus, it is still necessary to continue to speed up the implementation of the technological solutions underway and the guidance and monitoring provided by the Internal Control Office to the Central Services and Associated Caixas, with the support of the Monitoring and Supervision Department for the latter.

The monitoring of the work developed by the internal control functions, the appraisal of the documentation produced, the regular meetings with their managers, and the knowledge of the existing rules, policies and processes led to the conclusion that the internal control functions have sufficient status and authority to perform their duties in an objective and independent manner.

The processes for preparing prudential and financial reports and the processes for preparing information to be disclosed to the public are considered to be generally reliable. Compliance with the duties of public disclosure performed by Caixa Central, which result from applicable legislation and regulations, and which relate to the matters set out in Notice 3/2020, including financial and prudential information, is also considered adequate.

### Assessment of the Executive Board of Directors

The Executive Board of Directors assessed the organisational culture of Caixa Central and its governance and internal control systems, remuneration practices and policies and other matters dealt with in Notice 3/2020, concluding, in general, that they are adequate and effective, without prejudice to the constraints that remain, due to the internal control flaws still open, documented in the annex to the Self-Assessment Report and which forms an integral part thereof.



The Executive Board of Directors is aware of the flaws detected in the reference period or carried forward from previous periods that maintain corrective measures in the implementation phase, through reports with the conclusions of the control actions carried out by the internal control functions as well as the reports of the supervisor's inspections and the conclusions of the reports prepared by the Statutory Auditor of Caixa Central and the Crédito Agrícola Group in the context of the statutory audit of Caixa Central's accounts and consolidated accounts and the half-yearly impairment analysis.

The Executive Board of Directors of Caixa Central has been assessing the progress of implementation of the actions aimed at resolving the flaws reported in previous reports and those that have been identified in the meantime, namely through periodic reports produced by the Audit Department and the Internal Control Office. The Executive Board of Directors considers that, overall, the positive evolution of the stock of internal control flaws deserves to be highlighted.

Caixa Central's Executive Board of Directors intervened repeatedly, during 2022, in order to strengthen the organisation's internal control culture and promote the timely fulfilment of the action plans required to address the flaws identified and thus strengthen the internal control system. The Internal Control Office has also played an active role in the process of solving flaws.

The control environment relating to the conduct of the different activities undertaken has been benefiting, in a very relevant way, from the set of initiatives in the organisational, technological, procedural and risk management fields that have been developed. The investments that have been made, and are underway, in the implementation of suitable tools for better identification and control of the risk situation in the different areas reveal the priority and importance that topics related to internal control have merited.

Also of note is the establishment of common services for the development of the responsibilities attributed to the risk management and internal audit functions for all the Associated Caixas of SICAM, which took place at the beginning of this year.

### **Reports of the managers in charge of the internal control functions**

The risk management, compliance, monitoring and supervision, and internal audit functions consider that they carry out their activities in an independent and autonomous form, and do not detect the existence of situations or constraints that currently compromise them or could compromise them in the future, with regard to the results of the assessments carried out and are therefore not conditioned or limited.

Notwithstanding the above, any situations or constraints that currently compromise, or could in the future compromise, the independence of these Functions should be reported immediately to the Executive Board of Directors and to the General and Supervisory Board, which will analyse them, documenting their conclusions and the measures determined to overcome them in a report.

Approved at the 3rd meeting of the General and Supervisory Board on 20 March 2023

## **ACTIVITY REPORT OF THE GENERAL AND SUPERVISORY BOARD**

Pursuant to its mandate and in compliance with the provisions of Article 441(1)(q) of the Commercial Companies Code and the Articles of Association of Caixa Central - Caixa Central de Crédito Agrícola Mútuo, CRL (Caixa Central), which commenced on 4 April 2022, the General and Supervisory Board (GSB) hereby submits to the General Meeting the Annual Report on its activity for the year ended 31 December 2022.

### **COMPOSITION AND COMPETENCES**

The composition and powers of the General and Supervisory Board (GSB) are detailed in the Report on Corporate Governance Structure and Practices of Caixa Central - Caixa Central de Crédito Agrícola Mútuo, CRL which, in accordance with the provisions of Article 70(2)(a)(b) of the Commercial Companies Code, is an integral part of Caixa Central's Management Report.

The GSB comprises the following specialised committees provided for in the Law (hereinafter referred to as Committees): the Financial Matters Committee, the Remuneration Committee and the Risk Committee. The Board also decided to create the Commission for Supervisory Matters. The composition of this/these specialised commission and committees and a description of their attributions and competences are also presented in the Report on Corporate Governance Structure and Practices of Caixa Central referred to above.

The GSB monitored the activity of its specialised committees, through the articulation of their work by its Chairman and also through the disclosure of the respective agendas at the GSB meetings and the reporting, by the respective chairmen and members, of the themes addressed and the main conclusions arising from the assessment and discussion carried out.

### **ORGANISATION AND OPERATION**

In the exercise of its powers and duties, the General and Supervisory Board operates in Plenary and in Commissions and Committees, taking its decisions in Plenary, except with respect to matters of specific competence of its Commission or Committees or others the competence of which has been delegated to them.

The General and Supervisory Board ordinarily holds plenary meetings once a month and, extraordinarily, whenever called by its Chairman on his own initiative or at the request of at least two of its members of the Executive Board of Directors.

Under its legal and statutory powers, the Chairman of the General and Supervisory Board is responsible for the organisation and coordination of the activities, as well as the representation of that governing body, and should also strive to ensure the correct enforcement of its decisions. The Chairman of the General and Supervisory Board is a connecting element between the activity of the General and Supervisory Board and that of the Executive Board of Directors.

The operating rules of the GSB and of each of its Committees are defined in their respective internal regulations.

## PLENARY ACTIVITY

During 2022, the GSB plenary held seventeen meetings, with the participation of all its members in office, in person or by videoconference, and the respective minutes were prepared. Among the activities developed by the General and Supervisory Board, special reference is made to the following:

### Monitoring and supervision of the activity of the Executive Board of Directors

The GSB monitored and supervised the activity of the institution's Governing Body by: (i) the analysis of the minutes of its meetings and the request of any clarifications deemed relevant, (ii) the regular attendance of the Chairman of the Executive Board of Directors at GSB meetings to provide information and clarifications, (iii) the attendance of GSB members at BOD meetings as observers, (iv) access to documentation produced by BOD and the various structural units of the institution (v) access to accounting and financial information and information on the results of the institution's activity, (vi) regular meetings with those responsible for the internal control functions, namely through the specialised committees, (vii) meetings with the heads of the structural units, whenever requested, (viii) meetings with one or more BOD members, whenever deemed necessary, to analyse and debate specific issues.

The General and Supervisory Board also used the result of the work developed by its specialised commission and committees to support the process of analysis, appraisal and issue of opinions on matters of its competence.

The GSB monitored the correspondence exchanged between the Executive Board of Directors and the supervisory bodies.

After the closing of the financial year of 2021, and with a view to the opinion to be submitted to the General Meeting of 28 May 2022, the General and Supervisory Board appraised the Management Report and Accounts of 2021 of Caixa Central and of the Crédito Agrícola Group in consolidated terms, also taking into consideration the Legal Certification of Accounts and the Additional Report to the Authority drafted by PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda (SROC), as well as the opinion drafted by the Financial Affairs Committee. It also appraised and issued an opinion on Caixa Central's proposed appropriation of 2021 results, issuing the "GSB Activity Report for 2021" and took note of the "Activity Report of the Financial Matters Committee for 2021", with both reports having been incorporated in Caixa Central's "Management Report and Accounts for 2021".

During the year 2022, along with the GSB, it monitored the "Resolution Plan" and the minimum requirements of own funds and eligible liabilities ("MREL") to be met by Caixa Central. It also considered the "Governance Model for Resolvability Management".

Credit management monitoring was performed, including the evolution of the loan portfolio in recovery, the appraisal of the strategic plan for the management of non-performing loans, the monitoring of the evolution of NPL ratios at Caixa Central and SICAM and the follow-up of the strategic and operational plan for divestment in real estate 2022-2024.

At the end of 2022, the GSB proceeded with the appraisal of the proposed "Activity Plan and Budget of the Crédito Agrícola Group for 2023". The strategic guidelines of the plan, the definition of the pillars of action and the Group's strategic indicators for 2023, were analysed and discussed with the BOD, in a specific meeting with the GSB members, prior to the presentation of the "Activity Plan and Budget for 2023" proposal. Under the statutory terms, the GSB issued its opinion thereon, which it presented to the General Meeting held on 17 December 2022.

### Monitoring and supervising the process of preparation and disclosure of financial information

In 2022, the General and Supervisory Board maintained its regular monitoring of the evolution of the financial situation of Caixa Central, SICAM and the Crédito Agrícola Group (CA Group), through the activity of the Commission for Financial Matters and the appraisal of the management information produced by Caixa Central's different areas, in particular:

- Financial statements, financial indicators and quarterly results of Caixa Central, SICAM and the CA Group;
- Budget implementation reports;
- Resolution Plan of the Crédito Agrícola Group - Minimum Requirement for Own Funds and Eligible Liabilities (MREL);
- Evolution of the portfolio of securities under management of the Financial and Treasury Department;
- Evolution of credit exposure and impairments, at individual and collective level, including the review of risk parameters;
- Leverage Ratio of Caixa Central;
- Management Reports on Real Estate Properties classified as non-current assets held for sale and real estate divestment goals of the CA Group for 2022;
- Evolution of Non-Productive Loans, FINREP;
- Recovery Plan of the CA Group for the 2022 cycle;

### Monitoring of the activity of the Statutory Auditor

The process of selecting and appointing the Statutory Auditor for the 2022-2024 three-year period took place in 2022, initiated by the Executive Board of Directors in conjunction with the Financial Affairs Committee, culminating in the Caixa Central's General Meeting's appointment of PricewaterhouseCoopers & Associados, SROC, Lda.

The GSB monitored, with the support of the Commission for Financial Matters, the work performed by the Statutory Audit Firm (SROC) within the scope of the legal review of the annual accounts, the half-yearly reports on the process of quantification of the impairment of the loan portfolio, and the limited assurance work on the assessment of the compliance of the Caixas Agrícola with legal and regulatory standards, in compliance with Article 37 of RJCAM.

Within the scope of its activity, the Commission for Financial Matters verified the appropriateness of the provision of additional services by the Statutory Audit Firm, considering that these would not fall within the list of prohibited services, would not constitute a threat to the independence and objectivity of the Statutory Audit Firm, within the context of the statutory audit work, and that the amounts of the fees proposed did not exceed the limit of fees for non-audit services as provided by law.

### Monitoring and supervision of the Internal Control System

In January 2022, the common services were implemented within the internal audit function and the risk management function, framed in Article 50 of Notice no. 3/2020, and in February 2022, Banco de Portugal informed Caixa Central that the Monitoring and Supervision Department now fell under the second line of defence of Caixa Central. In July 2022, the Model Validation Office was created, as a result of its autonomy from the Global Risk Department.

The GSB ensured, during the year 2022, the performance of the assessment of the adequacy and effectiveness of the organisational culture in force in the institution and its governance and internal control systems, in accordance with that defined in Notice no. 3/2020, for Caixa Central and CA Group, having prepared the respective reports with a reference date of 30 November 2022, including the statements on the classification of deficiencies and the consistency between the subsidiaries' internal control systems. The “Review of the internal control system underlying the process of preparation and disclosure of financial information (financial reporting) at Caixa Central”, prepared by the Statutory Audit Firm (SROC), and the self-assessment reports prepared by each of the Internal Control Functions, in addition to the self-assessment report prepared by the Executive Board of Directors, contributed to the preparation of these reports.

The GSB also monitored the preparation of the “Report on the Prevention of Money Laundering and Terrorist Financing”, for the year 2021, for Caixa Central and CA Group, on which it issued its opinion.

Within the scope of the monitoring performed of the internal control system and internal control functions, including the monitoring and supervision function of SICAM, the GSB analysed the activity plans of the auditing, risk management, compliance and monitoring and supervision functions, including those related to common services, having issued the opinions it is legally or regulatory responsible for. It subsequently monitored its implementation through the respective reports on the execution of the activity plan. It ensured the monitoring of the progress of the resolution of internal control deficiencies and the Banco de Portugal's action plans, identified by the supervisors, external auditor and/or internal control functions and the communication maintained between the Internal Control Office and the supervisor. It also monitored the work of the Internal Control Office and the Internal Control Committee.

The GSB appraised the reports prepared by the compliance and risk management functions on the assessment of the remuneration policy for members of the management and supervisory bodies and the remuneration policy for Caixa Central employees, in force in 2021, which contributed to the preparation of the “Remuneration Policy Implementation Assessment Report for 2021”, prepared by the Remuneration Committee, and submitted to Caixa Central's General Meeting.

With regard to the compliance function, the GSB considered the reports on PBCFT activities for the year 2021, including the remediation of PBCFT deficiencies and appraised the results of the assessment exercise on the effectiveness of the compliance function in CCAMs for the year 2021.

The GSB monitored the “Independent Evaluation Programme of the Conduct and Values of SICAM”, assured by an external entity, under the coordination of the compliance function.

The Compliance Department promoted the development of a set of supports aimed at contributing to the strengthening and alignment of the compliance function in CCAMs, namely the preparation of the “Internal Manual for the Follow-up, Monitoring and Evaluation of the Activity of Compliance Monitors” and the “Methodology for assessing the effectiveness of the compliance function relative to the year 2021”, in addition to a communication plan on relevant topics, aimed at compliance monitors.

The GSB analysed and made diligent checks on the reports of serious irregularities and monitored their processing, having appreciated the “Report on Reporting of Irregularities” of Caixa Central, with reference to 30 November 2021.

The GSB issued an opinion on related party transactions submitted to it.

With regard to the internal audit function, in addition to the activities ensured within the scope of the Commission for Financial Matters, the GSB reviewed the reports drawn up as a result of internal audit actions.

The GSB issued its opinion on the “Audit Charter” and the “Code of Ethics of the Internal Audit Function” and the “Policy of the Internal Audit Function”, which are binding documents for SICAM.

With regard to the risk management function, in addition to the activities ensured within the scope of the Risk Committee, the GSB reviewed the plan of activities defined for 2022 under the “Risk Strategy for 2022-2024” and the “Annual Report on Risk Management for December 2021”. It monitored the performance of the risk profile defined for Caixa Central and CA Group, under the risk appetite framework, and its revision.

The GSB considered the revision of the “Risk Management Function Regulation”, in the context of common services.

The GSB reviewed the “Reports on Credit Risk” of Caixa Central and the CA Group, referring to 2021. It monitored the initiatives developed within the scope of interest rate risk management of the banking portfolio, including the review of the methodology and the initiatives developed to resolve internal control deficiencies.

The quarterly reports prepared by the risk management function on impairment were also analysed, the adjustments to the individual and collective impairment model were monitored, and the measures for resolving internal control deficiencies were followed up. The GSB reviewed the half-yearly reports on the loan portfolio impairment quantification process prepared by the Statutory Audit Firm (SROC).

The GSB monitored liquidity and funding risk by assessing the “CA Group Funding and Capital Plan for 2022-24”, the reports for the ICAAP and ILAAP exercises for 2021, including the analysis of the methodology and magnitudes and the assessment by the internal author on the process, and also the solvency report for Caixa Central and the CA Group.

With regard to the monitoring and supervision function, in addition to the activities ensured within the scope of the Supervisory Affairs Committee, the GSB monitored the supervision activity of the CCAMs ensured by the DAS, in accordance with the application of the CCAM Supervision Model, the result of enquiries and inspections carried out within the scope of complaints about CCAMs belonging to SICAM, the “Viability and Sustainability Plans”, the situation of the CCAMs intervened or with a financial assistance contract, and the definition and execution of the restructuring and strengthening plan of the DAS.

In addition to the assessment of other regulations, the GSB assessed and issued its opinion on the following binding regulations:

- Pension Fund Risk Management Policy - CA Group;
- CA Group and CCCAM Investment Policy Review - Sovereign Debt Securities - Limits and Concentration;
- Updating of the Information Security Binding Regulations of the CA Group;
- Review of the credit monitoring regulations;
- Binding regulation on Product and Service Management;
- Review of the CA Group Subcontracting Policy;
- Review of the Global Risk Management Policy;
- Review of the Credit Risk Management Policy;
- Updating of the Credit Recovery Regulations;
- Binding Regulation for Competences of Pricing of Operations with Customers;
- Revision of the regulations on the management of business continuity in the CA Group;
- Revision of the Regulation on Mandatory Reporting to External Bodies;
- Regulation of the compliance function;
- PBCFT Policy Review;
- Internal Manual on PBCFT and Compliance with International Sanctions;
- Review of the Policy of Compliance Risk Management of SICAM;
- Reporting Standard for Caixas Agrícolas.

### Monitoring of SICAM

The GSB resolved to set up the Commission for Supervisory Matters, to ensure the monitoring of the supervisory activities ensured by Caixa Central with the Associated Caixas, with the participation of the head of the Monitoring and Supervision Department and, whenever necessary, the head of the Transformation and Development Office.

The General and Supervisory Board appraised and issued an opinion on matters related to the Associated Caixas or to their supervision, pursuant to the legal, regulatory or statutory requirements, proposed by the Executive Board of Directors, in particular:

- Issue of an opinion on the Management and Supervisory Bodies of the Associated Caixas pursuant to Article 10 of the RJCAM;
- Issue of an opinion on proposals for intervention or extension of intervention in CCAMs under Article 77-A of RJCAM;
- Issue an opinion on the assessment of the suitability of the members of the provisional corporate bodies, appointed for the intervened CCAMs;



- Acknowledgement of the proposals for the termination of Caixa Central's intervention, pursuant to the provisions of Article 77 of RJCAM;
- Consideration of proposals for mergers of CCAMs by incorporation.

In compliance with the provisions in Article 6(1) of the Remuneration Statute, the BOD sent the GSB three requests for exemption from compliance with that Statute, for the purpose of obtaining a non-binding opinion from the General and Supervisory Board.

### Other issues

The GSB approved the “Rules of Procedure of the Supervisory Affairs Committee” and approved the revision of the “Rules of Procedure of the Remuneration Committee”.

The GSB drew up its “Activity Plan for 2022” and took note of the activity plans for 2022 drawn up by its specialised committees.

The GSB reviewed the “Remuneration Policy for Caixa Central's MOAFs” for 2022, approved at Caixa Central's General Meeting, and the respective “Remuneration Policy Implementation Regulations”, both proposed by the Remuneration Committee. It also analysed the “Annual information on the exercise of the Remuneration Committee's functions”, presented to the Caixa Central General Meeting.

It was also the CSG's responsibility, within the scope of its competences, to evaluate the performance of the BOD members and approve the consequent values of the variable remuneration awarded. It also accompanied the process of performance evaluation of the internal control functions.

The GSB reviewed the criteria for identifying, and the resulting list, of employees with a material impact on the institution's risk profile.

### COMISSION FOR FINANCIAL MATTERS

In compliance with Article 21 of the Articles of Association of Caixa Central, Caixa Central de Crédito Agrícola Mútuo, CRL, the Commission for Financial Matters presents its Activity Report autonomously to the General Meeting.

### RISK COMMITTEE

The Risk Committee held twenty-two meetings throughout 2022, having involved the participation of the head of the Global Risk Management Function and, whenever considered relevant, with the heads of the other Internal Control Functions or of specific risk management.

The Committee selected, for 2022, a set of risks considered relevant, whose monitoring it has included in its plan of activities and asked those responsible for their management to make a presentation on the current situation of the management of that specific risk, the main challenges and the improvement plans underway. In the course of these presentations, there were clarification requests and discussions that contributed to a better understanding and framework. The risks analysed in detail throughout 2022 were: Reputation Risk, Internal Governance Risk,



Pension Fund Risk, Model Risk, Interest Rate and Credit Spread Risk, Property Risk, Information and Communication Technology Risk, Credit Risk, Operational Risk, and Concentration Risk.

The Committee assessed and issued its opinion on the “Risk strategy of the Crédito Agrícola Group”, and monitored the evolution of the results of the “Risk Appetite Framework”, of the Crédito Agrícola Group and Caixa Central, whose end-of-year review was discussed with the member of the Executive Board of Directors responsible for risk, with whom the Committee set up a regular meeting, to share the main concerns of the Committee members, on matters of risk.

The Committee particularly monitored issues related to credit risk, impairment and the interest rate risk of the banking portfolio, through regular analysis of documentation provided by the respective areas, the External Auditor and the Model Validation Office, as well as holding occasional meetings with the heads of the areas with specific powers in the management of the risks involved.

The Committee also monitored solvency, liquidity and Capital adequacy issues, by analysing and discussing solvency reports, the ICAAP, the ILAAP and other documentation made available within this scope and issued its opinion whenever applicable.

The regular monitoring of the Financial Department's activity was also ensured, namely within the scope of the management of the financial asset portfolio and the appraisal and discussion of the “Strategic Guidelines for the Management of the Financial Asset Portfolio in 2022”.

Over the course of 2022, the Committee monitored the activity of the internal control functions, and the developments and revisions to the regulatory framework, having issued its appraisal on all policy documents within the scope of risk management and other documents for which the GSB has requested its appraisal.

The Committee issued its “Annual Activity Report of the Risk Committee” for 2021 and prepared its “Activity Plan for 2022”.

## REMUNERATION COMMITTEE

The Remuneration Committee held twelve meetings throughout 2022, with the head of the of Human Resources Central Department (DCRH) present at most of its meetings. Additional working meetings were held, with the head of DCRH, the Mercer team and the heads of the Audit Department to prepare issues that were then addressed by the Committee for consideration and deliberation.

The Committee, as part of its duties, assessed the implementation of the “Caixa Central Remuneration Policy for 2021”, for which purpose the assessment reports prepared by the compliance and risk management functions on the matter were assessed and taken into consideration. The “Report assessing the implementation of the Remuneration Policy” was presented at Caixa Central's General Meeting, together with the “Annual information on its activity during the year 2021”.

In conjunction with DCRH, the Committee drew up the “Remuneration Policy for the Management and Supervisory Bodies of Caixa Central for 2022”, which was approved at Caixa Central's General Meeting, having subsequently drawn up and approved the respective “Regulations on the implementation of the BOD's Remuneration Policy for 2022”, including the assessment criteria and respective objectives for 2022 and the 2022-2024 term of office.

The Committee drew up a proposal to set the remuneration of the Members of the Board of the General Meeting, the General and Supervisory Board and the Superior Council of Caixa Central for the three-year period 2022-2024, which it submitted to the General Meeting for approval.

The Committee resolved to approve the update of the fixed remuneration of the BOD members for the 2022-24 term of office.

The Committee contributed to the evaluation of the BOD members, as well as to the proposal for the award of performance bonus, relative to 2021, which were approved by the GSB.

The Committee monitored the performance assessment process of the holders of internal control functions and analysed and discussed the proposed performance assessment of Caixa Central structures with control functions, for the year 2021.

The Committee appraised the proposed revision of the “List of Employees with Material Impact on the Risk Profile of Caixa Central”, including the criteria defined for their identification.

The Committee considered and gave its non-binding opinion to the requests for waiver of compliance with the Remuneration Statute rule, which were referred to it.

The Committee followed the work on the revision of the “SICAM Remuneration Statute”.

The Committee revised its rules of procedure, drew up its “Activity Report for 2021” and approved its “Activity Plan for 2022”.

## COMMISSION FOR SUPERVISORY MATTERS

The Commission for Supervisory Matters held five meetings throughout 2022, with the head of the Monitoring and Supervision Department (DAS) attending all its meetings and the head of the Transformation and Development Office attending occasionally.

The Commission followed the monitoring and supervision of SICAM by the DAS and the progress made in the implementation of its activities plan, including activities carried out in collaboration with other Caixa Central structures.

The Commission appreciated the regular inspection reports made to CCAM and the fact-finding reports prepared by internal or external entities, concerning complaints, irregularities or failures in compliance with the Code of Ethics and Conduct.

The Commission also assessed the Reports prepared by the Transformation and Development Office, regarding the assisted CCAMs and the CCAMs with Financial Assistance Contract.

The Commission drew up its rules of procedure, which were approved by the GSB.

### FINAL NOTE

A final note of gratitude to the Chairman of the Executive Board of Directors and to all the other members of this board, as well as the managers of the different structures of Caixa Central and in particular to those in charge of the internal control functions, for all the collaboration provided that greatly contributed to the General and Supervisory Board being able to fully accomplish its mission.

Approved at the 2nd Meeting of the General and Supervisory Board held on 24 February 2023

## ACTIVITY REPORT OF THE COMMISSION FOR FINANCIAL MATTERS

The Commission for Financial Matters (Commission) of Caixa Central de Crédito Agrícola Mútuo, CRL (Caixa Central), formed within the scope of the General Supervisory Board (GSB), hereby presents the Annual Report on its supervisory action, drawn up in compliance with the provisions of Article 444(2) of the Commercial Companies Code and Article 20(d) of the Caixa Central's Articles of Association.

### COMPOSITION AND COMPETENCES

The Commission for Financial Matters is composed of three members, with a majority of independent members, where its Chairman is independent and qualified for the matters of the competence of this Commission.

The competences of the Commission for Financial Matters, pursuant to its Internal Regulation, are as follows:

- a) Supervise the definition of the accounting policies and verify whether those policies and the valuation criteria adopted by the institution lead to a correct evaluation of the assets and the profit or loss.
- b) Verify, when deemed convenient and in the manner deemed appropriate, the regularity of the books, accounting records and documents that support them, as well as the status of any assets or values owned by the institution in any capacity.
- c) Supervise the process of preparing and disclosing financial information and submitting recommendations to ensure their integrity;
- d) Issue an opinion on the management reports and financial statements of the Caixa Central and the Consolidated Crédito Agrícola Group (CA Group);
- e) Supervise the auditing of the accounts and financial statements.
- f) Promote appropriate articulation between the internal audit work and the statutory audit work;
- g) Inform the Executive Board of Directors and the General and Supervisory Board of the results of the statutory audit and how the statutory audit contributes to the integrity of financial reporting and the role that the Commission played in that process;
- h) Propose to the General Meeting the appointment of the Statutory Auditor (ROC/SROC).
- i) Define the criteria and coordinate the process of selection of the Statutory Auditor;
- j) Supervise the independence of the Statutory Auditor.
- k) Approve the provision of audit and non-audit services by the Statutory Auditor or any other institution of the Group and/or the Statutory Auditor's network;

- l) Review the scope and frequency of audits and statutory audits of the individual and consolidated financial statements;
- m) Issue a reasoned opinion, under the terms of the applicable legislation, on the renewal or extension of the mandate of the Statutory Auditor/Audit Firm at the end of each mandate, to be submitted to the GSB;
- n) Appraise and discuss the reports issued by the Statutory Auditor;
- o) Define and monitor the implementation of the procedures related to the Commission's receipt, handling and resolution of claims concerning accounting matters, internal accounting controls and audits, as well as complaints, whistleblowing or other irregularities coming from employees, the Statutory Auditor or other agents;
- p) Supervise compliance with the applicable sectoral rules and regulatory requirements;
- q) Supervise the effectiveness of the internal control system, the internal audit system and the risk management system;
- r) Supervise the performance of the internal control functions, the respective activity plans and the reports issued;
- s) Monitor the implementation of corrective measures for the deficiencies and weaknesses detected by the Statutory Auditor/Audit Firm and by the Control Functions during audits and other supervisory actions;
- t) Analyse the proposed budget and financial plan included in the Annual Activity Plan;
- u) Periodically analyse the activity's economic and financial performance through the most relevant key performance indicators.

## SUMMARY OF THE ACTIVITIES CARRIED OUT IN 2022

The Commission, which was set up within the GSB, operated in conjunction with the GSB, the Executive Board of Directors (BOD) and the various departments in Caixa Central's organic structure, particularly those responsible for internal control functions. As of 2022, by indication of Banco de Portugal, the Monitoring and Supervision Department was made a second line of control by Banco de Portugal.

To carry out its activities, the Commission met twenty-four times during 2022, and minutes were prepared of all meetings held.

The Commission drew up its Activity Plan for 2022 and the Report on Activities carried out during the financial year 2021.

The variability of the international context, namely the invasion of Ukraine by Russia, and the war environment in Europe that marked 2022, with the consequent pressure on fuel and food prices, reinforced the upward trend in the inflation rate and the impact on interest rates. These circumstances impacted the Commission's agenda, in the sense of a closer monitoring of the institution's financial and accounting situation, particularly at the level of the loan portfolio and the constitution of impairments, through the presentation of relevant quarterly results by the Risk Management area and analyses produced by the Statutory Auditor/Audit Firm.

Of the activities undertaken by the Commission during the year 2022, the following are noteworthy:

### 1. Selection and appointment of Statutory Auditor

In 2022, the process of selection and appointment of the Statutory Auditor for the three-year period 2022-2024 took place, initiated by the Executive Board of Directors. In compliance with point 7.4 of the Policy for the Selection and Appointment of a Statutory Auditor/Audit Firm and the Contracting of Non-Prohibited Non-Audit Services, the Commission analysed the proposals of the candidate audit firms, following the invitation sent to them, as well as the Reports presented by the Board of Directors on each one. The Commission has contributed to the definition of the evaluation grid for proposals, the methodology and the application of the evaluation criteria. Based on its analysis, the Commission recommended to Caixa Central's General Meeting, held on 28 May 2022, that the provision of audit services to the accounts for the three-year period 2022-2024, be awarded to PricewaterhouseCoopers & Associados, SROC, Lda, and the said General Meeting resolved to appoint the Statutory Audit Firm, in accordance with the recommendation.

### 2. Monitoring and supervising the process of preparing and disclosing financial information

The Commission supervised the preparation of the financial statements and the presentation of the results for the year 2022, having monitored, together with PriceWaterhouseCoopers & Associados, SROC, Lda (SROC), and the Accounting and Fiscal Affairs Department (DCF), the accounting policies adopted in order to allow for a correct evaluation of the assets and results.

On the basis of the information provided, and in meetings held with the head of DCF and the statutory audit firm team, it regularly monitored and appraised accounting, financial management and budget execution matters relating to Caixa Central, SICAM and the CA Group, with particular reference to the reporting of financial statements and results, analysis of the credit portfolio and the evolution of impairments, capital and liquidity ratios and efficiency ratios, among other indicators. The deficiencies detected in the internal control and accounting system underlying the preparation of the financial information were also monitored.

The Commission analysed the Management Report and Accounts for the financial year 2021, for Caixa Central and the CA Group, prepared by the Executive Board of Directors, as well as the legal certification of accounts and the Additional Report to the Supervisory Body, presented by the Statutory Audit Firm, on the financial statements, on an individual and consolidated basis, having issued its opinion on both Reports and on the respective proposal for the appropriation of profits. A summary of the self-assessment report was also prepared, with reference to 30 November 2021, in accordance with Article 60 of Notice No. 3/2020.

### 3. Supervision of the effectiveness of the internal control system, including the functions of risk management, compliance, internal audit and monitoring and supervision

In January 2022, the common services were implemented as part of the internal audit function and the risk management function, under Article 50 of Notice no. 3/2020, and in February 2022, Banco de Portugal informed Caixa Central that the Monitoring and Supervision Department now fell under the second line of defence of Caixa Central. In July 2022, the Model Validation Office was created, as a result of its autonomy from the Global Risk Department.

The Commission supported the GSB in assessing the adequacy and effectiveness of the organisational culture in force in the institution and its governance and internal control systems, in accordance with Notice no. 3/2020, and

in drawing up the Supervisory body's Self-Assessment Reports for Caixa Central and the CA Group, having also assessed and issued an opinion on the Self-Assessment Reports drawn up by the Internal Control Functions and the Monitoring and Supervision Department. In this context, it also appraised the Memorandum of review of the internal control system underlying the process of preparation and disclosure of financial information (financial reporting) at Caixa Central, prepared by the Statutory Audit Firm.

The Commission monitored, over the course of 2022, the activity developed by the internal control functions (internal audit, risk management, compliance and monitoring and supervision of SICAM), having held periodic meetings with their heads, in order to monitor the actions developed, review and adjust the activities plan, obtain information on the risk management models and appraise the review of binding policies, on which it issued opinions, with a view to supporting the GSB's activity.

The Commission monitored the activity of the Internal Audit function, in conjunction with its managers, holding regular meetings in which it was informed of the execution of its plan of activities and the challenges it faces.

The Commission appraised and approved the Audit Activity Plans of Caixa Central and Associated Caixas for 2023 and the Multiannual (2023-2027) Audit Activity Plan of Caixa Central and Associated Caixas.

The reports issued by the Audit Department were analysed, including those co-authored with external entities, and the deficiencies identified, and the measures proposed by the areas responsible for their resolution were assessed. The Commission monitored, by means of progress reports by the heads of the audit function and documentation made available, the evolution of the deficiencies identified by this function, as well as the independent assessment of closed deficiencies carried out by the audit function at the request of the supervisory institution.

The Commission gave its opinion on the Audit Charter and the Code of Ethics of the Internal Audit Function and the Policy of the Internal Audit Function, which are binding documents for SICAM.

With regard to Compliance, the Commission assessed and approved the Compliance Department's Activity Plan for 2022, and regularly monitored the function's activity by assessing documentation and holding meetings with the person in charge.

The monitoring of the control activities of the processes of Prevention of Money Laundering and Financing of Terrorism (PMLCT) was ensured, as was the consideration and issuing of an opinion on the respective PMLCT Report. In this context, the resolution plan of the determinations issued by Banco de Portugal to the PBCFT System was also assessed and monitored.

The follow-up of the irregularity reports and the consideration of the Report on Reporting of Irregularities with a reference date of 31 December 2021 were carried out.

With regard to the monitoring of the Global Risk function, the activity of the function was regularly monitored through the appraisal of documentation and meetings with the person in charge. In order to support the GSB's activity, the Commission assessed and issued an opinion on the Binding Policy on Pension Fund Risk Management - CA Group and on the revision of the Binding Policy on Investment - Securities Portfolio - Sovereigns - Concentration - Limit.

The quarterly reports prepared by the Global Risk function on Impairment were also analysed, and the follow-up of the proposed adjustments to the individual and collective impairment model was ensured.

With regard to the follow up of the Monitoring and Supervision Department, regular monitoring of the activity carried out by the DAS was carried out, through the presence of its head at Commission meetings.

The Commission also considered the process of reviewing the External Audit Programme under Article 37 of RJCAM, carried out under the coordination of DAS.

The situation of the Intervened CCAMs or those with a Financial Assistance Contract was monitored, and to this end the head of the Transformation and Development Office was asked to attend.

The Commission monitored the evolution and status of the deficiencies of the Internal Control System of CCAM, Caixa Central and CA Group, and also the action plans of Banco de Portugal, both through the analysis of the documentation provided and the regular attendance of the head of the Internal Control Office at Commission meetings. The progress of the implementation of the action plans arising from the Independent Assessment of the Internal Control Functions performed by KPMG in 2020 was also monitored.

The Commission also took note of the most relevant correspondence exchanged between Caixa Central and the supervisory body, concerning plans to mitigate deficiencies and implement recommendations identified by the supervisor.

#### 4. Supervision of the Activity of the External Auditor and Statutory Auditor

During 2022, the Committee monitored the statutory audit of the annual, individual and consolidated accounts, having held meetings with the representatives of the Statutory Audit Firm for clarification of the planning, progress and execution of the audit work, conclusions and relevant audit matters. Obtained confirmation from the Statutory Audit Firm that it had access to all the information necessary to conduct its business.

Periodic meetings were held with the Statutory Audit Firm to monitor the interim work associated with the certification of individual and consolidated accounts, as well as to obtain clarification of other work performed by the latter and other issues considered relevant by the Commission members. In this context, the half-yearly reports on the quantification process of the impairment of the loan portfolio were monitored and discussed, among others, and additional clarifications were requested on the impairment coverage ratio.

The Commission also monitored the limited assurance work carried out by PricewaterhouseCoopers & Associados, SROC, Lda, on the assessment of compliance with the legal and regulatory norms that govern the activities of the Caixas Agrícolas, in compliance with Article 37 of RJCAM.

The Commission approved the provision of additional services by the Statutory Audit Firm, after prior verification of their adequacy. In particular, it considered that the services in question would not fall within the list of prohibited services, would not constitute a threat to the independence and objectivity of the Statutory Audit Firm, in the context of the statutory audit work, and that the amounts of the fees proposed did not exceed the limit of fees for non-audit services as provided by law.



## 5. Monitoring the management and activities of Caixa Central and the CA Group

The Commission monitored the management and evolution of the institution's business throughout the year, through the analysis of documentation sent by BOD, and the assessment of the performance of the institution's activity and its main risks through the relevant key indicators.

The Commission regularly monitored the evolution and performance of the Securities Portfolio Management activity by the Financial area, as well as the strategic guidelines for the management of the financial asset portfolio defined for the CA Group in 2022.

It also ensured the monitoring of the loan portfolio and the loan portfolio in recovery, through the assessment of documentation provided by the respective departments, and the presence of the head of the Credit Monitoring Department at a meeting of the Commission. The evolution of non-performing loans was also monitored, as was the value of the property portfolio received as guarantee.

The evolution of the action plan of improvement opportunities and supervisory measures issued within the scope of Banco de Portugal's Inspection of Interest Rate Risk in the Banking Portfolio was monitored.

The Commission accompanied the work relating to the preparation of the CA Group's Capital Financing Plan for 2022-2024 and the work on the planning cycle of the CA Group's solvability programme.

The ICAAP and ILAAP exercises were monitored, including appraisal of the internal audit reports on them, the solvency reports of Caixa Central and the CA Group and monitoring of Caixa Central's Leverage Ratio management.

The Commission also took note of Caixa Central's compliance with its information duties as an issuer of debt securities admitted to trading on a regulated market outside Portugal.

Within the scope of its competences, it accompanied the process of defining the CA Group's Strategy and appraised the Activity Plan for 2023 and the respective Budget.

### FINAL NOTE

The Commission expresses its appreciation and gratitude to the Executive Board of Directors, the other corporate bodies, the Statutory Audit Firm, the External Auditor and the organic units of Caixa Central, whose collaboration has enabled it to monitor the institution within the scope of its functions, in order to comply with the regulatory framework.

The Commission considers that the work carried out and the opinions and recommendations issued by it, during 2022, show that the Commission performed its duties diligently, without bias, in a permanent search for the highest standards of performance in carrying out its mission. The Commission also considers that the information and means made available for analysis and decision by this body were adequate and sufficient.

Approved at the meeting of the Commission for Financial Matters on 24 February 2023.

Chairman, Vítor Fernando da Conceição Gonçalves

Independent Member, Ana Cristina Louro Ribeiro Doutor Simões

Non-independent member, Licínia do Carmo de Oliveira Bugalho

## OPINION OF THE SUPERIOR COUNCIL

### ON THE INDIVIDUAL AND CONSOLIDATED ANNUAL REPORT OF THE CRÉDITO AGRÍCOLA GROUP

To the Chairmen and Directors of the Associated Caixas,

Having analysed the Annual Report for 2022, which will be submitted for discussion and approval at the Ordinary General Meeting, the members of the Superior Council issue the present opinion.

The Superior Council noted, with appreciation, the core net operating income of the Crédito Agrícola Group which reached 659 million euros, in a context marked by disruptive events which put at risk the post-Covid-19 global economic recovery, such as the return of armed conflict to the European continent, the return of inflation to levels not seen for several decades and the accelerated reversal of monetary policies by the main central banks.

This context resulted in a slowdown in the growth of demand for credit in the banking system (+1.9% versus +3.1% in 2021), to which contributed a decline in the corporate segment (-0.4% versus +2.3% in 2021), and which required a concerted effort by the commercial teams to defend Crédito Agrícola's market share in a highly competitive environment.

The Annual Report highlights the alterations which have occurred in core business areas and the balance sheet changes and balances recorded at the end of the year, which, in our opinion, appropriately reflect the work developed by all the elements that are part of the Crédito Agrícola Group and the sound performance which gave rise to a consolidated net income for the year of 144 million euros and a CET1 ratio, including the net income generated in the year, of 19.9%.

In this context, we should highlight the dedication, effort and discipline of the Caixas Agrícolas which, as a whole and together with FACAM, contributed 87.0 million euros to the Group's results, of Caixa Central which achieved a result for the year of 22.3 million euros and of the insurance companies which, as a whole, contributed 58.7 million euros.

The presented document comprehensively lists the most important activities that occurred during 2022, for the pursuit of attainment of the goals established in the Activity Plan and Budget for 2022, always bearing in mind the mission and values that guide the Crédito Agrícola Group and the ethics and responsibility that drive the actions of its managers and employees.

It is expected that growth of the Portuguese economy will slow down in 2023 and that interest rates will continue to rise, as part of the response of Central Banks and Governments with regard to monetary and budgetary policies in order to accelerate the reduction in inflation that is already being recorded.

This environment, combined with the prospect of an increase in the unemployment rate from 6.0% in 2022 to 7.0% in 2023 (Economic Bulletin of March 2023), should provide yet another opportunity for the Crédito Agrícola Group to distinguish itself in the way it addresses, with proximity and dedication, the specific needs of its Members and Customers, namely those who may experience greater difficulties in managing the impacts of rising interest rates and those who propose to leverage economic stimulus programmes through investments under the Recovery and Resilience Plan and Portugal 2030.

In addition to the context of profound geo-economic changes and permanent technological revolution, there is the difficult management of the impacts of rising interest rates, particularly in mortgage lending, dynamics for which the Crédito Agrícola Group has high levels of capitalisation and liquidity that allow it to face challenges and risks, including new risks such as climate and cyber risks, with confidence and determination.

Thus, the Superior Council recommends that the General Meeting approves the Consolidated Annual Report of the Crédito Agrícola Group for 2022.

Approved, by written procedure, on May 2<sup>nd</sup>, 2023

## **OPINION OF THE GENERAL AND SUPERVISORY BOARD**

### **ON THE MANAGEMENT REPORT AND INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS**

Considering the legal, regulatory and statutory requirements, and based on the information that it was charged to appraise and analyse under its activity during 2022, and described in its Activity Report, and also considering the opinions of the Statutory Auditor and the Commission for Financial Matters, the General and Supervisory Board issues a favourable opinion of the Annual Report and Accounts and the proposed appropriation of profit or loss of Caixa Central – Caixa Central de Crédito Agrícola Mútuo, CRL for the year ended on 31 December 2022.

Approved on May 2<sup>nd</sup>, 2023 at the Extraordinary Meeting of the General and Supervisory Board.

## **OPINION OF THE COMMISSION FOR FINANCIAL MATTERS**

### **ON THE MANAGEMENT REPORT AND INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS**

The Financial Matters Committee, under the legal, regulatory and statutory terms, appraised the Management Report and Individual and Consolidated Financial Statements, with reference to the financial year ended on 31 December 2022, prepared by the Executive Board of Directors of Caixa Central - Caixa Central de Crédito Agrícola Mútuo, CRL (Caixa Central) and drafted this opinion based on its monitoring and supervisory activity conducted throughout the year, separately indicated in the Activity Report of the Financial Matters Committee, included in the Individual and Consolidated Annual Report, and on an appraisal of the Statutory Auditors' Reports and the Additional Report for the Supervisory Body drawn up by PriceWaterhouseCoopers & Associados - Sociedade de Revisores de Contas, Lda (PwC), issued without reservations or emphasis.

Pursuant to its duties, the Committee found that:

The individual and consolidated balance sheet, the individual and consolidated income statement, the individual and consolidated comprehensive income statement, the individual and consolidated comprehensive statement of changes in equity, the individual and consolidated cash flow statements and the notes attached to the individual and consolidated financial statements enable an adequate understanding of the individual and consolidated assets, liabilities and financial situation of the Crédito Agrícola Group, its individual and consolidated results, individual and consolidated changes in equity and individual and consolidated cash flows;

The accounting policies and valuation criteria adopted are appropriate.

No relevant internal control flaws (high (F3) or severe (F4) risk degree) were detected during the statutory auditor's examination of the Financial Statements of the Crédito Agrícola Group;

The management report provides a sufficient description of the evolution of the businesses and of the situation of Caixa Central and the Crédito Agrícola Group, highlighting the most significant aspects as well as a description of the risks and uncertainties it faces;

The proposed appropriation of the net income of Caixa Central is not contrary to the applicable legal and statutory provisions;

Within the scope of the audit of the consolidated accounts of the Crédito Agrícola Group, the statutory auditor received and analysed the Statutory Auditors' Reports of the 71 CCAMs that currently comprise the Sistema Integrado do Crédito Agrícola Mútuo (SICAM or Integrated System of Crédito Agrícola Mútuo), with no materially relevant matters having been identified, either individually or as a whole, that affect their opinion on the consolidated financial statements of the Crédito Agrícola Group.

In view of the above, the Committee is of the opinion that the Management Report, as well as the other financial statements for the year 2022 presented by the Executive Board of Directors should be approved, taking into account the aspects highlighted in the Statutory Auditors' Report and the Audit Report on the individual and

consolidated financial statements issued by PwC.

Finally, the Committee expresses its gratitude to the Executive Board of Directors, to the heads of the different Departments of Caixa Central and to all the other employees, in addition to PwC, for the collaboration provided and for the support given in the accomplishment of its work.

Adopted by the Financial Matters Committee by written procedure on May 2<sup>nd</sup>, 2023



