(Free translation from a report originally issued in Portuguese language; in case of doubt, the Portuguese version will always prevail)

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 reflect the financial situation of the Integrated System of Crédito Agrícola Mútuo (SICAM), comprising the Caixa Central, the associated Caixas de Crédito Agrícola and the FACAM, with their respective subsidiary and associated companies, which together form the Financial Group of Crédito Agrícola Mútuo ("Crédito Agrícola Group", "CA Group" or “CA Group"), and are prepared in accordance with the legal and regulatory provisions in force, as laid down in Article 74 of the Legal Framework of Crédito Agrícola Mútuo, Decree-Law no. 36/92, and the instructions laid down in Article 7 of this diploma.

The Crédito Agrícola Group is a nationwide financial group, comprising 71 local banks (Caixas Agrícolas), by 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 Crédito Agrícola Group.

The attached condensed interim financial statements refer to the consolidated activity of the Crédito Agrícola Group.

The Executive Board of Directors of Caixa Central approved on 7 June 2023, the condensed consolidated interim financial statements as at 31 March 2023.

The first quarter of 2023 saw the continuation of activities related to accounting and prudential reporting underpinned by harmonised information models in the European context (FINREP/ COREP), as well as the periodic carrying out of various exercises which, in addition to elements of internal management of the Crédito Agrícola Group (CA Group), represent instruments of prudential supervision by the regulator. Of note at this level are the Funding and Capital Plan, which aims to project the main financial and prudential aggregates with the main purpose of highlighting potential capital and liquidity needs in a highly prospective manner, the Internal Capital Adequacy Assessment Process (ICAAP), which aims 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 with the aim of planning in advance the measures likely to be adopted to avoid or correct in a timely manner any situation of financial imbalance, capital or liquidity insufficiency.

During the first quarter of 2023, there were no changes to the scope of SICAM arising from mergers.

Therefore, on 31 March 2023, the consolidated accounts include the accounts of the 71 associated Caixas de Crédito Agrícola Mútuo, which, together with Caixa Central and Associação – Fundo de Assistência do Crédito Agrícola Mútuo (FACAM), form 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 “CA Group"):

- 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 members, as well as the promotion, coordination and conduct of activities of common interest to them, and especially: i) representation of the Caixas Agrícolas and their member regional unions before any national, foreign or international institutions in the realisation and defence of the rights and interests of the members; 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 Funds FEIIA CA Imobiliário, a real estate investment fund whose management company until 31 January 2023 was Square Asset Management - Sociedade Gestora de Fundos de Investimento Imobiliário S.A., and from that date onwards was 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.

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

2.1. Basis of presentation of the accounts

The condensed consolidated interim financial statements of CA Group were prepared on a going concern basis, based on the accounting books and records maintained in accordance with the principles enshrined in the International Financial Reporting Standards (IFRS), as adopted by the European Union, in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council, of 19 July, transposed into Portuguese law by Decree-Law No. 35/2005 of 17 February and by Banco de Portugal Notice No. 1/2005 of 21 February, and in accordance with the specific rules on the consolidation of accounts in Article 74 of the Legal Framework of Crédito Agrícola Mútuo, Decree-Law No. 36/92 of 28 March and Banco de Portugal Notice No. 5/2015. With regard to the Companies in the CA Group using different accounting standards, conversion adjustments are prepared for IAS/IFRS.

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 2023.

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 01 January 2023.

The condensed consolidated interim financial statements for the three months period ended 31 March 2023 have been prepared in accordance with IAS 34 - Interim Financial Reporting as adopted by the European Union. These financial statements do not include all the information required in the preparation of consolidated financial statements prepared in accordance with IFRS, and should therefore be read in conjunction with the Report and Accounts with reference to 31 December 2022 (annual), published on the Crédito Agrícola website.

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 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 condensed consolidated interim financial statements as at 31 March 2023 are in all material respects comparable with the financial statements presented herein for the prior period and prior financial year.

Additionally, a series of amendments were made to the IFRS during 2023, shown below, which did not have any impact on the accounting policies or financial statements presented as at 31 March 2023.

Impact of the adoption of new standards and interpretations which became effective on 01 January 2023:

a) **IAS 1** (amendment), 'Disclosure of accounting policies'. 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 on CA Group's financial statements are expected as a result of future adoption.

b) **IAS 8** (amendment), 'Disclosure of accounting policies'. 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'. 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 recognition and divide them into at least 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 CA Group's financial statements via the insurance business and is not yet reflected at 31 March 2023 (see note bb).

d) **IFRS 17** (amendment), 'Initial application of IFRS 17 and IFRS 9 - Comparative Information' 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) applying financial asset to financial asset; (ii) presenting comparative information as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset, but without requiring an entity to apply the impairment requirements of IFRS 9; and (iii) requiring the entity to use reasonable and supportable information available at the transition date to determine how the entity expects that financial asset to be classified in accordance with 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’. 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.

Published (new and amended) standards, whose application is mandatory for annual periods beginning on or after 1 January 2024, and which the European Union has already 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 impact on the CA Group's financial statements.

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 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 March 2023, as their application is not yet mandatory.

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 those in which the CA Group exercises effective control over their current management so as 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. When control is acquired through potential rights, 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 is the aggregation of the net income of SICAM and its subsidiaries, in proportion to the effective participation, 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. Additionally, whenever it is identified that the fair value of the net assets acquired is higher than the acquisition cost (negative goodwill), the difference is recognised in the income statement.

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.

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.

In order to determine whether the modification of a financial asset 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.

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 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 stages, 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 forborne 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, forborne 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.

d) Financial assets (IFRS 9)

Until 31 December 2022, 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 until that date. From 1 January 2023, the CA Group presents its consolidated financial statements in accordance with the provisions of IFRS 9, to the fullest extent, including information relating to the insurance business.

The description of the accounting policies for financial assets and liabilities in accordance with IAS 39 are described in the Report and Accounts with reference to 31 December 2022, published on the Crédito Agrícola website.

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 Moody's "ImpairmentStudio" tool for calculating expected credit losses (ECL), based on the calculation of risk parameters, PD and LGD, which consider, in particular, the rating, country, business sector and 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 the first quarter of 2023 and the year 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 2.4 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 Moody's "ImpairmentStudio" tool for calculating expected credit losses (ECL), based on the calculation of risk parameters, PD and LGD, which consider, in particular, the rating, country, business sector and 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 the first quarter of 2023 and the year 2022, 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 "Accumulated other 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:

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; 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.

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); and
- 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) 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".

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 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.

g) 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”.

h) 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.

i) 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".

j) 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 item t) 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.

k) 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.

l) Deposits

After initial recognition, the customers deposits and credit institutions are valued at amortised cost, based on the effective interest rate method.

m) 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.

n) Other subordinated debts

Subordinated loans are recorded under the heading "Other financial liabilities". Subordinate loans are stated at their amortised cost.

o) 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 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 "Accumulated other 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 "Accumulated other comprehensive income", include all the changes derived from the re-measurement of liabilities due to past and present services of the plan.

<u>Defined contribution plan</u>

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.

Continuance bonus (other long-term benefits)

Under Clause 44 of the CCT, the CA Group will grant its Employees, on compliance with certain requirements defined therein, continuance bonuses in cash (Employees aged less than 50) or the granting of paid leave days (Employees aged 50 or over).

When the employee completes one or more multiples of five years with the insurer, he/she will be entitled to a cash premium of a value equivalent to 50% of his/her actual monthly salary. After the employee reaches the age of 50 and as soon as the minimum periods of permanency in the company indicated below are verified, the cash bonus will be replaced by the granting of paid leave each year, in accordance with the following scheme:

a) Three days, when the employee reaches 50 years of age and 15 years of service with the insurer;
b) Four days, when the employee reaches 52 years of age and 18 years of service with the insurer; and
c) Five days, when the employee reaches 54 years of age and 20 years of service with the insurer;

Healthcare benefits

Employees of the insurance companies who are in active service benefit from healthcare insurance, with the costs arising from this benefit being recorded as costs for the year.

Employment termination benefits

Termination benefits are recognised when employment is terminated before the normal retirement date, or when the employee accepts termination of employment in exchange for these benefits. The liability with termination benefits is recognised at the earlier of the date on which the entity can no longer withdraw the offer of benefits or the date on which the entity recognises the expenses of a restructuring under the recording of provisions. Benefits due more than 12 months after the end of the reporting period are discounted to their present value.

p) 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 through profit or loss for the year.

The impact of the estimated actuarial deviations in each year is recorded in the consolidated profit and loss statement under the caption "Administrative expenses - Staff expenses", or "Other operating income", depending on the nature of the movement in 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 "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.

r) 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 is likely that that the Tax Authority or a Court accept the tax treatment adopted in the tax returns of the institutions comprising the Group.

s) Leases

Lease agreements - identification of assets

At the start of the contract, the Group evaluates whether a contract is or contains a lease. In order for a contract to be considered a lease, it must meet three fundamental cumulative conditions:

- 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, 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 the from 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".

t) Insurance

Insurance Contracts:

The insurance business presents Insurance Contracts under IFRS 4 in December 2022. Although the IFRS 17 - Insurance contracts is effective for periods beginning on or after 1 January 2023, replacing IFRS 4, CA Vida and CA Seguros are implementing this standard in parallel, and the financial impacts of the adoption of this standard, both in individual financial statements of each entity and in the consolidated financial statements of the CA Group as at 31 March 2023, are not yet known.

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 IFRS 9, 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 amounts 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 March: (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.

xii) 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.

xiii) 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 the 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".

u) 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.

v) 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.

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:

<u>Operating activities</u> – are the main activities producing revenue and other activities that are neither investment nor financing;
<u>Investment activities</u> – are the acquisition and disposal of assets in the long-term and of other investments not included in cash equivalents;
<u>Financing activities</u> – 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, in the insurance business, classifies cash flows for purchase and disposal of investment assets in its operating cash flows, as purchases originate from cash flows associated with the beginning of insurance and investment contracts, net of cash flows for payments of insurance benefits and claims, as well as benefits from investment contracts.

y) 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). As for the remaining Group companies, their capital is cancelled due to consolidation adjustments (see note 4).

z) 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.

aa) 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.

bb) Impacts of IFRS 17 and IFRS 9

IFRS 17

The IFRS 17 - Insurance Contracts (IFRS 17) standard is effective for annual periods beginning on or after 1 January 2023, replaces IFRS 4 - Insurance Contracts (IFRS 4) and applies to all entities that issue insurance, reinsurance or investment contracts with discretionary profit-sharing features if they are also issuers of insurance contracts. Under IFRS 17, issuers of insurance contracts 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 or risk event, by separating the non-insurance component. Under this new standard, entities must identify insurance contract portfolios on initial recognition and divide them, at 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 those contracts. It further 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.

The standard 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 retrospective in application with some exemptions at the date of transition, and insurers must restate financial information for the transition period between 1 January 2022 and 31 December 2022.

Impacts of the first-time adoption of IFRS 17

The adoption of IFRS 17 will have a relevant impact on the disclosures of the Crédito Agrícola Group's consolidated financial information, requiring the adaptation of the face of the consolidated balance sheet and the consolidated income statement to a new reporting reality, in particular, a relevant impact (increase) is expected on the value of liabilities, due to the measurement of provisions using a best estimate approach, the impact of discount curves and the recognition of a risk adjustment.

Another substantial change in the balance sheet will be the recognition of profit, the Contractual Service Margin (CSM), a component of liabilities (direct insurance) that represents the expected profit or expected profitability, which insurance entities will recognise as they provide services. For reinsurance ceded, the CSM represents the cost (or gain) on reinsurance contracts ceded, and is a component of the asset (or liability), which insurers will recognise as they receive services from the reinsurer. The CSM will be a very relevant indicator for monitoring the creation of value in the Companies.

The implementation of IFRS 17 is still in progress by CA Vida and CA Seguros, and therefore the final impacts of the adoption of this standard on the individual financial statements of each subsidiary and on the consolidated financial statements of the Crédito Agrícola Group are not yet known. Nevertheless, the Executive Board of Directors of Crédito Agrícola and the Board of Directors of its subsidiaries CA Vida and CA Seguros estimate that the first-time adoption of IFRS 17 will have a significant impact on the financial statements of CA Vida, and no material impact is estimated at the level of CA Seguros, namely by framing the contribution of this Company within the context of the consolidated financial statements of Crédito Agrícola Group.

IFRS 9

The CA Group, at the level of insurance activity, has only adopted IFRS 9 with reference to 1 January 2023. The CA Group has decided not to restate the comparatives.
As a result of the first adoption of IFRS 9 in the insurance activity, the CA Group did not reclassify any financial assets measured at amortised cost to the categories of financial assets at fair value through profit or loss or financial assets at fair value through other comprehensive income, in the same way as it did not reclassify financial assets from these last two categories from measurement at fair value to amortised cost.

Classification and measurement of financial instruments

The measurement categories and carrying amounts of financial assets and financial liabilities in accordance with IAS 39 and IFRS 9 at 1 January 2023 are presented as follows:

(Amounts in Euros)

IAS 39		IFRS 9	
Category	Measurement	Category	Measurement
Financial assets		Financial assets	
Financial assets classified at fair value through profit or loss upon initial recognition	FVTPL	Financial assets held for trading	FVTPL
		Non-trading financial assets mandatorily at fair value through profit or loss	FVTPL
Financial assets available for sale	FVTOCI	Financial assets at fair value through other comprehensive income	FVTOCI
Investments held to maturity	Amortised cost	Financial assets at amortised cost	Amortised cost

FVTPL - fair value through profit or loss; FVTOCI - fair value through other comprehensive income

Reconciliation of Balance Sheet balances from IAS 39 to IFRS 9

A detailed analysis of the insurance business models for financial asset management and analysis of the characteristics of their cash flows was carried out.

Presented below are the impacts of the first-time adoption of IFRS 9 on insurance activity:

IAS 39 category	IFRS 9 category	IAS 39 31.12.2022	Reclassification	IFRS 9 01.01.2023
ASSETS	**ASSETS**			
Financial assets classified at fair value through profit or loss	**Financial assets held for trading**	**3,754,905**	**-117,644**	**3,637,260**
Equity instruments		117,644	-117,644	0
Debt securities		3,637,260	0	3,637,260
	Non-trading financial assets mandatorily at fair value through profit or loss	**0**	**87,599,799**	**87,599,799**
	Equity instruments	0	28,985,155	28,985,155
	Debt securities	0	58,614,643	58,614,643
Financial assets available for sale	**Financial assets at fair value through other comprehensive income**	**652,611,894**	**-87,482,154**	**565,129,739**
Equity instruments	Equity instruments	28,867,511	-28,867,511	0
Debt securities	Debt securities	623,744,383	-58,614,643	565,129,739
Investments held to maturity	**Financial assets at amortised cost**	**275,341,230**	**0**	**275,341,230**
Debt securities	Debt securities	275,341,230	0	275,341,230
EQUITY				
Other accumulated comprehensive income		**137,952,406**	**-1,031,899**	**136,920,507**
Fair value changes of financial assets at fair value through other comprehensive income	Fair value changes of financial assets at fair value through other comprehensive income	137,952,406	-1,031,899	136,920,507
Retained earnings	**Retained earnings**	**34,321,147**	**1,031,899**	**35,353,046**

cc) 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) for which separate 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 CA Group's financial statements are continuously evaluated, representing at each reporting date the Executive Board of Directors' best estimate, taking into account the historical performance, accumulated experience, methodologies and models developed and approved by the Group as well as the expectations about future events that, under the circumstances, 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 criteria mentioned above, customers identified as having non-performing loans and whose total responsibilities are considered significant are individually analysed to assess the need to record impairment losses.

Additionally, a collective impairment analysis is also performed for the remaining loans that were not individually analysed, through the allocation of such loans in loan segments, with similar characteristics and risks, with collective impairment losses being estimated, whose calculation is based on the historical behaviour of losses, for the same type of 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 characteristics and assessed collectively for 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;

- 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, 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.

The change in the stated assumptions could have an impact on the values determined and presented in Note 48, with the consequent impact on the results of the Group.

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 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 valuators, 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 Also, see item i) point 2.4.

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.

3.6 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).

The use of different methodologies and/or assumptions in the valuation procedures could result in different levels of impairment of the real estate assets recognised and presented in Note 13, with a consequent impact in the Group's results.

3.7 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 t) 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.

3.8 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.

In physical 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).

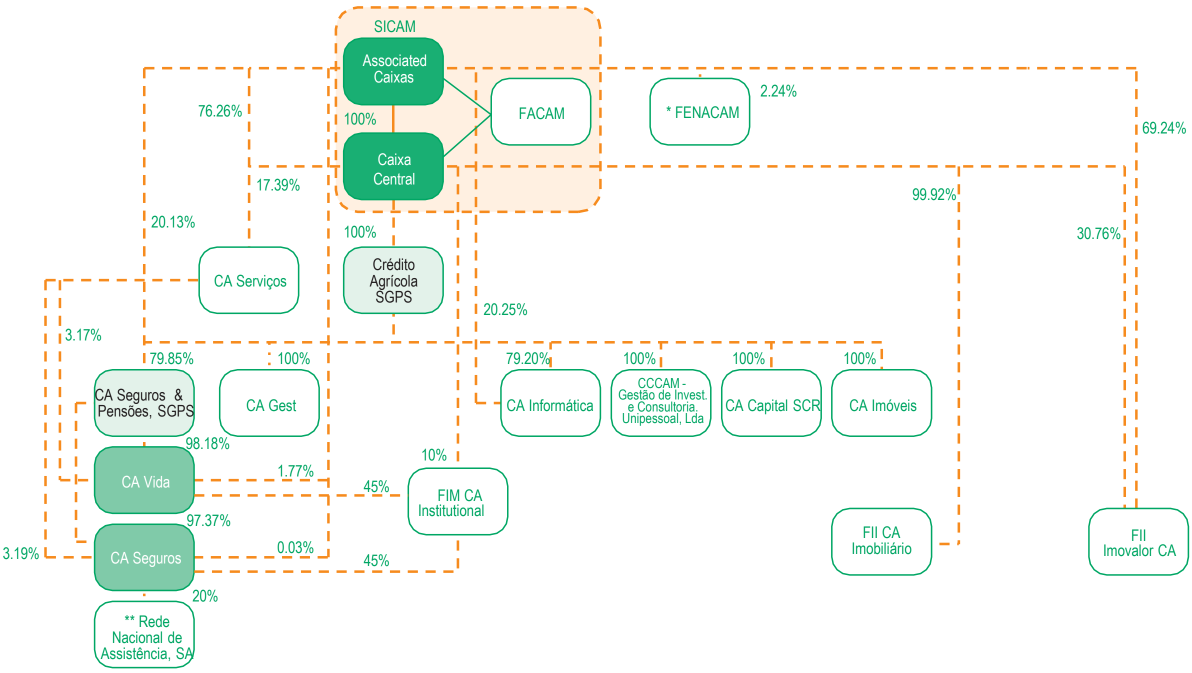
3.9 Provisions for legal proceedings

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 constituted and presented in Note 19, with the consequent impact on the Group's results.

4. Group Companies

As of 31 March 2023, the Crédito Agrícola Group is composed of the following institutions:



(*) FENACAM holds 97.74% of its share capital.
(**) Consolidation through the equity method.

(Amounts in Euros)

	31.03.2023					
	Equity	Net Assets	Profit/(Loss) for the year	Direct stake	Effective stake	Consolidation method
Banks						
Caixa de Crédito Agrícola Mútuo[(1)]	1,876,820,481	21,366,290,122	60,726,928	100.00%	100.00%	Full
Caixa Central de Crédito Agrícola Mútuo	547,654,374	12,135,937,419	24,984,657	100.00%	100.00%	Full
Asset management and brokerage						
Crédito Agrícola Gest– SGOIC , S.A. de Investimento Imobiliário, S.A.	1,721,638	3,245,819	150,478	100.00%	100.00%	Full
Crédito Agrícola Imóveis, Unipessoal, Lda.	1,942,158	11,766,975	(624,553)	100.00%	100.00%	Full
Services Rendered						
FENACAM - Federação Nacional das Caixa de Crédito Agrícola Mútuo FCRL	7,606,185	11,555,627	535,459	99.98%	99.98%	Full
Crédito Agrícola Informática-Serviços de Informática S.A.	8,783,543	12,844,532	157,264	99.45%	99.45%	Full
Venture Capital						
CA Capital - Sociedade de Capital de Risco, S.A.	636,152	2,657,960	(56,505)	100.00%	100.00%	Full
Investment funds						
FEIIA CA Imobiliário	111,615,749	116,155,908	(1,201,162)	99.91%	99.92%	Full
FEIIF ImoValorCA	16,887,604	17,037,870	(31,882)	100.00%	100.00%	Full
FIM Alternativo de Obrigações Fechado CA Institucionais	18,484,862	19,297,265	319,984	100.00%	98.79%	Full
Insurance						
Crédito Agrícola Seguros	47,067,294	269,895,028	2,955,312	97.40%	97.38%	Full
Crédito Agrícola Vida	93,123,012	846,631,877	973,192	99.95%	99.93%	Full
Other						
Associação – Fundo de Assistência do Crédito Agrícola Mútuo	135,482,364	135,678,203	248,925	100.00%	100.00%	Full
CA Serviços - Serviços Informáticos e de Gestão - ACE	91,078	110,188,960	91,078	92.87%	99.89%	Full
Crédito Agrícola SGPS S.A.	57,263,864	156,487,911	(883,569)	100.00%	100.00%	Full
Crédito Agrícola Seguros & Pensões SGPS S.A.	136,141,569	153,194,394	(78,161)	99.98%	99.98%	Full
CCCAM Gestão de Investimentos e Consultoria, Unipessoal Lda	1,239,911	6,220,203	(23,493)	100.00%	100.00%	Full
RNA - Rede Nacional de Assistência, S.A.	15,549,621	21,636,800	1,020,915	20.00%	19.48%	Eq. Method

Note: The amounts are as at 31 March 2023 (accounting balances before consolidation adjustments)
(1) These amounts correspond to the algebraic sum of the balance sheets of the Associated Caixas Agrícolas

	31.12.2022					
	Equity	Net Assets	Profit/(Loss) for the year	Direct stake	Effective stake	Consolidation method
Banks						
Caixa de Crédito Agrícola Mútuo[(1)]	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
Asset management and brokerage						
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
Services Rendered						
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
Venture Capital						
CA Capital - Sociedade de Capital de Risco, S.A.	692,657	2,727,921	(144,799)	100.00%	100.00%	Full
Investment funds						
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
Insurance						
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
Other						
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)
(1) 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.

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.

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.

CA Informática – Serviços de Informática, S.A., whose head office is also 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;

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 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 2023, 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 2023, the management company of the fund became Crédito Agrícola Gest - SGOIC, S.A.. In 2022, Addrezza 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 activity of CCAM 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's main object is to carry out venture capital investments through the acquisition of equity and debt instruments in companies with high development potential.

The object of Crédito Agrícola S.G.P.S., S.A. and Crédito Agrícola Seguros e Pensões S.G.P.S., the latter having its registered office at Rua de Campolide 372, 1070-040 Lisboa, is to manage holdings 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.

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.

Rústicodivinal, Lda, liquidated at the end of 2022, had its head office at Rua Castilho, No. 233/233-A 1099-004 Lisbon and its object was the production of common and fortified wines, wholesale of fortified drinks and viticulture.

RNA Seguros de Assistência S.A. has its head office at Alameda Fernão Lopes, 16, 6º, 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.

(Amounts in Euros)

5. Cash, cash balances at central banks and other demand deposits

The composition of this heading is as follows:

	31-Mar-2023	31-Dec-2022
Cash on hand	121,743,039	129,441,976
Cash balances at central banks (without interest)	641,159,555	1,162,192,733
Other demand deposits (without interest)	59,674,224	64,636,745
Interest	37,500	111,111
	822,614,318	**1,356,382,565**

The variation in the value of demand deposits at Banco de Portugal between 31 December 2022 and 31 March 2023 is essentially justified by the normal 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%.

(Amounts in Euros)

6. Financial assets and liabilities held for trading

As at 31 March 2023 and 31 December 2022, the breakdown of Financial assets and liabilities held for trading was as follows:

	31-Mar-2023	31-Dec-2022
Financial assets held for trading		
Debt instruments	131,448,945	173,737,574
Derivative financial instruments with positive fair value		
Currency futures	1,176	1,841
Interest rate swaps	6,024,785	5,705,153
	137,474,906	**179,444,567**
Financial liabilities held for trading		
Derivative financial instruments with positive fair value		
Currency futures	28	183
Interest rate swaps	5,375,169	5,215,610
	5,375,197	**5,215,793**

The variation in this heading arises from the investments 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 investments are short-term and arise from the volatility of the market itself.

The details of financial assets and liabilities held for trading by the fair value hierarchy of IFRS 13 is presented in Note 49.2.

7. Non-trading financial assets mandatorily at fair value through profit or loss

	31-Mar-2023	31-Dec-2022
Equity instruments	74,903,475	49,231,427
Debt instruments	57,577,119	-
	132,480,594	**49,231,427**

With the implementation of IFRS 9 in the insurance business on 1 January 2023, debt instruments that did not meet the SPPI test were classified to this heading, as were equity instruments.

(Amounts in Euros)

There are no collaterals received or mortgages constituted on the equity instruments.

The details of the non-negotiable financial assets mandatorily accounted at fair value through profit or loss by the fair value hierarchy of IFRS 13 is presented in Note 49.2

8. Financial assets designated at fair value through profit or loss

This heading is detailed as follows:

	31-Mar-2023	31-Dec-2022
Securities		
Debt instruments (insurance activity)	-	3,637,260
Issued by residents		
Equity instruments (insurance activity)	-	117,645
	-	3,754,905

With the implementation of IFRS 9 in the insurance business on 1 January 2023 the debt instruments that did not comply with the SPPI test, as well as the equity instruments, were reclassified to the heading "Non-trading financial assets mandatorily at fair value through profit or loss" (Note 7) and Financial assets held for trading (Note 6).

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.

The details of the non-negotiable financial assets designated at fair value through profit or loss by the fair value hierarchy of IFRS 13 is presented in Note 49.2.

(Amounts in Euros)

9. Financial assets at fair value through other comprehensive income

The composition of this heading is as follows:

	31-Mar-2023	31-Dec-2022
Securities		
Equity instruments		
insurance activity	-	28,867,511
Debt instruments	738,621,193	752,852,370
non-insurance activity		129,107,987
insurance activity		623,744,383
	738,621,193	**781,719,881**

With the implementation of IFRS 9 in the insurance business on 1 January 2023, debt instruments that did not meet the SPPI test were reclassified to the heading of "Non-trading financial assets mandatorily at fair value through profit or loss".

The variation in this heading, in addition to that described above, arises from the short-term investment proposals and from the volatility of the market itself.

The impact generated by the variation in fair value of these assets was recorded in the Balance Sheet under Accumulated other comprehensive income, net (Note 24).

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.

The details of the Financial assets at fair value through other comprehensive income by the fair value hierarchy of IFRS 13 is presented in Note 49.2.

The impairment of financial assets at fair value through other comprehensive income is reflected in equity. See movement in Note 19.

All the debt instruments are classified at stage 1 of the Expected Credit Loss (ECL) model, having remained unchanged during the first quarter of 2023 and 2022. 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 under assets against "Revaluation reserves" in equity. The impacts on equity are shown in Note 24.

(Amounts in Euros)

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:

	31-Mar-2023	31-Dec-2022
Debt instruments		
Insurance activity		
Issued by residents	8,774,000	8,769,775
Issued by non-residents	266,608,273	266,066,429
Debt instruments		
Non-insurance activity		
Issued by residents	2,121,608,348	2,075,940,149
Issued by non-residents	6,671,661,757	6,562,228,339
	9,068,652,379	8,913,004,692
Interest income receivable	72,361,747	62,768,596
Accumulated impairment	(5,231,948)	(6,148,108)
	9,135,782,177	8,969,625,181
Certified		
Commercial Paper	374,013,648	423,685,498
Commercial Paper - overdue loans	-	-
Commercial Paper interest	928,289	132,953
Deferred commissions received	(2,197,444)	(3,384,801)
	372,744,493	420,433,650
Accumulated impairment	(707,303)	(305,734)
	9,507,819,368	**9,389,753,097**

The movement in debt instruments at amortised cost of the non-insurance activity during the first quarter of 2023 and year 2022 are as follows:

Nature	31-Dec-2022 Opening Balance		2023 Additions		Disposals/Maturities		Amortisation premium	Variation hedge adjustment	31-Mar-2023 Closing Balance	
	Quantity	Value	Quantity	Value	Quantity	Value			Quantity	Value
Debt instruments	9,261,550,000	8,638,168,488	132,840,000	130,903,898	(34,500,000)	(34,500,000)	(9,594,082)	68,291,802	9,359,890,000	8,793,270,106
Total - Financial assets at AC	**9,261,550,000**	**8,638,168,488**	**132,840,000**	**130,903,898**	**(34,500,000)**	**(34,500,000)**	**(9,594,082)**	**68,291,802**	**9,359,890,000**	**8,793,270,106**

Nature	31-Dec-2021 Opening Balance		2022 Additions		Disposals/Maturities		Amortisation premium/Intere	Variation hedge adjustment	31-Dec-2022 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
Total - Financial assets at AC	**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**

The accumulated adjustment relative to the hedge relations at fair value as at 31 March 2023 is negative by 788.7 million euros (the value as at 31 December 2022 is -857 million euros) 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 the first quarter of 2023 and year 2022, the disposal of portfolio securities at amortised cost did not exceed the defined limits.

As at 31 March 2023, there are debt instruments at amortised cost given as collateral, of the value of 527,452 thousand euros (December 2022: 561,150 thousand euros). These instruments have not undergone any change in their credit risk stage and remain at stage 1.

All the debt instruments at amortised cost are classified at stage 1 of the expected credit loss (ECL) model.

See disclosure of the credit quality of financial assets in Note 49.

See also the movement of impairment in Note 19.

(Amounts in Euros)

10.2 Loans and Advances

Loans and advances	31-Mar-2023	31-Dec-2022
Investments:		
Loans	29,200,000	29,000,000
Other investments	14,205	19,239
Interest income receivable from loans	138,086	127,515
	29,352,291	29,146,754
Investment impairments	(58,630)	(56,770)
Total Investment	**29,293,661**	**29,089,984**
Credit Portfolio		
Mortgage Loans	3,556,738,763	3,584,117,640
Loans with and without collateral	6,419,544,756	6,486,725,927
Financial leasing contracts		
Customers	295,978,522	297,230,441
Current account loans and advances		
Customers	448,116,743	407,043,783
Current account overdrafts		
Other residents	6,870,027	5,270,663
Consumer loans and advances	568,030,296	570,086,629
Other credits		
Credit cards	48,775,515	48,313,347
Other loans and advances to customers	8,339,225	8,412,073
Modifications	(5,842,896)	(6,432,630)
	11,346,550,951	11,400,767,873
Interest income receivable	39,216,402	32,086,723
Commissions associated with amortised cost		
Expenses with deferred charges	1,890,128	1,853,606
Revenue with deferred income	(30,579,779)	(30,414,033)
Total loans not immediately due	11,357,077,702	11,404,294,169
Overdue loans and interest		
Overdue loans	161,091,169	149,728,077
Overdue interest	8,671,245	7,727,544
Total overdue loans and interest	169,762,414	157,455,621
Accumulated impairment	(360,915,712)	(349,535,235)
Total Credit Portfolio	**11,165,924,405**	**11,212,214,555**
Total debt at amortised cost (Note 10.1)	**9,507,819,368**	**9,389,753,097**
Total Financial assets at amortised cost	**20,703,037,434**	**20,631,057,635**

The variation is essentially due to the decrease in mortgage loans with and without real guarantees by 94.5 million euros, the increase in current account loans by 41 million euros, overdue loans and interest by 12.3 million euros, interest by 7.1 million euros and the increase in impairment by 11.4 million euros.

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):

	31-Mar-2023	31-Dec-2022
Loans receivable:		
Asset-backed loans	8,730,137	8,778,467
Unsecured loans	1,474,334	1,920,604
Loans with personal guarantees	1,525,351	1,125,656
	11,729,822	11,824,728
Overdue loans:		
Asset-backed loans	125,184	126,736
Unsecured loans	17,898	15,635
Loans with personal guarantees	26,681	15,085
	169,762	157,456
	11,899,585	**11,982,183**
Fair value of asset backed guarantees	14,397,342	14,752,737

As at 31 March 2023 and December 2022, there was no loans overdue without impairment as shown in the table below (in thousand euros):

	31-Mar-2023	31-Dec-2022
Overdue loans with impairment	161,091	149,728
Overdue interest with impairment	8,671	7,728
Overdue loans without impairment	-	-
Overdue interest without impairment	-	-
	169,762	**157,456**

As at 31 March 2023 and December 2022, the residual periods of loans and advances to costumers (including Commercial Paper - Note 10.1) presented the following structure (amounts in thousands of euros):

	31-Mar-2023	31-Dec-2022
Up to three months	765,999	646,410
Three months to one year	575,643	754,296
One year to three years	810,611	795,894
Three to five years	1,163,705	1,177,410
Over five years	8,583,626	8,607,899
Without term	-	-
	11,899,585	11,981,908
Interest and commissions	-	274
	11,899,585	**11,982,183**

As at 31 March 2023 and 31 December 2022, loans and advances to customers (including Commercial Paper - Note 10.1) was divided between fixed and variable rates, as follows (amounts in thousand euros):

	31-Mar-2023	31-Dec-2022
Fixed rate	1,522,803	1,580,253
Variable rate	10,376,781	10,401,930
Not subject to interest rate risk	-	-
	11,899,585	**11,982,183**

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):

	31-Mar-2023	31-Dec-2022
Up to three months	15,266	14,003
Three months to one year	34,422	27,397
One year to three years	38,312	35,158
Three to five years	27,209	27,638
Over five years	54,553	53,259
	169,762	**157,456**

Up to this date, the Crédito Agrícola Group has not carried out any operation of securitisation of its credit portfolio.

As at 31 March 2023 and December 2022, the CA Group has approximately 914,791 thousand euros and 924,098 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.

(Amounts in Euros)

The variation of the heading of "Impairment losses" during the periods of March 2023 and December 2022 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:

	31-Mar-2023	31-Dec-2022
Swaps - Interest rate risk	837,635,681	885,429,290
Derivatives - Hedge accounting (Assets)	**837,635,681**	**885,429,290**
Swaps - Interest rate risk	(32,867,519)	(27,415,374)
Derivatives - Hedge accounting (Liabilities)	**(32,867,519)**	**(27,415,374)**
	804,768,162	**858,013,916**

The details of assets recorded in the Balance Sheet are as follows:

31-Mar-2023		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	4,465,880,000	804,768,162	(53,245,754)	(788,670,263)	68,291,802	4,724,753,491

1) Includes accrued interest

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

The details of the estimated notional amounts of effective derivatives, by their maturity on 31 March 2023, 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	550,100,000	275,000,000	698,850,000	87,000,000	285,500,000	240,000,000	584,000,000	1,705,000,000
	29,730,000	10,700,000	550,100,000	275,000,000	698,850,000	87,000,000	285,500,000	240,000,000	584,000,000	1,705,000,000

(Amounts in Euros)

The details of the estimated notional amounts of effective derivatives, by their maturity on 31 December 2022, 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
	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

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 1 and 17 years (2022: between 2 and 18 years).

12. Investments in joint ventures and associates

As at 31 March 2023 and 31 December 2022, this heading shows the following composition:

	31-Mar-2023	31-Dec-2022
Rede Nacional de Assistência, SA	3,028,461	2,829,626
	3,028,461	2,829,626

As at 31 March 2023, 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

During the first quarter of 2023, Property, plant and equipment varied by 0.6 million euros, essentially due to acquisitions and amortisations.

The movement of Tangible assets for the year 2022 can be read in the Annual Report 2022.

(Amounts in Euros)

14. Intangible assets

During the first quarter of 2023, Intangible assets decreased by 0.6 million euros, mainly due to amortisations.

The movement in Intangible Assets for the year 2022 can be read in the Annual Report 2022.

15. Income tax

The balances of income tax assets and liabilities as at 31 March 2023 and 31 December 2022 are detailed as follows:

	31-Mar-2023	31-Dec-2022
Deferred tax assets		
Due to temporary differences	67,758,158	71,933,608
Due to tax losses carried forward	7,744,235	8,255,696
	75,502,393	80,189,303
Deferred tax liabilities		
Due to temporary differences	(845,625)	(1,898,495)
	(845,625)	(1,898,495)
	74,656,768	**78,290,809**
Current tax assets		
Income tax recoverable	3,325,216	3,658,295
	3,325,216	3,658,295
Current tax liabilities		
Income tax payable	(14,662,162)	(12,913,415)
	(14,662,162)	(12,913,415)
	(11,336,946)	**(9,255,121)**

The obligation to file the periodic corporate income tax return (form 22) for the 2022 tax period, and the respective payment, can be made until 6 June 2023. As a result, on 31 March 2023, the net balance of current tax assets and liabilities amounts to 11,336,946 euros and is influenced by (i) the payments on account and additional payments on account made during 2022, of a total of 21,755,537 euros (credit balance; (ii) withholdings at source incurred in 2022 and 2023, of a total of 1,411,735 euros (credit balance); and (iii) estimated current tax payable on 31 December 2022 (of a total of 32,422,393 euros) and on 31 March 2023 (of a total of 34,504,218 euros) by the institutions comprising 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%).

The average annual tax rate used until 31 March 2023 is 25% (similar to that considered on 31 December 2022), and the average effective tax rate expected for the full financial year is 25%.

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 considered in 2023, for the consolidation adjustments to be made in relation to deferred tax assets and liabilities.

16. Other assets

The composition of this heading is as follows (in euros):

	31-Mar-2023	31-Dec-2022
Other assets		
Other cash balances	237,805	196,523
Gold and other precious metals	662,894	633,108
Pledged account investments	3,363,298	3,376,524
Administrative Public Sector		
VAT receivable	7,752,408	8,669,008
IMT - refunds requested	389,019	403,644
Other receivables	223,249	221,614
Debtors for unpaid capital	794	794
Expenses on overdue loans	3,090,252	3,062,301
Expenses om credit litigation	3,177,867	3,150,624
Subsidies receivable	1,205,662	1,201,274
Other debtors - advancements	2,109,098	2,040,800
Customers with finance lease	119,107	108,282
Other assets due to credit recovery	31,735,052	30,444,458
of which real estate properties	*29,471,113*	*28,180,519*
Other real estate	1,156,558	1,156,558
Other miscellaneous receivables	45,002,720	47,817,455
	100,225,783	**102,482,967**

(Amounts in Euros)

Income receivable		
From irrevocable commitments undertaken	286,870	287,057
From banking services	2,876,841	3,300,280
Other income receivable	2,870,951	617,670
	6,034,662	**4,205,006**
Expenses with deferred charges		
Insurance	961,005	1,051,668
Rentals and leasing	150,927	149,689
Other	9,407,948	8,453,541
	10,519,881	**9,654,898**
Amounts to be settled		
Foreign exchange position	4,055	188,884
Transactions of securities to be settled	4,370,669	2,235,743
Multibanco (ATM clearing)	71,287,819	62,516,939
Off-setting of amounts	35,346	32,189
Margin Call	115,770,406	123,753,892
SIBS invoicing	270,471	198,018
Protocol agreements	4,595,478	3,742,274
Office supplies	625,075	672,069
Other transactions to be settled - electronic transfers	696,027	2,378,166
Other transactions to be settled	31,469,623	15,960,737
	229,124,969	**211,678,910**
	345,905,294	**328,021,781**
Liabilities related to pensions and other benefits (Note 48)		
Total liabilities	(106,568,109)	(106,568,109)
Equity of the pension fund	108,651,135	108,651,135
	2,083,026	**2,083,026**
Impairment - Other assets		
Other assets for loan recovery	(5,380,824)	(5,146,690)
of which real estate properties	*(4,799,935)*	*(4,565,801)*
Other real estate	(105,858)	(105,858)
Receivables and other investments	(20,460,875)	(20,543,084)
	(25,947,557)	**(25,795,633)**
	322,040,763	**304,309,174**

The value recorded under the heading of “Other assets due to credit recovery” as at 31 March 2023, as was the case as at 31 December 2022, 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 being sale. The valuation of these assets, and consequently the impairment losses, is based on assessments made by independent expert valuators, 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 amounts with debtors due to services rendered by institutions of the Group to third parties, which have not yet been settled. As at 31 March 2023, this amounted to 45,002,720 euros (December 2022: 47,817,455 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 amounts 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 March 2023, the counterparty of these credit amounts is Commerzbank (115.8 million euros).

The heading “Multibanco automated teller machines (ATM clearing)” corresponds to the amount immobilised at ATMs, pending settlement by SIBS.

As at 31 March 2023 and 31 December 2022, the balance of the heading “Other transactions to be settled” includes movements of the demand deposit accounts of correspondent banks, 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 April 2023 and January 2023, respectively.

Impairment of debtors refers essentially to litigation.

(Amounts in Euros)

17. Non-current assets and disposal groups classified as held for sale

The composition of this heading is as follows:

	31-Mar-2023	31-Dec-2022
Real estate properties		
Real estate properties received in loan recovery	360,305,768	373,809,012
Other properties held for sale	3,987,030	3,894,231
Equipment received in loan recovery	819,213	793,304
Other assets	783,245	789,711
	365,895,256	**379,286,257**
Impairment (Note 19)		
Impairment of real estate properties	(116,125,487)	(118,537,798)
Impairment of equipment and other assets	(647,430)	(669,397)
	(116,772,917)	**(119,207,195)**
	249,122,339	**260,079,062**

It can thus be summed up in:

	31-Mar-2023	31-Dec-2022
Real estate properties	248,167,311	259,165,444
Equipment and other assets	955,028	913,618
	249,122,339	**260,079,062**

The variation in the heading of Other real estate properties held for sale relates mainly to disposals during the first quarter of 2023.

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 valuators, 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.

(Amounts in Euros)

18. Financial liabilities measured at amortised cost

As at 31 March 2023 and December 2022, this heading is detailed as follows:

	31-Mar-2023	31-Dec-2022
Deposits		
Loans - Banco de Portugal	-	28,167,692
Loans to Other credit institutions	30,920,979	41,271,334
Customer deposits		
Demand	9,993,173,297	10,379,550,112
Term	4,457,602,395	4,596,873,958
Other customers' funds	5,262,835,928	5,407,278,498
Cheques and orders payable	14,600,226	10,302,293
Other customers' funds	93,572	81,876
Interest - Banco de Portugal	-	35,914
Interest payable	4,116,044	3,887,541
of which to Other credit institutions	*14,012*	*4,057*
	19,763,342,441	20,467,449,216
Debt securities issued		
Debt issued	300,000,000	300,000,000
Interest	3,020,548	1,171,233
	303,020,548	301,171,233
Other financial liabilities		
Loans	30,362,500	36,078,298
Interest payable	70,431	21,040
	30,432,931	36,099,338
	20,096,795,920	**20,804,719,787**

18.1 Deposits

Loans - Banco de Portugal

The loan granted by Banco de Portugal was repaid in the first quarter of 2023. At 31 December 2022 the details are as follows:

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%
Total			**28,167,692**			

The biggest variation in the heading is explained by the decrease in customer deposits by 525.6 million euros.

(Amounts in Euros)

18.2 Debt securities issued

At the end of October 2021, the CA Group placed its first debt issue in the international market, consisting of 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 30.4 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 on this loan on 31 March 2023 is 0.66% and the maturity is between 3 months and 1 year (31 December 2022: average rate 0.02% and maturity between 1 month and 1 year).

19. Provisions and impairments

The movement in provisions and impairment of the Crédito Agrícola Group during the first quarter of 2023 and the financial year of 2022 is shown in the tables below.

Description	31-Dec-2022 Closing Balance	2023 Top-ups	Write-backs & annulments	Uses and write-offs	Transf.	Technical provisions of insurance activity	31-Mar-2023 Closing Balance
Impairments							
Impairment of Assets at FVTOCI (Note 24)	110,466	53,596	(47,546)	-	-	-	116,517
Impairment of Assets at amortised cost (Note 10)	355,989,077	94,321,196	(82,595,984)	(859,325)	-	-	366,854,963
Other impairments:							
- Non-current assets held for sale (Note 17)	119,207,195	1,046,071	(384,408)	(2,855,709)	(240,231)	-	116,772,917
- Other assets (Note 16)	25,795,633	231,847	(264,495)	(55,659)	240,231	-	25,947,556
- Property, plant and equipment (Note 13)	8,146,984	146,026	(43,113)	-	-	-	8,249,899
	509,249,355	95,798,737	(83,335,547)	(3,770,693)	-	-	517,941,852
Provisions							
- Guarantees provided and irrevocable commitments	11,492,006	4,863,461	(4,336,307)	-	-	-	12,019,159
- Other provisions	811,971,027	922,004	(10,051,037)	(766,683)	-	52,921,643	854,996,955
	823,463,033	5,785,465	(14,387,344)	(766,683)	-	52,921,643	867,016,114
Totals	**1,332,712,388**	**101,584,202**	**(97,722,890)**	**(4,537,376)**	-	**52,921,643**	**1,384,957,966**

(Amounts in Euros)

	31-Dec-2021	2022						31-Dec-2022
Description	Closing Balance	Top-ups	Write-backs & annulments	Uses and write-offs	Transf.	Technical provisions of insurance activity	Deconsolidation Addrezza	Closing Balance
Impairments								
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
- Other intangible assets (Note 14)								
	509,901,289	348,490,130	(303,781,005)	(45,132,776)	-	-	(228,283)	509,249,355
Provisions								
Pending legal issues and tax litigation	-	-	-	-	-		-	-
- 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
	745,721,442	37,954,456	(27,859,377)	(3,280,771)	-	70,927,284	-	823,463,033
Totals	**1,255,622,731**	**386,444,586**	**(331,640,382)**	**(48,413,546)**	**-**	**70,927,284**	**(228,283)**	**1,332,712,388**

As shown in the table above, in the first quarter of 2023 there was an net increase in impairment for assets at amortised cost of about 10.9 million euros. Of this amount, 11.4 million euros of variation refer to loans and advances to customers, which essentially resulted from 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 2.4 c) of this document. The remaining value, which amounts to approximately -0.9 million euros, refers to the reduction of impairment on debt securities.

As at 31 March 2023 and 31 December 2022, the heading of "Other provisions" includes technical provisions from insurance activity (835 million euros) and provisions set up to cover specific risks arising from the activity of the Crédito Agrícola Group.

(Amounts in Euros)

Technical provisions of insurance activity

The composition of technical provisions is as follows:

	31-Mar-2023	31-Dec-2022
Life Insurance Business		
Mathematical provision	651,593,411	596,781,957
Provision for claims	11,200,516	13,039,177
Other technical provisions:		
Provision for profit-sharing	1,506,282	2,445,651
Provisions for portfolio stabilisation	3,923,183	3,923,183
Provision for rate commitments	13,143,520	13,989,252
	681,366,913	630,179,220
Non-Life Sector provisions:		
Provision for unearned premiums	18,305,370	16,654,739
Provisions for claims	133,338,928	133,255,610
Other technical provisions:		
Provision for profit-sharing	(1,781,817)	(1,781,817)
Provision for risks in progress	449,298	449,298
Provision for claim rate deviations	3,563,314	3,563,314
	153,875,094	152,141,145
	835,242,007	782,320,364

Life Insurance Business

The increase in the mathematical provision during the first quarter of 2023 is explained by the marketing of capitalisation products.

(Amounts in Euros)

As at 31 March 2023 and 31 December 2022, the mathematical provision is detailed as follows:

	31-Mar-2023	31-Dec-2022
Investment Savings Protection	22,281,551	22,632,768
Pension Savings Protection	73,977,418	74,752,356
Education Savings Protection	15,919,004	15,962,047
CA PPR +6	1,886,114	1,908,286
CA Poupança Activa	49,586,692	20,618,237
Personal Credit	552,608	521,033
CA PPR +6	90,645,780	58,597,307
CA Protecção Livre	34,202	41,651
CA Vida Plena	21,815	22,598
CA Mulher	29,880	24,206
CA Pessoa-Chave	86,670	107,660
CA Pessoa-Chave Crédito	45,792	58,896
CA Universitário (Savings)	18,493,877	18,636,510
CA Premium	922	479
CA PPR Capital	241,452,888	245,292,303
CA Poupança Activa Capital	122,330,553	124,564,069
CA Universitário [Capital]	11,465,657	11,926,964
Protecção Super Crédito	42,740	32,545
CA Protecção Hospitalar	15,407	14,052
CA Corporate	237,819	232,540
CA Express Vida	812,976	740,705
Visa Company	363,007	0
CA Protecção Fundo de Pensões	1,226,091	0
Family	83,948	94,745
	651,593,411	596,781,957

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.

Non-life insurance business

Non-life provisions remained stable in relation to December 2022.

(Amounts in Euros)

20. Share capital repayable on demand

This heading is detailed as follows:

	31-Mar-2023	31-Dec-2022
CCAM Nordeste Alentejano, CRL	310,990	310,990
CCAM Ribatejo Norte e Tramagal, CRL	15,205	15,220
CCAM de Trás-os-Montes e Alto Douro, CRL	51,275	74,305
CCAM Médio Ave, CRL	29,790	29,790
	407,260	**430,305**

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.

(Amounts in Euros)

21. Other liabilities

This heading is detailed as follows:

	31-Mar-2023	31-Dec-2022
Payables and other funds		
Funds - captive account	2,130,058	2,175,632
Funds - escrow account	9,818,517	9,981,263
Other funds	5,935,022	5,304,587
Administrative Public Sector		
Tax withholdings at source	8,142,057	8,397,536
Social Security contributions	4,668,923	4,070,190
IVA payable	786,221	1,240,818
Other taxes	3,271,093	3,240,807
Collections on behalf of third parties	681,764	333,482
Contributions to other health systems	833,276	743,114
Financial liabilities from insurance contracts	4,431,220	4,194,650
Liabilities in investment funds, included in the consolidation perimeter	100,454	104,031
Miscellaneous payables		
Payables due to supply of goods and services	10,052,625	20,082,549
Payables - Credit cards	1,185,115	1,188,888
Other payables	39,578,257	38,159,508
Advancements received	7,613,848	6,962,548
Lease liabilities	22,341,361	23,204,093
	121,569,810	**129,383,696**
Charges payable		
Staff expenses		
Provisions for holidays, holiday and Christmas allowance	18,966,641	23,520,828
Seniority bonus (Note 48)	16,173,091	16,120,164
Other	6,631,976	4,375,057
For other administrative expenses	83,311	147,229
Other	10,647,004	6,126,859
	52,502,022	**50,290,138**
Revenue with deferred income		
Commissions on guarantees provided and irrevocable letters of credit	2,775,550	2,708,374
Rents	42,464	49,783
Other	283,320	419,426
	3,101,334	**3,177,583**
Amounts to be settled		
Margin call	867,171,677	879,760,098
Multibanco (ATM) clearing house - real-time traffic	23,861,872	6,096,319
Transactions of securities to be settled	4,369,679	2,235,015
Off-setting of amounts	2,989,326	3,987,759
Other transactions to be settled - electronic transfers	25,460	100,415
Other transactions to be settled - protocol agreements	3,522,941	2,745,281
Other transactions to be settled	133,137,448	99,257,346
	1,035,078,403	**994,182,232**
	1,212,251,569	**1,177,033,649**

The variation in the heading "Other liabilities" results from the normal activity of the CA Group in the first quarter of 2023.

The most significant amount under "Other liabilities" is related to the heading "Margin Call". The increased margin call amounts 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 variation in the ATM clearing house compared to December is essentially due to transactions made with the ATM card at the end of the year with the clearing taking place on the following business day.

As at 31 March 2023 and 31 December 2022, the balance of the caption "Other operations to be settled" varied essentially due to payments on account (25.8 million euros).

(Amounts in Euros)

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:

	31-Mar-2023	31-Dec-2022
Guarantees provided and any other possible liabilities		
Guarantees granted	212,904,648	213,816,855
Opened documentary credits	1,754,603	1,814,320
Assets given as guarantee - securities	3,445,193,392	3,385,966,172
Other possible liabilities	5,428,201	5,316,911
Commitments to third parties		
Due to credit lines		
Irrevocable commitments	1,298,644,505	1,241,397,227
Revocable commitments	419,062,512	415,744,292
Irrevocable commitments for buying and selling securities	91,857,533	1,945,960
Due to securities underwritten	118,018,824	71,500,000
Potential liability in relation to the System of indemnity of investors	1,536,870	1,469,370
Liabilities due to services rendered		
Deposit and custody of values	1,792,019,244	1,754,606,527
Amounts managed by the institution	1,549,676,807	1,383,954,171
Amounts received for collection	28,042,184	29,161,029
Other	879,784	407,069
	8,965,019,107	**8,507,099,906**

As at 31 March 2023 and 31 December 2022, 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 as at 31 December 2022 and 31 March 2023.

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 equity securities, with unit nominal value of 5 euros is 1,494,130.02 euros as at 31 March 2023.

Of the total amount of underwritten capital, as at 31 March 2023 the amount of 407,260 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 timeframe is decided by the Board of Directors.

(Amounts in 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 March 2023 and 31 December 2022, the statutory capital corresponded to the members of the following Caixas Agrícolas:

	31-Mar-2023	31-Dec-2022
CCAM de Pombal, CRL	56,260,465	56,240,565
CCAM Batalha, CRL	54,017,635	54,009,610
CCAM Costa Azul, CRL	63,793,730	63,331,390
CCAM Alto Douro, CRL	60,554,115	58,281,570
CCAM de Vale de Sousa e Baixo Tâmega, CRL	59,402,485	53,861,570
CCAM Açores, CRL	45,807,250	43,226,185
CCAM do Noroeste, CRL	54,958,700	45,305,940
CCAM da Serra da Estrela, CRL	41,595,625	41,572,815
CCAM Alto Cávado e Basto, CRL	39,677,805	37,696,470
CCAM Terras Sousa, Ave, Basto e Tâmega, CRL	35,102,810	33,692,120
CCAM do Vale do Távora e Douro, CRL	34,862,580	32,426,135
CCAM de Alcobaça, Cartaxo, Nazaré, Rio Maior e Santarém, CRL	30,601,230	29,641,180
CCAM de Trás-os-Montes e Alto Douro, CRL	24,835,315	24,738,580
CCAM P. Varzim, V. Conde e Esposende, CRL	27,304,400	26,438,030
CCAM C. da Rainha, Óbidos e Peniche, CRL	29,778,215	29,769,235
CCAM do Baixo Mondego, CRL	23,939,285	23,326,750
CCAM Beira Douro e Lafões, CRL	38,691,245	37,020,285
CCAM do Sotavento Algarvio, CRL	19,743,705	19,756,555
CCAM Vale do Dão e Alto Vouga, CRL	18,946,045	18,899,980
CCAM de São Teotónio, CRL	18,178,320	18,157,975
CCAM de Terras de Viriato, CRL	24,873,975	23,552,330
CCAM Lourinhã, CRL	21,004,445	20,083,185
CCAM Alenquer, CRL	17,054,525	16,664,985
CCAM Coimbra, CRL	14,630,150	14,634,730
CCAM Vila Verde e Terras do Bouro, CRL	15,991,435	15,137,485
CCAM Terras do Arade, CRL	30,518,565	28,832,095
CCAM Douro e Côa, CRL	15,125,675	15,113,080
CCAM da Terra Quente, CRL	14,106,485	14,088,370
CCAM de Pernes e Alcanhões, CRL	12,994,225	13,095,970
CCAM da Bairrada e Aguieira, CRL	13,250,350	13,236,680
CCAM da Zona do Pinhal, CRL	13,121,240	13,135,955
CCAM do Baixo Vouga, CRL	13,618,365	13,524,825
CCAM Ribatejo Norte e Tramagal, CRL	13,554,245	12,854,190

(Amounts in Euros)

	31-Mar-2023	31-Dec-2022
CCAM do Guadiana Interior, CRL	13,904,340	13,538,415
CCAM Região do Fundão e Sabugal, CRL	11,616,605	11,633,190
CCAM Alentejo Sul, CRL	22,107,930	21,062,030
CCAM Albufeira, CRL	16,744,565	10,641,905
CCAM Cadaval, CRL	11,180,490	11,182,140
CCAM Área Metropolitana do Porto, CRL	12,546,085	12,491,435
CCAM Salvaterra de Magos, CRL	12,828,325	12,120,630
CCAM Coruche, CRL	10,541,095	10,537,560
CCAM Costa Verde, CRL	10,227,095	10,224,595
CCAM Médio Ave, CRL	11,567,475	10,564,075
CCAM Loures, Sintra e Litoral, CRL	10,506,105	10,523,290
CCAM Aljustrel e Almodovar, CRL	12,619,625	11,310,885
CCAM de Cantanhede e Mira, CRL	15,103,920	15,056,930
CCAM Paredes, CRL	11,106,960	10,929,410
CCAM Estremoz, Monforte e Arronches, CRL	9,147,985	9,127,495
CCAM Nordeste Alentejano, CRL	9,507,545	9,493,040
CCAM do Ribatejo Sul, CRL	9,675,230	9,632,410
CCAM Douro e Sabor, CRL	15,918,560	15,923,825
CCAM Arruda dos Vinhos, CRL	9,059,150	8,752,255
CCAM da Beira Baixa (Sul), CRL	14,342,375	12,846,435
CCAM Oliveira de Azeméis e Estarreja, CRL	7,962,775	7,958,250
CCAM Alentejo Central, CRL	14,922,195	14,844,120
CCAM Beira Centro, CRL	9,264,920	8,760,885
CCAM de Moravis, CRL	7,817,730	7,815,215
CCAM Vila Franca de Xira, CRL	8,464,150	8,232,255
CCAM Terras de Santa Maria, CRL	13,299,160	13,282,200
CCAM do Algarve, CRL	7,536,146	7,518,026
CCAM Porto de Mós, CRL	7,951,715	7,934,315
CCAM Oliveira do Hospital, CRL	8,618,720	8,323,830
CCAM Alcácer-Sal e Montemor-Novo, CRL	6,746,035	6,768,290
CCAM Sobral de Monte Agraço, CRL	6,686,310	6,688,280
CCAM do Norte Alentejano, CRL	8,349,875	7,951,740
CCAM Azambuja, CRL	6,395,350	6,383,910
CCAM Serras de Ansião, CRL	6,324,620	6,320,430
CCAM Entre Tejo e Sado, CRL	5,631,480	5,633,760
CCAM Elvas, Campo Maior e Borba, CRL	13,433,225	13,430,270
CCAM Oliveira do Bairro, Albergaria e Sever, CRL	17,157,040	17,238,410
CCAM Vagos, CRL	5,204,510	5,185,535
FACAM	84,218,046	84,218,046
	1,494,130,102	1,443,426,537

(Amounts in Euros)

24. Other accumulated comprehensive income, retained earnings and reserves

As at 31 March 2023 and 31 December 2022, the headings of other accumulated comprehensive income, retained earnings and reserves are broken down as follows:

		31-Mar-2023	31-Dec-2022
Reserves derived from measurement at fair value			
Fair value changes of financial assets at FVTOCI (IFRS 9)			
Potential gains		(142,779,909)	(22,328,580)
Impairment		116,517	110,466
Fair value changes of financial assets at FVTOCI (IAS 39)			(137,952,406)
Deferred taxes		37,478,547	41,845,815
Implementation of IFRS 9 insurance activity		(1,031,899)	
Fair value changes of financial assets at FVTOCI		**(106,216,744)**	**(118,324,705)**
Fixed asset revaluation reserves		(163,203)	(162,032)
Other reserves		658,010,062	625,455,534
Actuarial gains or (-) loss on defined benefit pension plans	(Note 48)	(27,233,679)	(27,233,679)
Retained earnings		35,353,046	(27,294,053)
Profit or loss attributable to Owners of the parent		95,834,797	144,295,502
		655,584,280	**596,736,568**

The movement of "Accumulated other comprehensive income" as at 31 March 2023 and 31 December 2022 is as follows:

	31-Dec-2022	Increases / (decreases) in valuations	Disposals	Impairments	Taxes	Other	31-Mar-2023
Items that will not be reclassified to profit and loss							
Actuarial gains or (-) loss on defined benefit pension plans	(27,233,679)	-	-	-	-	-	(27,233,679)
Fair value changes of equity instruments measured at fair value through other comprehensive income (Insurance Activity - IAS 39)	1,780,704	-	-	-	-	(1,780,704)	-
Items that can be reclassified to profit or loss							
Fair value changes of debt instruments measured at fair value through other comprehensive income	(120,105,409)	33,379,847	(15,124,355)	6,051	(4,367,268)	(5,610)	(106,216,744)
Other accumulated comprehensive income	**(145,558,384)**						**(133,450,423)**

	31-Dec-2021	Increases / (decreases) in valuations	Disposals	Impairments	Taxes	Other	31-Dec-2022
Items that will not be reclassified to profit and loss							
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
Items that can be reclassified to profit or loss							
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)
Other accumulated comprehensive income	**(31,796,279)**						**(145,558,384)**

(Amounts in Euros)

The value indicated in "Other reserves" is distributed among the following statutory reserves:

	31-Mar-2023	31-Dec-2022
Legal reserve	451,802,127	439,134,697
Statutory reserve	2,052,647	2,042,058
Special reserve	50,934,935	40,928,187
Free reserve	72,294,208	71,957,856
Reserve for cooperative training and education	7,803,502	7,227,241
Reserve for mutualism	5,717,167	5,423,745
Reserves for differences in capital reimbursement	7,191	7,191
Reserves for payment of capital securities in the following years	2,621,851	2,231,494
Reserves for associates' capital rights	609,595	581,052
Other reserves	64,166,839	55,922,012
	658,010,062	625,455,534

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 revaluation reserve derived from the measurement at fair value of the financial assets available for sale and the revaluation of fixed assets. This reserve cannot be distributed, although it may be used, in situations following the revaluation of fixed assets, 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 the first quarter of 2023, the determination of the consolidated profit of the Crédito Agrícola Group can be summarised as follows:

(amounts in euros)	31-Mar-2023
Profit for the year of the Caixas de Crédito Agrícola Mútuo e FACAM [1]	60,975,854
Profit for the year of the Caixa Central de Crédito Agrícola Mútuo	24,984,657
	85,960,511
Impact on net income of the reconciliation of common balances at SICAM	(3,885,668)
Net income of SICAM	82,074,843
Crédito Agrícola Vida, Companhia de Seguros S.A.	973,192
Crédito Agrícola Seguros – Companhia de Seguros de Ramos Reais, S.A.	2,955,312
Crédito Agrícola SGPS S.A.	(883,569)
Fenacam - Federação Nacional das Caixas de Crédito Agrícola Mútuo FCRL	535,459
Crédito Agrícola Informática - Serviços de Informática S.A.	157,264
Crédito Agrícola Serviços - ACE (2)	91,078
Crédito Agrícola Gest – SGOIC, S.A	150,478
CA Capital - Sociedade de Capital de Risco S.A.	(56,505)
CCCAM Gestão de Investimentos e Consultoria, Unipessoal, Lda	(23,493)
Crédito Agrícola Seguros e Pensões SGPS S.A.	(78,161)
FII ImoValor CA	(31,882)
CA Imóveis, Unipessoal Lda	(624,553)
FII CA Imobiliário	(1,201,162)
FIM CA Institucionais	319,984
Net income of all the other Group companies (4)	2,283,441
Annulment of the devaluation of the PUs of the Real Estate Investment Funds recorded in the year	1,252,735
Earnings from application of the equity method to associated companies	198,834
	1,451,569
Adjustment of intergroup relations and annulment of common balances:	
Adjustment of provisions for additional paid-in capital of CA SGPS in CCCAM GI and CA Imóveis	648,046
Annulment of impairment on financial holdings	56,505
Annulment of the insurance brokerage commissions paid to the CCAMs and CCCAM	789,883
Annulment of insurance premiums charged to CA Group companies	464,751
Annulment of invoices issued between CA Group institutions	(1,746,300)
Adjustment to fixed assets sold intergroup - annulment of capital gains and correction of amortisations	(447,781)
Adjustment of properties of Real Estate Investment Funds	283,356
Overlay Provision IFRS 9	9,368,330
Multi-employment	(878,354)
Annulment of estimates	1,696,573
Other consolidation adjustments	(127,145)
	10,107,864
	95,917,717
Profit or loss attributable to non-controlling interests	(82,920)
Consolidated profit for the year of Crédito Agrícola Group	**95,834,797**

[1] This amount derives from the sum of the net income of all the Caixas belonging to SICAM and FACAM

[2] 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)

26. Non-controlling interests

The value of third-party holdings in companies of the Crédito Agrícola Group, is distributed by institution as follows:

	31-Mar-2023			31-Dec-2022		31-Mar-2022	
	Effective %	Balance sheet	Income statement	Effective %	Balance sheet	Effective %	Income statement
Crédito Agrícola Seguros	2.62%	1,232,916	(77,414)	2.62%	1,147,474	2.62%	(88,678)
Alternative FIM Institutional CA	1.21%	223,685	(3,872)	1.21%	219,813	1.21%	5,795
Crédito Agrícola Informática	0.55%	48,309	(865)	0.55%	47,445	0.55%	(1,207)
Crédito Agrícola Vida	0.07%	64,847	(678)	0.07%	57,913	0.07%	(1,860)
Crédito Agrícola Seguros e Pensões	0.02%	27,228	16	0.02%	27,244	0.02%	10
Fenacam	0.02%	1,521	(107)	0.02%	1,414	0.02%	(111)
		1,598,507	(82,920)		1,501,302		(86,051)

27. Interest income

The composition of this heading is as follows:

	31-Mar-2023	31-Mar-2022
Interest of financial assets held for trading		
Debt securities issued by residents	71,179	26,501
Debt securities issued by non-residents	530	44,103
Interest rate swaps	402,062	27,213
	473,771	**97,817**
Interest on financial assets at fair value through profit or loss		
Debt securities issued by residents	29,470	22,973
	29,470	**22,973**
Interest of financial assets at fair value through other comprehensive income		
Debt securities issued by residents	3,596,817	3,586,994
Debt securities issued by non-residents	315,599	88,214
	3,912,416	**3,675,208**

(Amounts in Euros)

	31-Mar-2023	31-Mar-2022
Interest of financial assets at amortised cost		
Interest of securities at amortised cost		
Debt securities issued by residents	15,505,555	12,628,116
Debt securities issued by non-residents	27,264,724	22,108,907
Interest of investments at other credit institutions		
Investments in domestic credit institutions	207,183	87,061
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	103,886	94,201
Loans	51,643,403	32,203,892
Current account loans and advances	4,295,437	2,702,845
Current account overdrafts	402,421	326,153
Finance lease operations		
Movables	1,217,638	661,860
Real estate	1,066,802	575,199
Credit card	25,693	19,560
Commercial paper	3,479,896	1,439,709
Individuals		
Mortgage	24,522,794	8,706,071
Consumer	8,714,940	6,748,164
Other purposes		
Loans	8,776,277	6,662,545
Current account loans and advances	326,384	274,243
Current account overdrafts	114,714	110,459
Finance lease operations	171,491	116,504
Other credits	3,940	16,079
Credit abroad		
Companies and public administration		
Loans	65,762	2,295
Commercial paper	203,093	35,898
Individuals		
Mortgage	1,631,639	610,428
Consumer		
Credit card	17,785	14,283
Other credits	281,892	173,589
Other purposes		
Loans	80,910	54,331
Current account overdrafts	838	672
Interest on overdue loans	2,133,021	2,512,530
	152,258,115	**98,885,595**
Interest of cash balances at Banco de Portugal	-	7,576,975
Interest of derivatives	17,004,825	119,928
Other interest and similar income	5,290,409	382,917
	178,969,006	**110,761,414**

(Amounts in Euros)

The variation in the heading "Interest income" is mainly explained by the effect of the increase in interest from loans from companies and general governments by 19.4 million euros, interest from home loans by 15.8 million euros and interest from securities at amortised cost by 8 million euros. On the other hand, interest receivable on cash balances at Banco de Portugal decreased by 7.6 million euros.

28. Interest expenses

The composition of this heading is as follows:

	31-Mar-2023	31-Mar-2022
Interest of financial liabilities held for trading		
Interest of securities held for trading	370,240	20,370
	370,240	**20,370**
Interest of financial liabilities measured at amortised cost		
Interest of funds of central banks	14,120	1,403
Interest of funds of other credit institutions		
Domestic	265,538	10,464
Abroad	58,685	45,783
Interest of customer funds and other loans	2,002,073	1,536,751
Interest of bond loans	1,849,315	1,849,316
	4,189,731	**3,443,717**
Interest of hedge derivatives		
Interest rate swaps - hedge	1,740,346	9,294,142
	1,740,346	**9,294,142**
Other liabilities		
Interest of leases	89,402	101,075
Other interest and charges	4,777,517	3,341,534
	4,866,919	**3,442,608**
Interest expense on assets		
Amortisation of the premium on bond transactions in the capital market	14,368,468	19,176,142
Other interest and charges	14	39,751
	14,368,483	**19,215,893**
	25,535,720	**35,416,731**

The variation in the heading "Interest expenses" is essentially explained by the decrease in interest on hedging derivatives by 7.6 million euros and by the decrease in amortisation of the premium on bond operations in the capital market by 4.8 million euros.

(Amounts in Euros)

29. Dividend income

The composition of this heading is as follows:

	31-Mar-2023	31-Mar-2022
Dividends of non-trading financial assets stated at fair value through profit or loss		
Equity instruments issued by residents	70,670	29,634
Equity instruments issued by non-residents	18,791	21,360
	89,461	**50,994**

(Amounts in Euros)

30. Fee and commission income

The composition of this heading is as follows:

	31-Mar-2023	31-Mar-2022
From guarantees		
Guarantees and sureties	951,673	974,846
Opened documentary credits	13,461	17,605
	965,134	992,452
For commitments assumed before third parties		
Irrevocable commitments		
Irrevocable credit lines	2,396,911	2,191,777
Other irrevocable commitments	80	3
	2,396,991	2,191,780
For services rendered		
Deposit and custody of values	808,564	777,323
Collection of values	104,875	114,349
Collective investment undertakings in securities		
Management commission	-	-
Transfer of amounts	1,443,544	1,081,951
Management of cards	52,013	42,958
Annuities	3,501,671	1,989,444
Assembly of operations	1,185,777	680,295
Credit operations		
Other credit operations	9,563,276	8,515,818
Other services rendered		
Other interbank commissions	464,762	437,425
Intermediation commissions	26,619	19,014
Placement	2,307,225	2,279,647
Interbank commissions - cards	9,501,585	8,864,207
Other	1,316,217	1,039,558
	30,276,128	25,841,989
For transactions conducted on account of third parties		
For securities		
In Stock Exchange transactions	38,860	51,514
In transactions outside the Stock Exchange	6,292	1,540
	45,152	53,054
Other commissions received	12,077,780	10,614,953
of which Account maintenance	*5,821,994*	*4,931,477*
	45,761,185	**39,694,227**

(Amounts in Euros)

The variation in the heading of "Fee and commission income" is mainly explained by commissions for services rendered, with the greatest impact on annuities and commissions received for other credit operations, of which processing, study and annual management fees stand out.

31. Fee and commission expenses

The composition of this heading is as follows:

	31-Mar-2023	31-Mar-2022
From guarantees	14	161
From banking services		
Deposit and custody of values	193,011	268,500
Collection of values	753	1,443
Administration of values	26,926	29,434
Cards	4,995,776	3,909,114
Other	96,309	96,721
	5,312,789	4,305,373
For transactions by third parties	940,043	1,221,270
	940,043	1,221,270
Other commissions paid		
Intermediation commissions	18,759	10,372
Other	694,332	913,075
	713,091	923,447
	6,965,923	**6,450,089**

Fee and commission expenses remained stable in relation to the same period of the previous year.

(Amounts in Euros)

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:

	31-Mar-2023	31-Mar-2022
Financial assets at fair value through other comprehensive income		
Securities		
Equity instruments (insurance activity)	-	21,978
Issued by residents		
Debt instruments	(748,881)	(5,082,301)
	(748,881)	(5,060,323)
Financial assets at amortised cost		
Securities		
Issued by non-residents		
Debt instruments	(110)	-
Other	32,840	16,648
	32,730	16,648
	(716,151)	**(5,043,676)**

During the first quarter of 2023 and year 2022 no portfolio securities were disposed of at amortised cost. 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 and liabilities held for trading, net

The composition of this heading is as follows:

Description	31-Mar-2023 Gains	31-Mar-2023 Losses	31-Mar-2023 Net	31-Mar-2022 Gains	31-Mar-2022 Losses	31-Mar-2022 Net
Financial assets and liabilities held for trading						
Debt instruments	3,130,430	(846,694)	2,283,737	2,285,264	(6,728,937)	(4,443,673)
Trading derivatives	5,366,947	(5,207,382)	159,564	1,283,114	(1,411,188)	(128,074)
Totals	**8,497,377**	**(6,054,076)**	**2,443,301**	**3,568,377**	**(8,140,125)**	**(4,571,747)**

Gains and losses on debt instruments refer to capital gains and losses on the disposal of foreign public debt securities.

(Amounts in Euros)

34. Gains or losses on non-trading financial assets mandatorily statd at fair value through profit or loss, net

The composition of this heading is as follows:

Description	31-Mar-2023 Gains	31-Mar-2023 Losses	31-Mar-2023 Net	31-Mar-2022 Gains	31-Mar-2022 Losses	31-Mar-2022 Net
Financial assets and liabilities not held for trading						
Equity instruments	803,593	(347,884)	455,710	1,409,724	(433,343)	976,382
Investment fund units	200,346	(266,907)	(66,561)	126,569	(105,320)	21,249
Totals	**1,003,940**	**(614,791)**	**389,149**	**1,536,293**	**(538,662)**	**997,631**

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-Mar-2023 Gains	31-Mar-2023 Losses	31-Mar-2023 Net	31-Mar-2022 Gains	31-Mar-2022 Losses	31-Mar-2022 Net
Financial assets and liabilities at fair value through profit or loss						
Bonds - Portuguese public debt	164,033	(193,097)	(29,064)	160,725	(172,046)	(11,321)
Bonds - Other residents	1,710	-	1,710	2,699	(145,362)	(142,663)
Totals	**165,742**	**(193,097)**	**(27,353)**	**163,423**	**(317,408)**	**(153,984)**

36. Gains or losses from hedge accounting, net

The composition of this heading is as follows:

Description	31-Mar-2023 Gains	31-Mar-2023 Losses	31-Mar-2023 Net	31-Mar-2022 Gains	31-Mar-2022 Losses	31-Mar-2022 Net
Swaps - Interest rate risk hedge	567,535,039	(563,904,068)	3,630,971	340,487,152	(338,504,765)	1,982,388
Totals	**567,535,039**	**(563,904,068)**	**3,630,971**	**340,487,152**	**(338,504,765)**	**1,982,388**

(Amounts in Euros)

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:

	31-Mar-2023	31-Mar-2022
Earnings from currency revaluation		
Spot foreign exchange transactions	415,665	450,288
	415,665	**450,288**

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, net value

The composition of this heading is as follows:

	31-Mar-2023	31-Mar-2022
Gains or (-) losses on non-financial assets		
Other tangible assets	224,650	(109,564)
Investment properties	-	612,077
Other assets	2,184	4,443
	226,834	**506,956**

The variation is mainly explained by the disposal of Investment properties.

(Amounts in Euros)

39. Technical margin of insurance activity

The composition of this heading is as follows:

	31-Mar-2023	31-Mar-2022
Technical margin of insurance activity	22,268,935	25,882,729
	22,268,935	**25,882,729**

The technical margin of the insurance activity reached about 22.3 million euros, 3.6 million euros less than the previous year, with the following breakdown:

	31-Mar-2023	31-Mar-2022
Premiums net of reinsurance		
Life business		
Gross written premiums	85,826,734	136,397,996
Assigned reinsurance premiums	(2,496,862)	(2,543,070)
	83,329,872	133,854,926
Non-life insurance business		
Gross written premiums	41,619,143	38,642,736
Assigned reinsurance premiums	(9,861,487)	(9,062,007)
	31,757,656	29,580,729
	115,087,528	163,435,655
Costs related to claims		
Amounts paid		
Gross amounts	45,014,012	41,378,555
Portion of the reinsurers	(4,985,733)	(4,265,252)
	40,028,279	37,113,303
Change in technical provisions net of reinsurance	(52,790,314)	(100,439,624)
	22,268,935	25,882,729

(Amounts in Euros)

40. Other operating income

The composition of this heading is as follows:

	31-Mar-2023	31-Mar-2022
Rents	440,355	573,139
Reimbursement of expenses	264,116	302,296
Recovery of credit, interest and expenses		
Recovery of bad debts	10,005,525	4,935,091
Recovery of interest and expenses of overdue loans	767,443	761,459
Income from miscellaneous services rendered	2,005,151	2,147,693
Gains relative to previous years	295,568	551,020
Other	1,059,488	2,198,006
	14,837,645	**11,468,704**

During the first quarter of 2023, the Crédito Agrícola Group recovered 10 million euros of uncollectible loans, an increase of about 5 million euros compared to the previous year.

41. Other operating expenses

The composition of this heading is as follows:

	31-Mar-2023	31-Mar-2022
Levies and donations	(367,016)	(304,159)
Annulment of overdue interest	(73,438)	(198,624)
Contribution of the banking sector	(1,537,369)	(1,179,619)
Additional for Solidarity of the Banking Sector	(248,107)	(216,480)
Other taxes	(569,467)	(625,892)
Other operating charges and costs relative to previous years	(682,797)	(536,661)
Other operating charges and expenses	(5,329,776)	(4,352,142)
	(8,807,970)	**(7,413,577)**

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 3.5 million euros (March 2022: 2.4 million euros).

(Amounts in Euros)

42. Staff expenses

The composition of this heading is as follows:

	31-Mar-2023	31-Mar-2022
Salaries and wages		
Management and Supervisory Bodies	6,390,195	5,992,714
Employees	41,571,459	36,652,137
	47,961,654	42,644,852
Mandatory social security charges		
Pension funds	2,344,160	657,550
Charges relative to remunerations		
Social Security	9,783,142	8,667,916
SAMS	1,726,614	1,560,528
Other	33,835	42,037
Occupational accident insurance	167,827	147,225
Other compulsory charges	111,724	123,253
	14,167,301	11,198,509
Other staff expenses		
Contractual indemnities	54,485	76,537
Other	498,292	431,644
	552,777	508,181
	62,681,732	**54,351,541**

Staff expenses increased in relation to the same period of the previous year, essentially due to the increase in salaries and wages.

(Amounts in Euros)

43. Other administrative expenses

The composition of this heading is as follows:

	31-Mar-2023	31-Mar-2022
Related to supplies		
Water, energy and fuel	650,035	945,843
Consumables	214,273	201,283
Hygiene and cleaning material	53,065	60,964
Publications	15,304	22,755
Material for assistance and repair	14,783	8,647
Other third party supplies	335,404	218,596
	1,282,865	1,458,088
Related to services		
Rentals and leasing	512,186	434,275
Maintenance and related services	1,686,748	1,479,024
Communications	1,366,799	1,386,578
Advertising and publishing	1,562,951	1,987,925
Travel, hotel and representation	735,724	569,909
Insurance	473,439	337,859
Staff training	142,763	86,667
Transportation	619,327	693,502
Specialised services:		
IT	6,978,098	6,416,102
Retainers and fees	1,808,986	1,577,922
Security, surveillance and cleaning	975,563	987,076
Information	792,771	754,531
Occasional manpower	51,693	24,843
Legal and notary expenses	536,578	441,915
Database	36,426	32,589
Other specialised services:		
Multibanco services	469,930	415,807
External valuators	636,428	584,439
Other third party services	9,438,027	8,202,684
	28,824,438	26,413,646
	30,107,303	**27,871,735**

The Other administrative expenses show a reduced variation compared to the same period of the previous year.

(Amounts in Euros)

44. Cash contributions to resolution funds and deposit guarantee schemes

The composition of this heading is as follows:

	31-Mar-2023	31-Mar-2022
Contributions to the Single Resolution Fund	746,825	229,497
Contributions to the Resolution Fund	518,027	268,466
Contributions to the Deposit Guarantee Fund	10,046	4,928
	1,274,898	**502,891**

45. Modification gains or losses, net

The composition of this heading is detailed as follows:

	31-Mar-2023	31-Mar-2022
Modified		
Financial assets at amortised cost	589,734	123,429
	589,734	**123,429**

(Amounts in Euros)

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:

	31-Mar-2023	31-Mar-2022
Gains or losses on non-current assets held for sale		
Realised gains and losses	1,330,447	(922,356)
Impairment top-ups and reversals	(661,138)	1,690,294
	669,308	**767,938**

47. Related institutions

The related institutions correspond to the governing bodies of the Caixas Agrícolas that form part of the Crédito Agrícola Group.

The benefits attributed to the Governing Bodies (executive and non-executive members) are included in the respective Remuneration Policy.

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 are conducted on an annual basis by Companhia de Seguros Crédito Agrícola Vida, S.A., and the last one was performed with reference to 31 December 2022.

The Executive Board of Directors of Crédito Agrícola considers that the main actuarial and financial assumptions used as at 31 December 2022 remain valid as at 31 March 2023, which is why no new actuarial study was requested for the purpose of preparing these condensed consolidated financial statements as at 31 March 2023.

The actuarial and financial assumptions used in the calculation of the liabilities as at 31 December 2022 were as follows:

(Amounts in Euros)

	31-Dec-2022
Demographic assumptions	
Mortality table	TV – 88/90
Disability table	EVK 80
Retirement age	**(*)**
Assessment methods	“Projected Unit Credit"
Financial assumptions	
Discount rate:	
- Active workers and Leave with actuarial age < 55 years old	3.55%
- Active workers and Leave with actuarial age ≥ 55 years old	3.50%
- Pre-retired, retired and pensioners	3.45%
Growth rate of wages and other benefits	1.80%
Pension growth rate	1.40%
Total wage for Social Security purposes	2.30%
Wage revaluation rate for Social Security:	
- pursuant to Decree-Law 187/2007 27(2)	2.08%
- pursuant to Decree-Law 187/2007 27(1)	2.08%

(*) Pursuant to Decree-Law 167-E/2013

The participants of pension plans financed by the pension fund are detailed below:

	31-Dec-2022
Active workers and those on unpaid leave	4,064
Pre-retired	246
Former participants	1
Retired and pensioners	943
Totals	**5,254**

(Amounts in Euros)

The liabilities related to retirement pensions, healthcare and seniority bonus, as at 31 March 2023 and 31 December 2022, as well as their coverage, were detailed as follows:

	31-Dec-2022
Active and former employees	50,528,458
Unpaid leave	3,641,381
Pre-retired	17,337,842
Retired and pensioners	35,099,637
Totals	**106,607,318**

As at December 2022, the past service liabilities of the Crédito Agrícola Pension Fund according to the actuarial study carried out with reference to 31 December 2022 and the respective assets allocated to cover them, were detailed as follows:

	31-Dec-2022
Total liabilities for past services	(106,607,318)
Equity of the Pension fund	108,651,135
(Excess)/(Shortfall) of coverage	2,043,817
Liability funding level	101.92%

Pursuant to Banco de 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 came to 109,436,926 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 March 2023 and 31 December 2022, the CA Group's balances do not include the amounts 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 March 2023 and 31 December 2022, are broken down as follows:

	31-Dec-2022
Total liabilities for past services	(5,697,909)
Equity of the Pension fund	5,755,327
(Excess)/(Shortfall) of coverage	57,418
Liability funding level	101.01%

(Amounts in Euros)

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 (31 December 2022: 106,607,318 euros), includes liabilities undertaken by other institutions of the Group. These liabilities also include the net value of the financing of the autonomous pension fund of the insurance companies, corresponding to a defined contribution plan, rather than a defined benefit plan as is the case of FPCAM, and was as at 31 December 2022: 39,210 euros.

The value of liabilities due to past services evolved as follows during the year:

Liabilities as at 31 December 2021	**130,897,244**
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)
Liabilities as at 31 December 2022	**106,607,318**
Liabilities as at 31 March 2023	**106,607,318**

There were no remeasurements recognised in Equity in the first quarter of 2023.

The value of the expected payment of benefits by maturity period for the entire fund is as follows:

Amounts in euros

Analysis of maturity of the expected benefits	
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
	199,977,749

The estimated contributions to be made in 2023 depend on the amount of liabilities that will be calculated at the end of that financial year.

(Amounts in Euros)

For the purposes of the expected contribution for 2023, 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 2023 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 amounts (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):

	31-Dec-2022
Average duration of the liabilities:	
Active workers and those on unpaid leave aged < 55 years old	23.2
Active workers and those on unpaid leave aged ≥ 55 years old	13.9
Pre-retired, Retired and Pensioners	9.1

The movement in the Pension Fund (assets of the plan) was as follows:

Balance as at 31 December 2021	**128,188,607**
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)
Balance as at 31 December 2022	**108,651,135**
Balance as at 31 March 2023	**108,651,135**

a) 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.

(Amounts in Euros)

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.

b) Furthermore, the Crédito Agrícola Group is committed to the payment of seniority bonuses to its employees. As at 31 March 2023 and 31 December 2022, these liabilities are detailed as follows (see Note 21):

	31-Mar-2023	31-Dec-2022
Seniority bonus:	16,173,091	16,120,164
Total liabilities related to seniority bonus	16,173,091	16,120,164

The reconciliation of seniority bonus movements is as follows:

	31-Dec-2022	Increases	Reversals	Uses	31-Mar-2023
Seniority bonus	16,120,164	394,483	0	(341,557)	16,173,091

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.

(Amounts in Euros)

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 March 2023 is presented as follows:

	Market value	**Duration**	**Monte Carlo VaR**
Portfolio position as at 31.03.2023	7,538,062,607	3.38	4,497,669
Change relative to 31.12.2022	*190,227,253*	*0.12*	*406,707*

- 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 amounts (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 counterpart risk in portfolios.

As at 31 March 2023, 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 2.4. 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.

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.

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.

Credit quality for cash balances at credit institutions – "Cash, cash balances at central banks and other demand deposits - Other demand deposits" (Note 5)

The table below shows the breakdown of the balance sheet value of investments in credit institutions, with reference to 31 March 2023 and 31 December 2022, considering aggregated risk classes (low, medium, and high) associated with external ratings:

	31-Mar-2023	31-Dec-2022
Ratings		
Low	6,703,660	10,208,127
Medium	2,340,582	1,226,328
High	470,913	266,387
Without rating	50,159,068	52,935,902
	59,674,224	64,636,745

The ratings of credit institutions in the table above are considered as follows: A/AA/AA as low risk, BBB as medium risk and BB/CCC as high risk.

Exposure and impairment by segment and type of analysis

31-Mar-2023

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	
Companies	**7,223,253**	**32.4%**	**719,578**	**85.6%**	**7,942,830**	**33.3%**	**95,617**	**54.0%**	**163,269**	**80.9%**	**258,886**	**68.3%**	**1.3%**	**22.7%**	**3.3%**
Business	1,877,867	8.4%	214,737	25.5%	2,064,314	8.7%	45,708	25.8%	42,187	20.9%	87,894	23.2%	2.5%	19.6%	2.5%
Large and SME	3,499,577	15.7%	370,289	44.1%	3,869,866	16.3%	32,503	18.3%	84,691	42.0%	117,194	30.9%	0.9%	22.9%	0.9%
Construction and Real Estate Activities	1,845,809	8.3%	134,552	16.0%	1,980,361	8.3%	17,406	9.8%	36,391	18.0%	53,797	14.2%	0.9%	27.0%	0.9%
Individuals, of which:	**5,252,153**	**23.5%**	**118,320**	**14.1%**	**5,370,473**	**22.6%**	**75,908**	**42.8%**	**38,585**	**19.1%**	**114,493**	**30.2%**	**1.4%**	**32.6%**	**2.1%**
Mortgage	3,714,784	16.6%	48,553	5.8%	3,763,337	15.8%	30,505	17.2%	11,850	5.9%	42,355	11.2%	0.8%	24.4%	0.8%
Consumer	740,116	3.3%	43,418	5.2%	783,534	3.3%	27,239	15.4%	17,986	8.9%	45,225	11.9%	3.7%	41.4%	3.7%
Other	**697,921**	**3.1%**	**2,645**	**0.3%**	**700,566**	**2.9%**	**311**	**0.2%**	**11**	**0.0%**	**322**	**0.1%**	**0.0%**	**0.4%**	**0.0%**
Sub-total	**13,173,327**	**59.0%**	**840,543**	**100.0%**	**14,013,870**	**58.9%**	**171,817**	**97.0%**	**201,865**	**100.0%**	**373,701**	**98.6%**	**1.3%**	**24.0%**	**2.7%**
Investments in securities	**9,141,014**	**41.0%**	**0**	**0.0%**	**9,141,014**	**41.1%**	**5,348**	**3.0%**	**0**	**0.0%**	**5,348**	**1.4%**	**0.1%**	**0.0%**	**0.1%**
Total	**22,314,341**	**100.0%**	**840,543**	**100.0%**	**23,154,884**	**100.0%**	**177,166**	**100.0%**	**201,865**	**100.0%**	**379,049**	**100.0%**	**0.8%**	**24.0%**	**1.6%**

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	
Companies	**7,257,423**	**32.8%**	**571,258**	**86.0%**	**7,828,680**	**34.3%**	**97,262**	**54.2%**	**156,015**	**82.8%**	**253,276**	**68.9%**	**1.3%**	**27.3%**	**3.2%**
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	3,590,583	16.2%	309,271	46.6%	3,899,854	17.1%	30,768	17.2%	81,081	43.1%	111,849	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%
Individuals, of which:	**5,331,635**	**24.1%**	**90,362**	**13.6%**	**5,421,997**	**23.8%**	**75,483**	**42.1%**	**32,295**	**17.1%**	**107,777**	**29.3%**	**1.4%**	**35.7%**	**2.0%**
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%**
Sub-total	**13,326,814**	**60.1%**	**664,057**	**100.0%**	**13,990,871**	**61.3%**	**173,079**	**96.5%**	**188,311**	**100.0%**	**361,390**	**98.3%**	**1.3%**	**28.4%**	**2.6%**
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%**
Total	**22,156,354**	**100.0%**	**664,057**	**100.0%**	**22,820,411**	**100.0%**	**179,338**	**100.0%**	**188,311**	**100.0%**	**367,618**	**100.0%**	**0.8%**	**28.4%**	**1.6%**

Note - The reconciliation of the balances in this table and the following is as follows:

	31-Mar-2023			31-Dec-2022		
	G. Amount	Impairment		G. Amount	Impairment	
Securities portfolio						
Financial assets at AC (Note 10.1)						
- Financial assets (IFRS 9)	9,141,014	5,232		8,700,432	6,148	
- Financial assets (IAS 39)				275,341	0	
	9,141,014	**5,232**		**8,975,773**	**6,148**	
Financial assets at FVTOCI (Note 9 and 19)						
- Financial assets (IFRS 9)	738,621	117		129,108	110	
- Financial assets (IAS 39)				623,744	0	
	738,621	**117**		**752,852**	**110**	
Presented balance						
Financial assets at AC (Note 10.1)						
- Financial assets (IFRS 9)	9,929,684	5,232		9,557,394	6,148	
Financial assets at AC - hedge adjustment (Note 10.1)	-788,670			-856,962		
Financial assets at FVTOCI (Note 9)	738,621	117				
- Non-insurance activity (IFRS 9)				129,108	110	
Closing Balance	**9,141,014**	**5,348**		**8,829,540**	**6,259**	
Loans and advances to customers	On-balance sheet	Off-balance sheet		On-balance sheet	Off-balance sheet	
Financial assets at AC - Commercial paper (Note 10.1)	372,744			420,434		
Financial assets at AC - Loans and advances (Note 10.2)	11,556,192			11,590,897		
	11,928,937			**12,011,330**		
Loan commitments given (Note 48 - maximum exposure)		1,416,678			1,312,912	
Financial guarantees given (Note 48 - maximum exposure)		425,491			424,129	
Other commitments given (Note 48 - maximum exposure)		539,993			457,638	
		2,382,162			**2,194,680**	
	On-balance sheet	Off-balance sheet	Presented balance	On-balance sheet	Off-balance sheet	Presented balance
Customer balances under analysis	11,963,469	2,050,400	**14,013,870**	12,046,323	1,944,548	**13,990,871**
Commissions (deferred income - Note 10.2)	1,890			1,854		
Commissions (deferred expenses - Note 10.2)	-30,580			-30,414		
Commissions received to defer (discounted commercial paper - note 10.1)						
Any other possible liabilities (Note 22)		5,428			5,317	
Assets given as guarantee (Note 22) - excluding Central Banks		203,866			201,712	
Liability related to investor compensation scheme (Note 22)		1,537			1,469	
Irrevocable commitments - real state properties (Note 22)		29,073			39,688	
Irrevocable commitments for buying and selling securities (Note (22)		91,858			1,946	
Modified	-5,843			-6,433		
	11,928,937	**2,382,162**		**12,011,330**	**2,194,680**	
Segmental analysis (Impairment)	On-balance sheet	Off-balance sheet	Presented balance	On-balance sheet	Off-balance sheet	Presented balance
Financial assets at AC - Commercial paper (Note 10.1)	707			306		
Financial assets at AC - Loans and advances (Note 10.2)	360,974			349,592		
	361,682			**349,898**		
Guarantees and sureties (Note 19)		12,019			11,492	
Closing Balance	**361,682**	**12,019**	**373,701**	**349,898**	**11,492**	**361,390**

Exposure and impairment by segment and level – Collective and individual analysis

31-Mar-2023

amounts in thousands of euros

Segment	Exposure											
	Assets without significant increased risk (Stage 1)		Assets with significant increased risk (Stage 2)				Assets in default (Stage 3)				Total	%
	Value	%	Value	%	Of which: restructured	%	Value	%	Of which: restructured	%		
Companies	**6,647,434**	**32.3%**	**865,486**	**43.5%**	**187,536**	**71.5%**	**429,910**	**70.9%**	**260,982**	**72.3%**	**7,942,830**	**38.6%**
Business	1,659,068	8.1%	286,948	14.4%	55,506	21.2%	146,587	24.2%	75,254	20.9%	2,092,603	10.2%
Large and SME	3,289,687	16.0%	397,197	20.0%	97,104	37.0%	182,982	30.2%	122,683	34.0%	3,869,866	18.8%
Construction and Real Estate Activities	1,698,678	8.3%	181,342	9.1%	34,926	13.3%	100,341	16.6%	63,046	17.5%	1,980,361	9.6%
Individuals, of which:	**4,079,988**	**19.8%**	**1,114,418**	**56.0%**	**74,759**	**28.5%**	**176,068**	**29.1%**	**99,866**	**27.7%**	**5,370,473**	**26.1%**
Mortgage	2,919,480	14.2%	784,086	39.4%	31,425	12.0%	59,771	9.9%	27,052	7.5%	3,763,337	18.3%
Consumer	548,630	2.7%	159,876	8.0%	25,007	9.5%	75,029	12.4%	45,526	12.6%	783,534	3.8%
Other	**691,101**	**3.4%**	**9,465**	**0.5%**	-	-	-	-	-	-	**700,566**	**3.4%**
Sub-total	**11,418,522**	**55.5%**	**1,989,369**	**100.0%**	**262,294**	**100.0%**	**605,978**	**100.0%**	**360,848**	**100.0%**	**14,013,870**	**60.5%**
Investments in securities	**9,141,014**	**44.5%**	-	-	**0**	**0.0%**	-	-	**0**	**0.0%**	**9,141,014**	**39.5%**
Total	**20,559,536**	**100.0%**	**1,989,369**	**100.0%**	**262,294**	**100.0%**	**605,978**	**100.0%**	**360,848**	**100.0%**	**23,154,884**	**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	**46,302**	**82.6%**	**49,861**	**62.6%**	**25,463**	**83.2%**	**162,723**	**66.9%**	**108,178**	**69.1%**	**258,886**	**68.3%**	**0.7%**	**5.8%**	**37.9%**
Business	11,693	20.8%	13,869	17.4%	6,196	20.3%	62,332	25.6%	35,457	22.6%	87,894	23.2%	0.7%	4.8%	42.5%
Large and SME	24,158	43.1%	28,136	35.3%	14,024	45.8%	64,901	26.7%	50,086	32.0%	117,194	30.9%	0.7%	7.1%	35.5%
Construction and Real Estate Activities	10,451	18.6%	7,856	9.9%	5,243	17.1%	35,491	14.6%	22,635	14.4%	53,797	14.2%	0.6%	4.3%	35.4%
Individuals, of which:	**4,121**	**7.4%**	**29,743**	**37.4%**	**5,127**	**16.8%**	**80,629**	**33.1%**	**48,481**	**30.9%**	**114,493**	**30.2%**	**0.1%**	**2.7%**	**45.8%**
Mortgage	1,868	3.3%	17,756	22.3%	1,139	3.7%	22,731	9.3%	10,863	6.9%	42,355	11.2%	0.1%	2.3%	38.0%
Consumer	787	1.4%	6,364	8.0%	2,393	7.8%	38,075	15.6%	23,734	15.1%	45,225	11.9%	0.1%	4.0%	50.7%
Other	**297**	**0.5%**	**25**	**0.0%**	-	-	-	-	-	-	**322**	**0.1%**	**0.0%**	**0.3%**	-
Sub-total	**50,719**	**90.5%**	**79,629**	**100.0%**	**30,590**	**100.0%**	**243,353**	**100.0%**	**156,659**	**100.0%**	**373,701**	**98.6%**	**0.4%**	**4.0%**	**40.2%**
Investments in securities	**5,348**	**9.5%**	-	-	**0**	**0.0%**	-	-	**0**	**0.0%**	**5,348**	**1.4%**	**0.1%**	-	-
Total	**56,050**	**100.0%**	**79,629**	**100.0%**	**30,590**	**100.0%**	**243,353**	**100.0%**	**156,659**	**100.0%**	**379,049**	**100.0%**	**0.3%**	**4.0%**	**40.2%**

31-Dec-2022

amounts in thousands of euros

Segment	Exposure											
	Assets without significant increased risk (Stage 1)		Assets with significant increased risk (Stage 2)				Assets in default (Stage 3)				Total	%
	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%**	**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%	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%	6.2%	35.1%
Construction and Real Estate Activities	11,050	22.1%	8,850	11.7%	5,745	18.9%	38,479	15.9%	25,828	16.3%	58,379	15.9%	0.7%	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	**43,760**	**87.5%**	**75,652**	**100.0%**	**30,355**	**100.0%**	**241,948**	**100.0%**	**158,183**	**100.0%**	**361,390**	**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	**50,019**	**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%**

Note - See reconciliation of balances above

Exposure by segment, level and days in arrears – Collective and individual analysis

31-Mar-2023

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	**6,647,434**	**850,784**	**14,467**	**235**	**865,486**	**239,267**	**40,321**	**150,322**	**429,910**	**7,942,830**
Business	1,659,068	279,902	6,884	161	286,948	67,417	16,459	62,711	146,587	2,092,603
Large and SME	3,289,687	392,836	4,360	1	397,197	125,746	19,352	37,883	182,982	3,869,866
Construction and Real Estate Activities	1,698,678	178,047	3,223	73	181,342	46,104	4,510	49,727	100,341	1,980,361
Individuals, of which:	**4,079,988**	**1,090,534**	**23,365**	**518**	**1,114,418**	**63,524**	**22,245**	**90,298**	**176,068**	**5,370,473**
Mortgage	2,919,480	770,456	13,404	227	784,086	26,231	7,524	26,016	59,771	3,763,337
Consumer	548,630	153,282	6,325	270	159,876	22,433	10,287	42,309	75,029	783,534
Other	**691,101**	**9,272**	**1**	**192**	**9,465**	-	-	-	-	**700,566**
Sub-total	**11,418,522**	**1,950,590**	**37,834**	**945**	**1,989,369**	**302,791**	**62,567**	**240,620**	**605,978**	**14,013,870**
Investments in securities	**9,141,014**	**0**	**0**	**0**	**-**	**0**	**0**	**0**	**-**	**9,141,014**
Total	**20,559,536**	**1,950,590**	**37,834**	**945**	**1,989,369**	**302,791**	**62,567**	**240,620**	**605,978**	**23,154,884**

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**	**-**	**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**

Note - See reconciliation of balances above

Exposure and impairment by segment, level and credit rating – Collective and individual analysis

31-Mar-2023

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	**6,647,434**	**61.8%**	**865,486**	**43.7%**	**7,512,920**	**59.1%**	**46,302**	**91.8%**	**49,861**	**62.6%**	**96,162**	**73.9%**
Business	1,659,068	15.2%	286,948	14.5%	1,946,016	15.3%	11,693	23.1%	13,869	17.4%	25,562	19.6%
Reduced	444,181	3.8%	23,031	1.2%	430,310	3.4%	676	1.2%	485	0.6%	1,161	0.9%
Medium	1,208,057	11.3%	233,653	11.8%	1,441,710	11.3%	10,729	21.3%	10,449	13.1%	21,178	16.3%
High	6,830	0.1%	30,263	1.5%	37,094	0.3%	288	0.6%	2,936	3.7%	3,224	2.5%
Large and SME	3,289,687	30.8%	397,197	20.1%	3,686,884	29.0%	24,158	48.0%	28,136	35.3%	52,294	40.2%
Reduced	1,317,879	12.3%	46,995	2.4%	1,364,874	10.7%	2,609	5.2%	521	0.7%	3,130	2.4%
Medium	1,957,240	18.3%	311,383	15.7%	2,268,623	17.9%	19,430	38.6%	23,779	29.9%	43,208	33.2%
High	14,568	0.1%	38,819	2.0%	53,387	0.4%	2,119	4.2%	3,836	4.8%	5,955	4.6%
Construction and Real Estate Activities	1,698,678	15.9%	181,342	9.2%	1,880,020	14.8%	10,451	20.7%	7,856	9.9%	18,306	14.1%
Reduced	261,934	2.5%	21,856	1.1%	283,791	2.2%	377	0.7%	89	0.1%	467	0.4%
Medium	1,417,175	13.3%	145,335	7.3%	1,562,511	12.3%	8,089	16.1%	7,045	8.9%	15,134	11.6%
High	19,568	0.2%	14,151	0.7%	33,719	0.3%	1,985	3.9%	721	0.9%	2,706	2.1%
Individuals, of which:	**4,079,988**	**38.2%**	**1,114,418**	**56.3%**	**5,194,405**	**40.9%**	**4,121**	**8.2%**	**29,743**	**37.4%**	**33,863**	**26.1%**
Mortgage	2,919,480	27.3%	784,086	39.6%	3,703,566	29.1%	1,868	3.7%	17,756	22.3%	19,624	15.1%
Reduced	1,723,907	16.1%	153,856	7.8%	1,877,763	14.8%	761	1.5%	358	0.4%	1,119	0.9%
Medium	1,195,573	11.2%	298,827	15.1%	1,494,400	11.8%	1,107	2.2%	1,609	2.0%	2,715	2.1%
High	-	-	331,403	16.7%	331,403	2.6%	-	-	15,790	19.8%	15,790	12.1%
Consumer	548,630	5.1%	159,876	8.1%	708,505	5.6%	787	1.6%	6,364	8.0%	7,150	5.5%
Reduced	299,337	2.8%	23,039	1.2%	322,376	2.5%	227	0.5%	668	0.8%	895	0.7%
Medium	249,293	2.3%	83,604	4.2%	332,896	2.6%	560	1.1%	2,223	2.8%	2,782	2.1%
High	-	-	53,233	2.7%	53,233	0.4%	-	-	3,473	4.4%	3,473	2.7%
Total	**10,727,421**	**100.0%**	**1,979,904**	**100.0%**	**12,707,325**	**100.0%**	**50,422**	**100.0%**	**79,604**	**100.0%**	**130,026**	**100.0%**

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	**6,407,828**	**59.6%**	**973,064**	**51.6%**	**7,380,892**	**58.4%**	**40,179**	**92.5%**	**49,759**	**65.8%**	**89,938**	**75.5%**
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%	11,050	25.4%	8,850	11.7%	19,900	16.7%
Reduced	223,445	2.1%	14,726	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%
Individuals, of which:	**4,337,740**	**40.4%**	**913,105**	**48.4%**	**5,250,845**	**41.6%**	**3,279**	**7.5%**	**25,889**	**34.2%**	**29,168**	**24.5%**
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%
Total	**10,745,568**	**100.0%**	**1,886,169**	**100.0%**	**12,631,738**	**100.0%**	**43,458**	**100.0%**	**75,648**	**100.0%**	**119,106**	**100.0%**

Note - See reconciliation of balances above

Guarantees obtained by repossession and execution procedures

Unit: euros

	31-Mar-2023		31-Dec-2022	
	Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes
Tangible fixed assets	**0**	**0**	**0**	**0**
Other, except Property, plant and equipment	**1,586,595**	**-149,473**	**401,079**	**-122,515**
Residential immovable property	729,239	-98,342	99,805	-23,905
Commercial immovable property	289,000	0	40,794	-10,008
Movable property	43,034	-18,034	3,682	-1,188
Equity and debt instruments	0	0	0	0
Other	525,322	-33,097	256,797	-87,413
Total	**1,586,595**	**-149,473**	**401,079**	**-122,515**

Maximum exposure to credit risk

As at 31 March 2023 and 31 December 2022, the maximum exposure to credit risk by type of financial instrument, excluding the securities in portfolio, may be summarised as follows (amounts in thousand euros):

(Amounts in Euros)

As at 31 March 2023	Maximum exposure	Collateral	Credit improvement	Total
Cash, cash balances at central banks and other demand deposits (Note 5)	822,614	-	-	822,614
Financial assets held for trading (Note 6):				
Derivatives	6,026	-	-	6,026
Debt securities	131,449	-	-	131,449
Non-trading financial assets mandatorily at fair value through profit or loss (Note 7):				
Equity instruments	74,903	-	-	74,903
Debt securities	57,577			
Financial assets designated at fair value through profit or loss (Note 8)	3,975	-	-	3,975
Financial assets at fair value through other comprehensive income (Note 9):				
Debt securities	738,621	-	-	738,621
Financial assets at amortised cost (Note 10):				
Debt securities	9,507,819	527,452	-	8,980,367
Loans and advances	11,195,218	8,298,147	1,351,200	1,545,871
Derivatives - Hedge accounting (Note 11)	837,636	-	-	837,636
	23,375,839	8,825,599	1,351,200	13,141,463
Off-balance sheet	2,382,162	664,026	-	1,718,136
	2,382,162	664,026	-	1,718,136

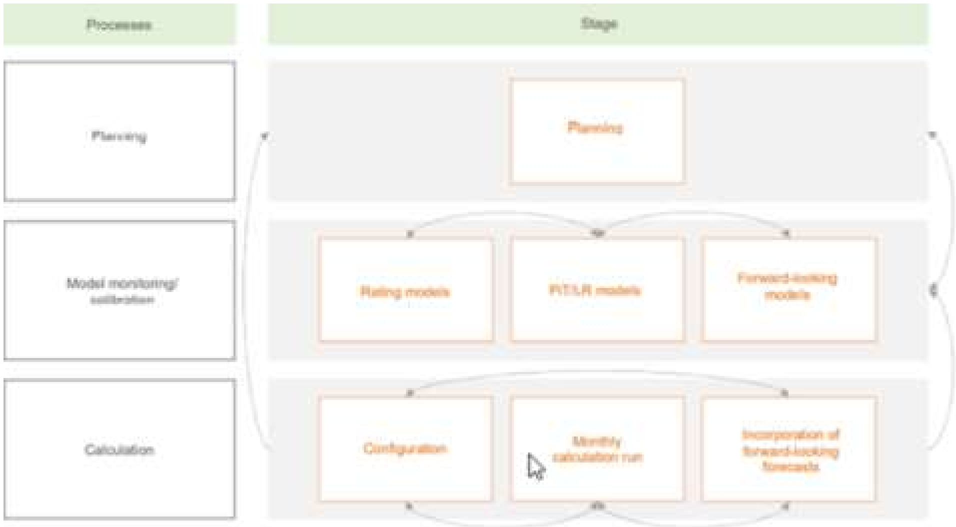
As at 31 December 2022	Maximum exposure	Collateral	Credit improvement	Total
Cash, cash balances at central banks and other demand deposits (Note 5)	1,356,383	-	-	1,356,383
Financial assets held for trading (Note 6):				
Derivatives	5,707	-	-	5,707
Debt securities	173,738	-	-	173,738
Non-trading financial 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 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
	23,887,020	8,918,271	1,332,055	13,636,695
Off-balance sheet	2,194,680	600,593	-	1,594,087
	2,194,680	600,593	-	1,594,087

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 activities 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.



<u>Investment Policy</u>

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 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 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.

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 as at 31 March 2023 and 31 December 2022 is presented in the table below (in thousand euros):

31-Mar-2023

	31-Mar-2023					
	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
Assets						
Cash, cash balances at central banks and other demand deposits	-	-	-	822,614	822,614	822,614
Financial assets held for trading	-	137,475	-	-	137,475	137,475
Non-trading financial assets mandatorily at fair value through profit or loss	-	132,481	-	-	132,481	132,481
Financial assets at fair value through other comprehensive income	-	-	738,621	-	738,621	738,621
Financial assets at amortised cost	-	-	-	20,703,037	20,703,037	19,631,506
Derivatives - Hedge accounting	-	837,636	-	-	837,636	837,636
Non-current assets held for sale	249,122	-	-	-	249,122	290,278
	249,122	1,107,591	738,621	21,525,652	23,620,986	22,590,611
Liabilities						
Financial liabilities held for trading	-	5,375	-	-	5,375	5,375
Financial liabilities measured at amortised cost	-	-	-	20,096,796	20,096,796	19,744,138
Derivatives - Hedge accounting	-	32,868	-	-	32,868	32,868
Financial liabilities from insurance contracts	-	4,363	-	69	4,431	4,431
	-	42,605	-	20,096,865	20,139,470	19,786,811

(Amounts in Euros)

31-Dec-2022

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
Assets					
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
	3,755	652,612	275,341	931,708	859,493
Liabilities					
Financial liabilities from insurance contracts	4,083	-	69	4,152	4,152
	4,083	-	69	4,152	4,152

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
Assets						
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	20,355,716	20,710,053
Derivatives - Hedge accounting	-	885,429	-	-	885,429	885,429
Non-current assets held for sale	260,079	-	-	-	260,079	302,822
	260,079	1,114,105	129,108	21,712,099	23,215,391	23,612,469
Liabilities						
Financial liabilities held for trading	-	5,216	-	-	5,216	5,216
Financial liabilities measured at amortised cost	-	-	-	20,804,720	20,804,720	19,142,194
Derivatives - Hedge accounting	-	27,415	-	-	27,415	27,415
	-	32,631	-	20,804,720	20,837,351	19,174,825

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 March 2023 and 31 December 2022, the method of calculation of the fair value of the financial instruments reflected in the financial statements can be summarised as follows (amounts in euros):

31-Mar-2023

	31-Mar-2023			
		Valuation Techniques		
	Prices in active market (1)	Market data (2)	Models (3)	Total
Financial assets held for trading	131,448,945	6,025,961	-	137,474,906
Non-trading financial assets mandatorily stated at FVTPL	57,577,119	110,572	74,792,905	132,480,595
Financial assets at fair value through other comprehensive income	738,621,193	-	-	738,621,193
Financial assets at amortised cost (excludes commercial paper)	9,141,014,126	-	-	9,141,014,126
Non-current assets and disposal groups classified as held for sale	-	-	249,122,339	249,122,339
	10,068,661,383	6,136,533	323,915,244	10,398,713,159
Financial liabilities held for trading	-	5,375,197	-	5,375,197
	-	5,375,197	-	5,375,197

31-Dec-2022

Insurance activity (IAS 39)

	2022			
		Valuation Techniques		
	Prices in active market (1)	Market data (2)	Models (3)	Total
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
	907,020,596	107,514	24,579,919	931,708,028

Non-insurance activity (IFRS 9)

	2022			
		Valuation Techniques		
	Prices in active market (1)	Market data (2)	Models (3)	Total
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
	9,003,277,619	5,706,994	309,310,490	9,318,295,102
Financial liabilities held for trading	-	5,215,793	-	5,215,793
	-	5,215,793	-	5,215,793

(Amounts in Euros)

(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:

	31-Dec-2022		2023							31-Mar-2023	
Nature	Opening Balance		Additions		Disposals		Changes in fair value	Transfers		Closing Balance	
	Quantity	Fair value	Quantity	Fair value	Quantity	Fair value		Quantity	Fair value	Quantity	Fair value
Equity Instruments	10,424,285	49,231,427	8,737	9,166	(661,206)	(4,021,199)	348,723	5,341,147	29,335,357	15,112,963	74,903,475
Total - Non-trading financial assets mandatorily at FVTPL	**10,424,285**	**49,231,427**	**8,737**	**9,166**	**(661,206)**	**(4,021,199)**	**348,723**	**5,341,147**	**29,335,357**	**15,112,963**	**74,903,475**

(Amounts in Euros)

Nature	31-Dec-2021 Opening Balance		2022 Additions		Disposals		Changes in fair value	31-Dec-2022 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
Total - Non-trading financial assets mandatorily at FVTPL	**11,122,230**	**49,713,812**	**225,868**	**3,273,564**	**(923,813)**	**(916,134)**	**(2,839,814)**	**10,424,285**	**49,231,427**

(3) Non-financial assets valued through valuations performed 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:

31-Mar-2023

Assets in classified at stage 3	Valuation model	Analysed variable	Balance Sheet Value
Non-trading financial assets mandatorily stated at FVTPL			
Investment fund units	Valuation of the holding company	*Net Asset Value* **(b)**	39,582,015
Shares	Market data	(c)	35,321,460
Non-current assets and disposal groups classified as held for sale			
Real estate properties (Note 17)	Valuation by expert valuators	Real State Property valuation **(d)**	248,167,311
Equipment and other assets	Valuation by expert valuators	(a)	955,028
Total			324,025,814

(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.

2022

Assets in classified at stage 3	Valuation model	Analysed variable	Balance Sheet Value
Non-trading financial assets mandatorily stated at FVTPL			
Investment fund units	Valuation of the holding company	*Net Asset Value* **(b)**	24,267,162
Shares	Market data	(c)	24,964,265
Financial assets at FVTPL			
Investment fund units	Other	(a)	10,130
Financial assets at fair value through other comprehensive income			
Investment fund units	Valuation of the holding company	*Net Asset Value* **(b)**	24,569,789
Non-current assets and disposal groups classified as held for sale			
Real estate properties (Note 17)	Valuation by expert valuators	Real State Property valuation **(d)**	259,165,444
Equipment and other assets	Valuation by expert valuators	(a)	913,618
Total			333,890,408

(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.

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

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 particularly 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, 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

<u>Analysis of credit risk concentration</u>

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 - CAE). 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 (CAE)

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.

b) 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.

c) 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.

(Amounts in Euros)

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 March 2023, 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%, clearly meeting the minimum requirements set by the regulator.

Thousand euros, except %	Dec-22	Mar-23	Δ Dec-22/Mar-23
Total Own Funds	**1,803,852**	**1,959,871**	**8.65%**
Common Equity Tier 1	1,803,852	1,959,871	8.65%
Tier 1	1,803,852	1,959,871	8.65%
Tier 2	0	0	0.00%
Exposure value (b)	**24,463,664**	**24,064,090**	**-1.63%**
Risk weighted exposure amounts	**9,797,944**	**10,081,824**	**2.90%**
Credit	8,786,966	9,065,206	3.17%
Market	3,961	9,623	142.91%
Operational	979,301	979,282	0.00%
Credit valuation adjustment (CVA)	27,716	27,714	-0.01%
RWA Density	38.25%	42.48%	**4.24 pp**
Solvency ratios (a)			
Common Equity Tier 1	20.53%	21.62%	1.09 pp
Tier 1	18.41%	19.44%	1.03 pp
Total	18.41%	19.44%	1.03 pp
Leverage ratio	7.06%	8.26%	**1.2 pp**
Liquidity coverage ratio (LCR)	499.95%	526.33%	**26.38 pp**
Net Stable Funding Ratio (NSFR)	167.69%	164.79%	**-2.9 pp**
Texas Ratio (c)	27.21%	25.00%	**-2.21 pp**

Note: Unaudited information

(a) Os rácios são calculado de acordo com as regras da Diretiva 2013/36/UE (CRD IV - Capital Requirements Directive) e Regulamento (U.E.) nº 575/2013 (CRR – Capital Requirements Regulation).

(b) inclui posições patrimoniais, extrapatrimoniais e derivados, líquidas de imparidade.

(c) Determinado pelo quociente: NPL / (Capitais Próprios Tangíveis + Stock de Imparidades).

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.

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.

(Amounts in Euros)

52. Segmental reporting

The CA Group conducted an analysis of its business lines, having identified the materially relevant segments, as described below:

	31-Mar-2023					
			Insurance activity			
	Commercial/ Retail banking	Management of investment fund and wealth management	Life business	Non-life insurance business	Other	Total
Net interest income	151,553,248	(1,912)	1,838,986	499,489	(456,524)	153,433,287
Dividend income	18,791	-	70,670	-	-	89,461
Net fees and commissions income	48,084,292	(52,738)	(2,873,812)	(6,645,628)	283,148	38,795,262
Net trading income	5,733,125	12,461	(794,414)	21,237	1,390,007	6,362,416
Technical margin of insurance activity	-	-	6,299,177	15,969,758	-	22,268,935
Other operating earnings and expenses	9,437,327	399,622	242,323	1,011,618	(5,061,215)	6,029,674
TOTAL OPERATING INCOME, NET	214,826,783	357,433	4,782,930	10,856,474	(3,844,584)	226,979,035
Staff costs and general administrative overheads	(44,272,184)	(709,644)	(3,217,288)	(5,112,055)	(39,477,863)	(92,789,035)
Cash contributions to resolution funds and deposit guarantee schemes	(1,274,898)	-	-	-	-	(1,274,898)
Amortisations and depreciations for the year	(4,110,256)	(51,660)	(259,345)	(698,221)	(3,659,695)	(8,779,177)
Modification Gains or (-) Losses	589,734	-	-	-	-	589,734
Provisions and impairment	(2,035,497)	(793,722)	-	(824,323)	826,066	(2,827,475)
Share of the profit or (-) loss of investments in joint ventures and associates accounted for using the equity method	-	-	-	-	198,834	198,834
Profit or (-) loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	436,812	161,259	-	-	71,238	669,308
PROFIT OR (-) LOSS BEFORE TAXES	164,160,493	(1,036,334)	1,306,297	4,221,875	(45,886,005)	122,766,326
(Tax expenses or income (-))	(25,072,557)	(46,233)	(333,106)	(1,266,562)	(130,151)	(26,848,609)
PROFIT OR (-) LOSS AFTER TAX DEDUCTION	139,087,936	(1,082,567)	973,192	2,955,312	(46,016,156)	95,917,716
Attributable to non-controlling interests	-	-	-	-	(82,920)	(82,920)
Attributable to owners of the parent company	139,087,936	(1,082,567)	973,192	2,955,312	(46,099,076)	95,834,797

	31-Mar-2022					
			Insurance activity			
	Commercial/ Retail banking	Management of investment fund and wealth management	Life business	Non-life insurance business	Other	Total
Net interest income	73,856,034	23,777	1,473,466	391,603	(400,196)	75,344,684
Dividend income	21,360	-	29,634	-	-	50,994
Net fees and commissions income	39,947,971	(876,827)	(423,322)	(5,385,499)	(18,185)	33,244,138
Net trading income	(2,764,756)	1,083,597	(5,085,736)	(137,354)	1,072,106	(5,832,143)
Technical margin of insurance activity	-	-	9,468,397	16,414,331	-	25,882,729
Other operating earnings and expenses	5,605,812	(1,770,047)	912,347	(256,465)	(436,521)	4,055,127
TOTAL OPERATING INCOME, NET	116,666,421	(1,539,500)	6,374,787	11,026,616	217,204	132,745,528
Staff costs and general administrative overheads	(57,777,029)	(619,644)	(1,568,515)	(3,033,765)	(19,224,323)	(82,223,276)
Cash contributions to resolution funds and deposit guarantee schemes	(502,891)	-	-	-	-	(502,891)
Amortisations and depreciations for the year	(3,988,126)	(57,381)	(224,850)	(692,679)	(3,545,206)	(8,508,242)
Modification Gains or (-) Losses	123,429	-	-	-	-	123,429
Provisions and impairment	3,332,846	(731,509)	-	-	1,012	2,602,350
Share of the profit or (-) loss of investments in joint ventures and associates accounted for using the equity method	-	-	-	244,893	-	244,893
Profit or (-) loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	1,868,124	(1,215,210)	-	-	115,023	767,938
PROFIT OR (-) LOSS BEFORE TAXES	59,722,775	(4,163,244)	4,581,422	7,545,065	(22,436,290)	45,249,729
(Tax expenses or income (-))	(7,015,912)	(28,438)	(914,180)	(1,450,862)	(49,513)	(9,458,905)
PROFIT OR (-) LOSS AFTER TAX DEDUCTION	52,706,863	(4,191,682)	3,667,242	6,094,203	(22,485,803)	35,790,824
Attributable to non-controlling interests	-	-	-	-	(86,051)	(86,051)
Attributable to owners of the parent company	52,706,863	(4,191,682)	3,667,242	6,094,203	(22,571,854)	35,704,773

(Amounts in Euros)

	31-Mar-2023					
			Insurance activity			
	Commercial/ Retail banking	Management of investment fund and wealth management	Life business	Non-life insurance business	Other	Total
Cash, cash balances at central banks and other demand deposits	822,485,769	122,604	252	3,075	2,618	822,614,318
Financial assets held for trading	113,988,121	-	3,853,390	-	19,633,395	137,474,906
Non-trading financial assets mandatorily stated at fair value through profit or loss	29,245,991	4,699	76,985,661	9,926,815	16,317,428	132,480,594
Financial assets at fair value through other comprehensive income	132,355,331	23,418	430,108,111	176,134,333	-	738,621,193
Financial assets at amortised cost	20,427,655,161	-	275,382,273	-	-	20,703,037,434
Derivatives - Hedge accounting	837,635,681	-	-	-	-	837,635,681
Investments in subsidiaries, joint ventures and associates	-	-	-	3,028,461	-	3,028,461
Non-current assets and disposal groups classified as held for sale	138,774,379	103,330,765	-	-	7,017,195	249,122,339
Other	695,356,820	2,322,874	16,156,924	41,932,039	1,750,671	757,519,328
Total assets	**23,197,497,252**	**105,804,360**	**802,486,611**	**231,024,723**	**44,721,307**	**24,381,534,252**
Financial liabilities held for trading	5,375,197	-	-	-	-	5,375,197
Financial liabilities measured at amortised cost	20,096,795,920	-	-	-	-	20,096,795,920
Derivatives - Hedge accounting	32,867,519	-	-	-	-	32,867,519
Provisions	23,854,408	856,278	681,366,913	153,875,094	7,063,421	867,016,114
Other	1,154,467,025	4,316,242	16,729,546	53,096,679	(442,876)	1,228,166,616
Total liabilities	**21,313,360,067**	**5,172,520**	**698,096,459**	**206,971,773**	**6,620,545**	**22,230,221,365**

	31-Dec-2022					
			Insurance activity			
	Commercial/ Retail banking	Management of investment fund and wealth management	Life business	Non-life insurance business	Other	Total
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
Total assets	**23,748,220,038**	**142,701,314**	**751,772,672**	**240,976,214**	**11,084,020**	**24,894,754,257**
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
Total liabilities	**21,978,881,736**	**4,324,519**	**651,902,692**	**210,537,436**	**7,443,467**	**22,853,089,851**

53. 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 quantity cannot be excluded at this stage.

Review Report on the Condensed Consolidated Interim Financial Statements

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

Introduction

We have reviewed the accompanying condensed consolidated interim 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 condensed consolidated interim balance sheet as at 31 March 2023 (which shows total assets of Euros 24.381.534 thousand and total shareholder's equity of Euros 2.151.313 thousand, including a net profit attributable to owners of the parent of Euros 95.835 thousand), the condensed consolidated interim statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended, and the accompanying explanatory notes to these condensed consolidated interim financial statements.

Management's responsibility

The Management is responsible for the preparation of the condensed consolidated interim financial statements in accordance with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union, as well as to create and maintain appropriate systems of internal control to enable the preparation of condensed consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the accompanying condensed consolidated interim financial statements. We conducted our review in accordance with ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity and other technical and ethical standards and recommendations issued by the Institute of Statutory Auditors. Those standards require that we conduct the review in order to conclude whether anything has come to our attention that causes us to believe that the condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union.

A review of financial statements is a limited assurance engagement. The procedures performed mainly consist of making inquiries and applying analytical procedures, and evaluating the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (ISAs). Accordingly, we do not express an opinion on these consolidated financial statements.

Basis for qualified conclusion

As described in Note 2.4 bb) of the financial statements, Portuguese insurance companies should apply IFRS 17 - Insurance Contracts (IFRS 17) for reporting periods beginning on or after 1 January 2023. However, management of the Group's subsidiary insurance companies (Crédito Agrícola Vida and Crédito Agrícola Seguros) have not yet concluded the quantification of the impacts of the adoption of IFRS 17 requirements on the statutory financial statements of those entities as of 1 January 2023. Consequently, the Executive Board of Directors of Crédito Agrícola Group has prepared the condensed consolidated interim financial statements for Crédito Agrícola Group, for the three-month period ended on 31 March 2023, in accordance with IFRS 4 Insurance Contracts (IFRS 4), which is consistent with the accounting principles applied in the preparation of the Group's annual consolidated financial statements for the year ended on 31 December 2022. The decision not to adopt IFRS 17 in the preparation of the condensed consolidated interim financial statements for the three-month period ended on 31 March 2023 constitutes a departure from IFRS Accounting Standards. The condensed consolidated interim financial statements for the three-month period ended on 31 March 2023 are misstated, with a non-estimated impact in the captions of Other provisions, Other comprehensive income and Retained earnings, among others. Therefore, we were unable to obtain sufficient appropriate audit evidence to enable us to accurately quantify the monetary misstatement of these balances in the Group's condensed consolidated financial statements as at 31 March 2023, which we consider to be material. The corresponding figures presented for the periods to 31 March 2022 and 31 December 2022 are similarly misstated.

Qualified conclusion

Based on our review, except for the effects of the matter referred in the "Basis for qualified conclusion" section, nothing has come to our attention that causes us to believe that accompanying condensed consolidated interim financial statements of Crédito Agrícola Group as at 31 March 2023 are not prepared, in all material respects, in accordance with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union.

7 June 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