Crédito Agrícola

Market Discipline

Annual Report - Disclosure of Public Information

Crédito Agrícola Group

2021

June 2022

IDENTIFICATION OF THE REPORT

DESIGNATION OF THE INSTITUTION:	Crédito Agrícola Group
DESIGNATION OF REPORT:	Market Discipline
REGULATORY SUPPORT:	Regulation (EU) No. 575/2013 of the European Parliament and of the Council
REPORTING BASE:	Consolidated
PERIODICITY OF DELIVERY:	Annual
REPORT DATE:	June 2022
REFERENCE DATE:	31 December 2021

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1. MESSAGE FROM THE EXECUTIVE BOARD OF DIRECTORS OF CAIXA CENTRAL

The Executive Board of Directors of Caixa Central de Crédito Agrícola Mutual (hereinafter referred to as Caixa Central or CCCAM), observing a policy of transparency towards its customers, associates, counterparties and employees, discloses the document called "Market Discipline", in accordance with Regulation (EU) No. 575/2013 – Part VIII of the European Parliament and of the Council and resulting from the requirements laid down under Pillar III of Basel, by which it makes the public disclosure of detailed information on the solvency of Crédito Agrícola Group (hereinafter referred to as Group or CA Group), its risk management policies and practices and the established assessment and management processes and systems.

Crédito Agrícola Group pursues a development strategy that values the close relationship with the customer, which is the brand image of Crédito Agrícola, supporting it in its financial projects and its protection needs, offers quality services adapted to the needs of customers, contributes to the progress of the standard of living of local communities and ensures accessibility of banking services. With this action, Crédito Agrícola Group aims at the sustainability of the current business model and an agile response to the growing challenges and requirements of the sector, in particular in matters of regulation and internal control, as well as the need to adjust the levels of profitability and efficiency, including the strategic management of non-performing assets.

In 2021, the Group maintained comfortable liquidity levels and a favourable and stable solvency position through the maintenance of own funds (capital) appropriate to its risk profile, enabling a solid margin for growth and affirmation in the context of the markets where it operates, with a 59% (net) loan-to deposit ratio and common equity tier 1 ratio of 19.1% (including net income for the year). The Group is thus positioned at the forefront of the best prepared financial institutions to support the national economy, consolidating its strategy in a dynamic, risk-aware commercial policy and aimed at the effective needs of the population and its communities. Crédito Agrícola Group presented a net result of 158.8 million euros, maintaining the positive evolution in terms of profitability recorded in previous years.

Moreover, during 2021, the Covid-19 disease pandemic persisted as a source of uncertainty, with its associated challenges being maintained. Despite this scenario of uncertainty, the economic recovery during the year contributed to mitigate the short-term risks to financial stability, alongside the monetary and budgetary policy measures. However, there are persistent risks related to the disruptions in the supply chain and in the evolution of energy prices, which may affect inflation and economic growth.

The conflict in Ukraine, which started in February 2022, 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 Crédito Agrícola Group has promoted specific measures for monitoring its assets, in particular the financial assets and loan exposures with a view to identifying any impacts on their risk profiles, through individual assessments, sensitivity analyses and development of scenarios of evolution of macroeconomic variables. The direct exposure is immaterial. 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, the nature and duration of the State assistance/support, impacts on the inflation of energy products and commodities and on the country's trade balance, among others. Although the Crédito Agrícola Group is not particularly exposed to the expected effects of the conflict in Ukraine, the challenges faced and uncertainty as to the severity of the impact advise close follow-up of its business plan combined with prudent and rigorous management to enable anticipating response measures, mitigating possible effects and/or recovering from any impacts of the deteriorating confidence of economic agents, turbulence in financial markets and inflationary pressures.

The information contained in this report, unless otherwise expressly indicated, refers to the activity of Crédito Agrícola Group on a consolidated basis.

2. STATEMENT OF RESPONSIBILITY

Caixa Central de Crédito Agrícola Mútuo, CRL, declares that all procedures deemed necessary have been developed and that, to the best of its knowledge, all information disclosed is true and reliable, including that referring to or originating from other entities of Crédito Agrícola Group. In addition, it undertakes to disclose any significant changes to occur during the financial year following that to which this document refers.

Lisbon, 28 June 2022

3. BACKGROUND – FRAMEWORK

The Market Discipline report disseminates the main policies and practices of Crédito Agrícola Group in risk management, covering its various dimensions. This report follows from the provisions of Part VIII of Regulation (EU) No. 575/2013 of the European Parliament and of the Council and reflects the situation as at 31 December 2021 of Crédito Agrícola Group, a private financial group of a cooperative nature, which includes the Integrated System of Crédito Agrícola Mútuo (hereinafter called SICAM), a group formed by Caixa Central de Crédito Agrícola Mutual (hereinafter referred to as CCCAM or Caixa Central) and 75 Associated Caixas (hereinafter referred to as CCAM or Associated Caixas Agrícolas), and various specialised companies. Caixa Central stands out in this organisational structure, with supervisory, guidance and monitoring powers over the Associated Caixas' activity.

In order to maintain a permanent communication with all its stakeholders, the CA Group considers that this report constitutes an important instrument of this communication, thus falling within Crédito Agrícola's guiding principles. The document was developed from a predominantly prudential perspective and, in this sense, should be understood as complementary information to that provided through the Report and Accounts, with the purpose of characterising quantitatively and qualitatively the various risks associated with Crédito Agrícola's banking activity.

3.1 REGULATORY FRAMEWORK

Considering the specificities of Crédito Agrícola Group, namely the degree of autonomy of the entities that compose it, the organisational structure of risk management results in a governance model shared between Caixa Central and the Caixas Agrícolas aimed at the progressive adoption of processes and procedures homogeneous under the guidance of Caixa Central de Crédito Agrícola Mutual, in compliance with the provisions of Article 75 of the Legal System for Mutual Agricultural Credit (Decree-Law 142/2009 of June 16).

Thus, the risk management function in the Group is ensured according to an integrated model, which tends to be corporate and, therefore, constituted by the risk management structures of the Associated Caixas Agrícolas and Caixa Central, aimed at consolidating the internal control system throughout the entire Group. In January 2022, Crédito Agrícola completed the implementation of the common service model for the risk management function of the Associated Caixas Agrícolas, as optionally established in Banco de Portugal Notice 3/2020, in the context of which the function shifted to being conducted by the Common Service Unit integrated in the Global Risk Department of Caixa Central.

In this regard, with the aim of expanding the capacity to monitor, follow-up and control risk management activity in SICAM in line with best market practices, with a view to each Caixa Agrícola, a set of complementary initiatives were implemented in 2021, comprising a strong articulation with the technological aspect and requiring the development of specific internal skills inherent to the Risk Management Function, with a view to bringing the CA Group into line with the guidelines issued by the Basel Committee.

3.2 SCOPE OF THE REPORT

The description of the strategy and policies for managing and controlling the different risks is structured throughout this report as follows:

- Scope and risk management policies;
- Capital adequacy;
- Counterparty credit risk and credit valuation adjustment risk (CVA);
- Credit risk – General aspects;
- Credit risk – Standard approach;
- Credit risk mitigation techniques;
- Asset encumbrance;
- Operational risk;
- Liquidity risk;
- Banking book interest rate risk;
- Sensitivity analysis of capital requirements.

Since the Group's business model does not include the assumption of materially relevant positions that entail foreign exchange risk or price risk of financial assets, allusions to these types of market risk are limited to a reference to the monitoring and hedging processes established.

Likewise, no references to "securitisation" are made because they are transactions which, up to the date of this report, have not been included in the CA Group's management strategy, because they are not understood as necessary in light of the Group's strong liquidity position.

3.3 CRÉDITO AGRÍCOLA GROUP'S ORGANISATIONAL AND BUSINESS MODEL

Crédito Agrícola Group presents a cooperative-based banking model, with strong close relationships with its customers. In this context, Crédito Agrícola Group's business model is based on the following fundamental vectors:

- Conservative action with limited risk appetite;
- Focus on supporting its customers as agents in the local economy;
- Investment in long-term relationships;
- Business vocation centred on domestic activity;
- Solid capital base;
- High autonomy of the Caixas Agrícolas.

Crédito Agrícola Group's activity is based on the support of the Caixas Agrícolas – which, with their autonomy and integration in the respective regions, know the realities of the respective business and economic fabric in depth and the challenges that arise for the economic and social progress at the local level. The pursuit of strategic objectives aims to strengthen the principles that have guided the CA Group in recent years, in line with the Group's mission to contribute to the economic and social progress of the communities involved, operating as a purposeful and sustainable local bank.

The objectives presented in the 2022 Activity Plan aim to maintain the sustainability of the current CA Group business model, through a demonstration of the ability to adapt to change and an agile response to the challenges it faces, governed by the following guidelines:

i. Be a reference for sustainability in Portugal;

ii. Strengthen digital proximity and customer centrality;

iii. Boost efficiency, productivity and digital transformation;

iv. Promote a culture of attraction, promotion and retention of talent;

v. Keep the Crédito Agrícola Group capitalised and financially sustainable.

On the other hand, the legislative and normative production entrusted to the financial sector's supervisory authorities, where we highlight the aspects related to liquidity risk, anti-money laundering and counter-terrorism financing, and, more recently, information and communication technology risk and environment, sustainability and governance (ESG) risk, constitutes a challenge with a view to the implementation of best practices in the evaluation and management of the risks inherent to banking activity.

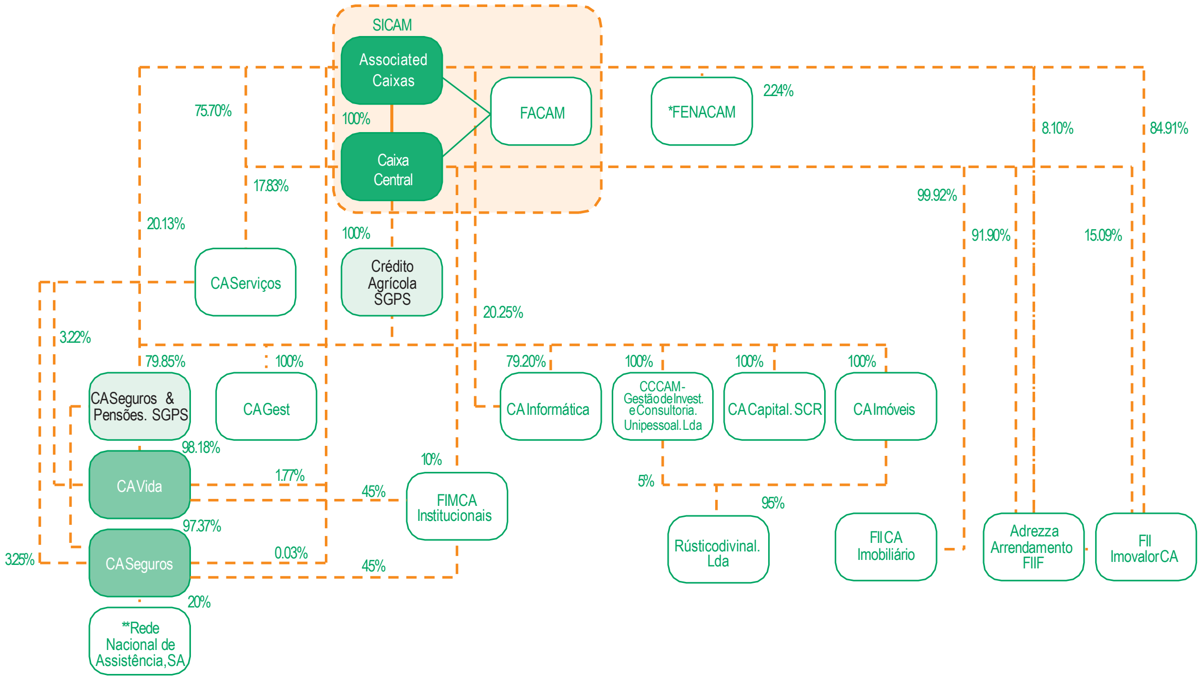
The main lines of business of Crédito Agrícola Group, in the context in which they represent the main sources of revenue, are credit and customer deposits, as can be seen in the indicators (observed values and projections) presented under the Group's business plan for the year 2022.

The main lines of business for the CA Group are as follows:

Business Lines	Description
Retail banking	Granting credit and attracting customer deposits.
Treasury management (own portfolio)	Management of the Group's treasury through the application of liquidity surpluses of the Caixas Agrícolas.
Payment and settlement systems	Processes relating to the majority of operations and transactions executed in the CA Group.
Insurance	Life and non-life insurance marketing.

TABLE 1 - CA GROUP CORE BUSINESS LINES

The organisational chart below represents the organisational structure of the CA Group as at 31 December 2021:



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

FIGURE 1 - CA GROUP ORGANISATIONAL CHART

The CA Group holds, directly and indirectly, financial holdings in subsidiary and associated companies. The CA Group consolidates by the full consolidation method most of the entities included in its consolidation perimeter. CA Group also includes the following funds: FEIIA CA Imobiliário, Addrezza Rent FIIF, FEIIF Imovalor CA and FIMF CA Institucionais. The consolidation method of CA Group for accounting purposes differs from the consolidation method for prudential purposes by the fact that, in the latter, the Group's insurance companies, CA Vida and CA Seguros, are considered by the equity method. According to regulatory determination, holdings in insurers are deducted from own funds on a consolidated basis.

3.3.1 Reference model for Caixas Agrícolas

The reference model for the Caixas Agrícolas is a unique organisational model that is a reference for all the Caixas, characterised by:

- Focus on business activities, centralising all business support functions in a support structure;
- Emphasis on the principle of job segregation and specialisation in critical skills;
- Reduction of the number of operating structures to enable greater flexibility in resource management;
- Requirement of active participation and independence of the control functions (Risk, Compliance and Internal Audit).

As a result of the methodological guidelines proposed by Caixa Central, the organisation of the Caixas Agrícolas, in the risk management component, is based on a model of risk identification, evaluation, monitoring and control, aimed at minimising the risk of its activity.

This organisational model establishes objective and systematised criteria and procedures, with a view to assessing the magnitude of the risks underlying the activity carried out, as well as the quality and soundness of the internal governance arrangements of the Caixas Agrícolas, the adequacy of solvency positions and liquidity and its management processes.

The main risks monitored by Caixas Agrícolas, according to this reference framework, are credit risk at its different phases (analysis, decision, monitoring and recovery), operational risk and compliance risk, without prejudice to strategy, reputation, liquidity, interest rate and concentration risks.

Caixa Central assumes a role in guiding and supporting the harmonisation and improvement of practices throughout SICAM.

3.4 RISK MANAGEMENT SYSTEM AND RISK MANAGEMENT FUNCTION

The CA Group guides its activity and internal procedures according to best international risk management practices, also taking into account the guidelines issued by the Basel Committee on Banking Supervision (BCBS) and the Committee of Sponsoring Organizations of the Treadway Commission (COSO), while also ensuring overall compliance with the requirements set out in the Portuguese and European prudential framework.

The global risk management policy of the CA Group establishes and formalises the concepts, guiding principles, risk governance (or management) model, in addition to the main elements and processes of the Group's global risk management framework. It also aims to define the operation of the Group's risk management system, including its organisational and documental model, risk culture and conducts aspects, and the general framework of the infrastructure supporting risk management. The Group also has specific risk management policies for the more materially significant risks.

The organisation of the CA Group risk management system follows the principle of segregation of functions, ensuring full functional separation between risk-origination (or taking of) responsibilities and responsibilities dedicated to its management and control. This principle is operationalised in accordance with the three lines of defence model, both at the Caixa Central level and at the level of the CCAMs. The use of this model aims to clarify the distribution of responsibilities, ensuring the decoupling between business and support areas, management and control areas and independent review areas, in particular:

- The first line of defence is responsible for the assumption and management of the risks inherent to its activities and must implement appropriate internal controls for the management and treatment of identified risks. The activities it carries out are conditioned by the limits set by the respective management body.
- The second line of defence, based on the risk management function and compliance function, at the level of the CA Group or each CCAM, in general terms, performs its action in two distinct aspects: proactive and reactive. On the proactive side, these units contribute to the overall development and performance of the risk management and internal control system and to informed decision-making, supporting the activities of the first line of defence and the action of the management body (management and supervisory functions) through information and/or or recommendation. On the reactive side, the second line of defence units independently and objectively ensure the monitoring and control of the Group's activities, identifying any deviations from the established strategy, policies and limits and promoting (or determining) the measures to respond to that deviation.

- The third line of defence is provided by the internal audit function, which evaluates the efficiency and effectiveness of the internal control system and, in particular, the Group's risk management system, ensuring a complete review of the risk management system and, specifically, of each of its elements (including the performance of the first and second lines), identifying weaknesses and opportunities for improvement, presenting recommendations and keeping the Board of Directors (management and supervisory functions) informed on these matters.

The risk management function is performed in the Group by the Global Risk Department (DRG) of Caixa Central and at each Caixa Agrícola by the structural body designated for the effect, currently the Common Services Unit of the Risk Management Function, since January 2022. The Global Risk Department (DRG) promotes the proper and effective functioning of the risk management system, with a view to achieving the standardisation and consistency of practices in the Group, as well as compliance with regulatory requirements, making it possible to achieve the essential holistic view of the risk profile of the CA Group. The risk management function's activity is performed in close coordination with the Monitoring and Supervision Department (DAS) of Caixa Central in the case of the CCAM. The Monitoring and Supervision Department conducts the overall supervision and monitoring of the action of the CCAM, ensuring sustainability and compliance with the regulations in concordance with the Group's strategic guidelines, necessarily including matters related to risk management. To support the performance of the risk management function, interdisciplinary governance forums, include in particular the Risk Committee (CR) and the Assets, Liabilities and Capital Management Committee (ALCCO) and the Risk Commission (at a final stage of implementation).

3.4.1 Risk Management Objectives and Policies

The main goal of the risk management function is to effectively implement the risk management system, on an individual and consolidated basis, ensuring the continuous monitoring of its adequacy and effectiveness and therefore its monitoring over time, as well as the identification and implementation of measures to correct any deficiencies in that system within the scope of internal control. In this way, it supports the management and supervisory bodies in defining the strategy and policies for risk and capital management, in a global and integrated manner, ensuring compliance and appropriate organisational empowerment through the implementation of methods, procedures and support tools that ensure the identification, measurement, monitoring and control of the various risks, as well as the determination and planning of capital, which have a decisive impact on value creation.

Up to December 2021, the risk management function at the CA Group was based on a corporate function entrusted to Caixa Central structural bodies in close articulation with each Caixa Agrícola, materialised in the development of automated means of support and allocation of specialised and dedicated resources to ensure monitoring, control and support of the staff in charge of the Risk Function at the Caixas Agrícolas.

The global risk policy, the risk management regulations and complementary documents (e.g., specialised standards that establish the rules and procedures in the management of each of the risks) establish the principles, policies and governance, including the responsibilities and competences governing the risk management system and the performance of the risk management function in the Caixas Agrícolas, Caixa Central de Crédito Agrícola Mútuo and the Group, in accordance with the prudential perimeter in force.

Caixa Central's management body approves the Group's risk management system policies, the risk profile and respective tolerance level. The elements in question are disclosed internally to the departments of Caixa Central and the Caixas Agrícolas for their adoption and effective implementation.

Caixa Agrícola's management body approves corporate risk management policies, which systematise the guidelines on risk control and management in the Group.

3.4.2 Organisational Structure

Caixa Central's positioning, under the CA Group and SICAM, is characterised by a set of functions and responsibilities assigned to it by the Legal System for Mutual Agricultural Credit, namely with respect to guidance, coordination and control of the banks included in SICAM; provision of services to the Associated Caixas; management of SICAM's treasury; and conduct of commercial banking operations under agency agreements – international and retail.

The activity guidelines and the general principles of risk management and control are disseminated to the entire organisation through institutional communication vehicles, such as the Activity Plan and Annual Budget or the Marketing Plan, in addition to internal regulations specifically oriented to the management of different types of risk.

The administrative and supervisory bodies are responsible for ensuring the existence of the risk management function from an independent, permanent perspective with material and human resources appropriate to its full performance.

In January 2022, Crédito Agrícola completed the implementation of the common service model for the risk management function of the Associated Caixas Agrícolas, as established in Banco de Portugal Notice 3/2020, in the context of which the function shifted to being conducted by the Common Service Unit integrated in the Global Risk Department of Caixa Central.

3.4.3 Risk Management Function Activities

The plan of activities of the risk management function is based on setting priorities and the implementation of work programmes for the risk function. As an integrated management tool, it aims to support risk management planning and transversal activities of the risk function, towards a systematic approach to monitoring and controlling material risks, identifying possible deficiencies and action plans to resolve them within the scope of internal control. The plan includes a descriptive component of each activity (including the associated project, if applicable), the objective, the typology of risk(s), the deadline, the one-off or periodic nature, the level of priority, the stakeholders, the existence of precedence(s), the monitoring metrics and the degree of execution. The periodicity of the activities may be annual (e.g., review of policies and regulations, review of the risk profile, drafting of the annual risk management report, participation in the preparation of the annual report and accounts, participation in stress testing exercises, funding and capital plan, ICAAP, ILAAP and recovery plan), quarterly/monthly (e.g., monitoring of risk profile indicators, monitoring of exposure to credit risk, liquidity risk and interest rate risk, analysis of the institution's solvency/capital, participation in the Risk Committee) and activities without a defined periodicity (e.g., review of policies, rules, regulations, procedures or practices in the risk area, promotion of the application of methods and metrics which ensure the correct assessment of the risks incurred, prior analysis of the development of new products and activities in the risk management area, dissemination of instructions, analysis of legal and regulatory aspects, monitoring of the loan portfolio - Covid-19).

All risk categories considered material by the risk assessment process are: (i) managed according to dedicated monitoring and control procedures, from an individual and aggregate perspective; (ii) target a dedicated method; and (iii) are controlled through specific metrics, tolerance levels and limits.

Considering the results of the other elements of the global risk framework, the Group implements, through the use of instruments that allow the assessment of the resilience of its capital and liquidity in the face of quantified risks, in normal and stress scenarios, a permanent monitoring of the exposures, processes and other situations with an impact on their stability. Monitoring is ensured systematically and objectively using its risk limit system.

The results of the previous phases contribute to the reporting and provision of information on the Group's risks. The reporting process is supported by reporting routines, which, based on an alert/information escalation structure, ensure that information and recommendations reach all relevant bodies for the purpose of managing and supervising the Group.

The risk management function ensures periodic reporting of information on risk, covering at least all material risks and, without prejudice to dedicated/specialised analyses for each of the risk categories (quantitative and qualitative), including a global chapter consolidating the conclusions of each of the material risks (the risk profile) and the opinion of the risk management function on them.

In the preparation and presentation of reports and the information to which the previous paragraphs refer, the risk management function transmits to the management body, as well as to the other recipients of the reports, a forward-looking view, if possible, of risk exposures based on the forecasting of the evolution of main variables and risk factors.

3.4.4 Risk appetite chart – Risk profile – Limit system

The Risk Appetite Framework (RAF) model is a central component of CA Group's risk management system, which encompasses the following key elements: (i) a declaration of risk appetite; (ii) a system of limits supporting it and the mechanisms for responding to the breach of defined tolerances and their monitoring; (iii) a governance model; and (iv) a model for integrating risk appetite into Group management practices.

The risk appetite of Crédito Agrícola Group is defined by its strategic vision and the resulting guidelines, which are reflected in the statements and reference documents of the institution (e.g., business plan document, external corporate presentations given by members of the Executive Board of Directors, communications via the corporate website).

The risk appetite statement is directly related to the Group's risk profile, in the latter case, through a set of indicators and risk exposure limits which are incorporated in the regular activity of the CA Group, and updated at least annually, or whenever there are significant changes in the corporate strategy or expectations regarding the macroeconomic or sector context. To this end, the CA Group has systems for aggregating information residing in its operational systems for use in various areas, including management information. At the same time, it has tools to disseminate this information at all times to the different types of users within the Group.

In general, the integration of risk appetite into CA Group management is carried out through: (i) strategic planning, budget and business objectives; (ii) the financing and capital plan; (iii) operational risk management processes, through material risk information; (v) stress testing programme; and (vi) contingency planning, to the extent that its design should be consistent with the limits set in risk appetite. Likewise, risk appetite is reflected in the ICAAP and ILAAP.

In this context, the characterisation of the risk appetite assumes unquestionable relevance to the extent that it establishes the limits to which the CA Group admits being exposed, without the development of the strategy established in its activity plans being jeopardised.

The CA Group establishes for the set of indicators mentioned, the limits determining the adoption of measures to adjust capital or liquidity levels, which are distinguished by their nature:

- Warning Limits: the so-called "early warning signals" allow the identification of negative trends in one or more risk monitoring indicators and are seen as early warnings, anticipating adverse circumstances prior to the activation limits of the recovery plan, at which point preventive measures are adopted, which may include measures contained in the recovery plan or others considered relevant in view of the scenario in question.
- Activation Limits: these are identified as triggers that motivate the initiation of the corrective actions provided for in the recovery plan and, in this sense, advocate the factors that trigger the response to a financial crisis situation. Under the process of monitoring the risks and the necessary level of capital and liquidity of the Group, the recognition of a manifestly damaging environment and acute financial imbalance provides for activation of the recovery plan through implementation of the contingency measures to be adopted to eliminate the identified imbalances, which are duly monitored by the structural units defined in this document and in accordance with the respective governance model.

The adoption of risk policies that are easily perceived by the CA Group, based whenever possible on clear methods that can be quantified, must make it possible to identify levels of tolerance to risk, as well as business areas in which the CA Group is totally averse to risk.

The process of analysing the risk appetite framework of Crédito Agrícola Group, in particular the risk profile and limit system, occurs within the framework of the regular (quarterly) management cycle or whenever there are significant changes in the corporate strategy or expectations in the face of the macroeconomic context and/or the sector, but also through interim analyses associated with the review process of the Recovery Plan, Stress Tests, ICAAP and ILAAP, which assume the risk profile of the CA Group as a structural element for each of the analysis aspects carried out from the perspective of risk and capital management, and which are performed in the context of the CA Group involving the necessary articulation with other specialised structure areas.

This results from the risk management strategy pursued and is based on the general principle that the institution's main objective is to maintain a comfortable capital and liquidity situation, with the risk profile tending to be conservative. In this context, as a declaration of risk appetite, normal banking activity must be characterised by adequate levels of prudence and the fact of observing a systematic policy of retaining results largely defines the evolution of solvency. The definition of the risk profile should ensure a correct specification of the institution's risk profile and its sensitivity to recession or crisis scenarios.

4. CAPITAL ADEQUACY

This chapter illustrates the composition and adequacy of capital of the CA Group, as well as the necessary method for calculating domestic capital (ICAAP) in order to cover the different risks inherent to the activity.

The regulatory framework resulting from Directive 2013/36/EU and Regulation No. 575/2013 of the European Parliament and of the Council (CRD IV and CRR) has strengthened the prudential requirements applicable to credit institutions and provided for an additional set of measures related to the establishment of capital reserves to mitigate risks of a macro-prudential nature. In this sense, the CA Group immediately reinforced its processes in order to assess the level of capital considered adequate to cover the different risks and to have strategies to reinforce it, if considered convenient, within the scope of capital planning exercises that include the calculation of internal capital and the assessment of the resilience of capital ratios in baseline and adverse scenarios (stress tests).

4.1 SREP AND CAPITAL RESERVES

The process of analysis and assessment by the supervisor (Supervisory Review and Evaluation Process - SREP) refers to a series of procedures conducted annually by the supervisory authorities aimed at ensuring that each credit institution has strategies, processes, capital and liquidity appropriate to the risks to which it is, or may be, exposed, by defining minimum capital requirements applicable to each institution. These minimum capital requirements correspond to the sum of the minimum level common to all entities (Pillar 1, pursuant to Article 92(1) of the CRR), of the specific minimum requirement for each institution (Pillar 2, pursuant to Article 104 of the CRD IV) and of the combined requirement of own fund reserves (pursuant to Article 128 of the CRD IV).

In this regard, the table below presents the prudential minimum capital requirements for Crédito Agrícola Group, in December 2021:

December 2021				
Indicator	Minimum ratio	Composition of minimum ratio		
		Minimum required Pillar1	Additional requirements Pillar 2	Capital conservation buffer
Common Equity Tier 1	8.41%	4.50%	1.41%	2.50%
Tier 1	10.38%	6.00%	1.88%	2.50%
Total Own Funds	13.00%	8.00%	2.50%	2.50%

TABLE 2 – DETAILS OF THE MINIMUM REQUIREMENTS OF CAPITAL RATIOS

4.2 CHARACTERISATION OF OWN FUNDS AND OWN FUNDS REQUIREMENTS[1]

The CA Group has a level of capitalisation appropriate to the risk and size of its activity, expressed in its Common Equity Tier 1 ratio of 19.1% (including net income for the year).

Basic own fund instruments are essentially comprised of paid-up capital, other reserves and retained earnings (as shown in table 3) and additional own funds arise from subordinated loans granted by the Crédito Agrícola Mútuo Assistance Fund (FACAM) or subscribed by the Associated Caixas de Crédito Agrícola Mútuo. Furthermore, there are no significant or non-significant investments to be deducted from the threshold calculated in accordance with Article 36(1)(a) to (g), (i) and (k), as the value associated with these holdings is lower than this threshold. Concerning the transitional provisions, currently with immaterial impact in terms of the level of own funds and their capital ratios, pursuant to Banco de Portugal Notice 10/2017, for the year of 2021, it is recognised that 10% of the equity instruments classified as liabilities are being considered Common Equity Tier 1 (CET1), namely in the line of “transitional adjustments due to grandfathered CET 1 Capital instruments”.

With regard to own funds requirements, the most noteworthy are those arising from loans granted to the retail, corporate and real estate secured classes.

The latest version of the CA Group solvency is presented below, with reference to December 2021:

[1] The information of this chapter can be complemented with the tables of Annex I.

Thousand euros, except %	dez/16	dez/17	dez/18	dez/19	Dec/20	Dec/21	Δ 21/20
Total Own Funds [(a)]	**1,226,780**	**1,386,622**	**1,439,273**	**1,620,338**	**1,820,949**	**1,932,199**	**6.1%**
Common Equity Tier 1	1,162,531	1,322,266	1,370,693	1,569,854	1,820,062	1,932,199	6.2%
Tier 1	1,162,531	1,322,266	1,370,693	1,569,854	1,820,062	1,932,199	6.2%
Tier 2	64,249	64,356	68,580	50,483	887	0	-100.0%
Exposure value [(b)]	**17,198,912**	**17,088,950**	**18,210,705**	**18,914,788**	**23,329,220**	**26,090,376**	**11.8%**
Risk weighted exposure amounts	**8,543,940**	**9,007,913**	**9,035,025**	**9,751,682**	**9,809,321**	**10,091,370**	**2.9%**
Credit	7,423,991	7,868,701	7,818,830	8,667,548	8,863,896	9,144,506	3.2%
Market	0	36,768	85,166	140,020	3,649	0	-100.0%
Operational	1,117,636	1,100,211	1,084,993	921,312	920,732	927,571	0.7%
Credit valuation adjustment (CVA)	2,314	2,234	46,037	22,803	21,044	19,294	-8.3%
Solvency ratios [(C)]							
Common Equity Tier 1	13.6%	14.7%	15.2%	16.1%	18.6%	19.1%	0,59 b.p.
Tier 1	13.6%	14.7%	15.2%	16.1%	18.6%	19.1%	0,59 b.p.
Total	14.4%	15.4%	15.9%	16.6%	18.6%	19.1%	0,58 b.p.
Leverage ratio	5.9%	7.5%	7.5%	7.4%	7.8%	8.7%	0,92 b.p.

(a) Own funds include net income for the year

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

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

TABLE 3 – OWN FUNDS SOLVENCY RATIOS – CA GROUP

The composition of the CA Group's own funds as at 31 December 2021 was as follows:

Amounts in euros

Capital Adequacy	Amount
OWN FUNDS	**1,932,198,666**
TIER 1 CAPITAL	**1,932,198,666**
COMMON EQUITY TIER 1 CAPITAL	1,932,198,666
Capital instruments eligible as CET1	1,316,814,141
Retained earnings	245,817,579
Other accumulated comprehensive income	-30,442,392
Other reserves	476,238,502
Funds for general banking risks	0
Transitional adjustments due to grandfathered CET1 capital instruments	48,599
Minority interest given recognition in CET1 capital	0
Transitional adjustments due to additional minority interests	0
Adjustments to CET1 due to prudential filters	-1,671,248
(-) Goodwill	0
(-) Other intangible assets	-69,095,105
(-) Deferred tax assets that depend on future profitability and do not arise from temporary differences net of associated tax liabilities	-5,511,409
(-) Defined benefit pension fund assets	0
(-) Reciprocal cross holdings in CET1 capital	0
(-) Excess of deduction from AT1 items over AT1 capital	0
(-) CET1 instruments of financial sector entities where the institution does not have a significant investment	0
(-) Amount exceeding the 17.65% threshold	0
Other transitional adjustments to CET1 capital	0
ADDITIONAL TIER 1 CAPITAL	**0**
Capital instruments eligible as AT1 capital	0
(-) Excess of deduction from T2 items over T2 capital	0
Other transitional adjustments to AT1 capital	0
Excess of deduction from AT1 items over AT1 capital (deducted in CET1)	0
TIER 2 CAPITAL	**0**
Capital instruments and subordinated loans eligible as T2 capital	0
Transitional adjustments due to grandfathered T2 capital instruments and subordinated loans	0
Other transitional adjustments to T2 capital	0
Excess of deduction from T2 items over T2 capital (deducted in AT1)	0

TABLE 4 – CAPITAL ADEQUACY – OWN FUNDS – CA GROUP – DECEMBER 21

The statutory capital[2] of Crédito Agrícola Group, divided and represented by registered equity securities with the unitary nominal value of 5 euros, stands at 1,401,032,187 euros as at 31 December 2021.

Of the total amount of underwritten capital, the value of 485,985 euros was transferred to the liability heading "Share capital repayable on demand", by application of IAS 32 – Financial Instruments (Note 20).

Share capital increases took place during 2021 (incorporation of reserves and entries of new partners) of the value of 40,959 thousand euros and movement in the opposite direction, corresponding to the leaving of partners, of the value of -5,817 thousand euros.

With reference to 31 December 2021, Own Funds Requirements were detailed as follows:

[2] Annex II presents the statutory capital as at 31 December 2021 which corresponds to the members of the Caixas Agrícolas.

amounts in euros

2021

Own Funds Requirements	Amount	Requirements
TOTAL RISK EXPOSURE AMOUNT	**10,091,369,811**	**807,309,585**
RISK WEIGHTED EXPOSURE AMOUNTS FOR CREDIT, COUNTERPARTY CREDIT AND DILUTION RISKS AND FREE DELIVERIES	9,144,505,756	731,560,461
Standardised Approach (SA)	9,144,505,756	731,560,461
SA exposure classes, excluding securitisation positions	9,144,505,756	731,560,461
Central governments or central banks	10,836,401	866,912
Regional governments or local authorities	124,059,869	9,924,790
Public sector entities	66,901,501	5,352,120
Multilateral development banks	0	0
International organisations	0	0
Institutions	105,088,923	8,407,114
Companies	2,124,302,921	169,944,234
Retail	1,808,376,024	144,670,082
Secured by mortgages on immovable property	1,565,544,564	125,243,565
Exposures in default	659,200,511	52,736,041
Items associated with particular high risk	868,903,493	69,512,279
Covered bonds	0	0
Claims on institutions and corporates with a short-term credit assessment	0	0
Collective investment undertakings (CIU)	1,988,026	159,042
Equity	595,194,433	47,615,555
Other items	1,214,109,090	97,128,727
SA securitisation positions	0	0
of which: resecuritisation	0	0
MARKET RISK AND FOREIGN EXCHANGE RISK	**0**	**0**
Market	0	0
Foreign Exchange	0	0
TOTAL RISK EXPOSURE AMOUNT FOR OPERATIONAL RISK (OpR)	**927,570,512**	**74,205,641**
OpR Basic Indicator Approach (BIA)	927,570,512	74,205,641
ADDITIONAL RISK EXPOSURE AMOUNT DUE TO FIXED OVERHEADS	**0**	**0**
TOTAL RISK EXPOSURE AMOUNT FOR CREDIT VALUATION ADJUSTMENT	**19,293,542**	**1,543,483**
Based on the Overall Exposure Method	0	0
TOTAL RISK EXPOSURE AMOUNT RELATED TO LARGE EXPOSURES IN THE TRADING BOOK	**0**	**0**
OTHER RISK EXPOSURE AMOUNTS	**0**	**0**

TABLE 5 – OWN FUNDS REQUIREMENTS

The table below shows the reconciliation between the equity of the prudential balance sheet and own funds for 31 December 2021 pursuant to Implementing Regulation (EU) No. 1423/2013. Moreover, the value of own funds considers the net income for the year.

(thousand euros)	Dec/21
Capital	1,316,814
Reserves	476,239
Retained earnings	93,415
Other comprehensive income	-30,442
Profit for the year	152,402
Non-controlling (minority) interests	72
Total Equity	**2,008,500**
Non-controlling (minority) interests not eligible for CET1	-72
Other regulatory adjustments (prudential rules)	-76,229
Of which: Intangible assets	-69,095
Of which: Deferred tax assets	-5,511
Of which: Other	-1,623
Common Equity Tier 1 Capital	**1,932,199**
Additional Tier 1 Capital	0
Total Own Funds	**1,932,199**
Tier 1 Capital	1,932,199
Tier 2 Capital	0

TABLE 6 - RECONCILIATION OF THE PRUDENTIAL BALANCE SHEET AND REGULATORY OWN FUNDS

4.3 LEVERAGE RATIO [3]

The Crédito Agrícola Group calculates and monitors the leverage ratio on a quarterly basis, by dividing the amount of own funds by the total exposure amount. The amount of own funds corresponds to Tier 1 capital including the positive net income in own funds, while the total exposure amount is an approximation to the exposure with credit risk, which consists of the sum of the balance sheet's assets and the off-balance sheet balances weighted by conversion factors, minus some Tier 1 Capital deductions.

The implementation of a minimum requirement for this ratio aims to limit the excessive growth of the balance sheet in relation to the available capital. In this regard, it should be stressed that Banco de Portugal, under Article 429-A of the CRR, issued Circular Letter CC/2021/00000036 on 27 July 2021, which determined the existence of

[3] The information of this chapter can be complemented with the tables of Annex III.

exceptional circumstances for exclusion of positions at risk over central banks from the calculation of the exposure amount of the leverage ratio, in the period between 28 June 2021 and 31 March 2022. Consequently, in applying this amount, the CA Group should permanently meet a requirement for the adjusted leverage ratio (3.12%), by 31 March 2022. After this date, the requirement for the leverage ratio is 3%.

(thousand euros)

	Dec-21	Dec-20
Total exposure for leverage ratio purposes - definition fully implemented	22,134,318	23,312,463
Total derivative exposure	1,310	886
Total off-balance sheet exposure	735,251	602,702
Other assets	25,396,532	22,772,929
(-) Exposures to exempt central banks	-3,922,497	0
(-) Value of the deducted asset	-76,278	-64,054
Tier 1 own funds - definition fully implemented	1,932,150	1,820,949
Leverage ratio - definition fully implemented	**8.7%**	**7.8%**
Total exposure for leverage ratio purposes - transitional definition	22,134,318	23,312,463
Tier 1 - transitional definition	1,932,199	1,820,949
Leverage ratio - transitional definition	**8.7%**	**7.8%**

TABLE 7 - DETAILS OF THE EXPOSURE CONSIDERED FOR THE LEVERAGE RATIO

As at 31 December 2021, the value of the Crédito Agrícola Group's leverage ratio was 8.7%, showing 0.9 b.p. growth year-on-year, explained by the decrease of 1.18 million euros of the exposure amount, primarily due to the exemption of exposures to central banks, and due to the minor increase of Tier 1 Capital (+0.1 million euros).

The reconciliation of the exposure amount considered for the leverage ratio with the pertinent information disclosed in the financial statements, namely the prudential balance sheet's assets, is presented in the table below.

Amounts in euros

		Dec/21
		Applicable amount
1	Total assets as per published financial statements	26,083,163,811
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	-585,937,810
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	0
4	(Adjustment for temporary exemption of exposures to central banks (if applicable))	-3,922,497,108
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a(1) CRR)	0
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	0
7	Adjustment for eligible cash pooling transactions	0
8	Adjustments for derivative financial instruments	-14,487,310,440
9	Adjustments for securities financing transactions (SFTs)	0
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	735,250,581
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	0
EU-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429-A(1) of the CRR)	0
EU-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429-A(1) of the CRR)	0
12	Other adjustments	14,311,648,890
13	**Total exposure measure**	22,134,317,925

TABLE 8 - EU LR1 - LRSUM: SUMMARY RECONCILIATION OF ACCOUNTING ASSETS AND LEVERAGE RATIO EXPOSURES

4.4 MINIMUM REQUIREMENT FOR OWN FUNDS AND ELIGIBLE LIABILITIES (MREL)

Under the Bank Recovery and Resolution Directive II (BRRD II) and the Single Resolution Mechanism (SRM) Regulation, the Crédito Agrícola Group was notified by Banco de Portugal of its minimum requirement for own funds and eligible liabilities, as determined by the Resolution Authority. The BRRD II establishes that the deadline for compliance with the MREL is 1 January 2024, and the intermediate goal should be fulfilled by 1 January 2022. With a view to compliance with the binding target of the minimum requirement for own funds and eligible liabilities (MREL), applicable on 1 January 2022, Caixa Central obtained, in 2021 and in representation of the Crédito Agrícola Group, the rating by Moody's (Baseline Credit Assessment "Ba1"), and carried out an inaugural debt bond issue in the international market, of the value of 300 million euros, through securities representing senior preferred debt linked to Social Sustainability, to which Moody's assigned a rating of "Ba2" (Stable Outlook).

The Crédito Agrícola Group complies with the binding intermediate goal of 1 January 2022 with a wide margin. From 1 January 2022, onwards, the Crédito Agrícola Group should comply with MREL of 19.09% (total risk exposure amount (TREA) + combined buffer requirements (CBR)) and the requirement of 5.91% of leverage ratio exposure (LRE), showing a surplus of approximately 306 million euros and of approximately 924 million euros, respectively, for these requirements at the end of 2021.

4.5 INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS (ICAAP)

In light of the objective of promoting a rigorous assessment and determination of the level of internal capital underlying the risk profile of financial institutions, as essential conditions for the implementation of sustainable business strategies, assuming they are supported by adequate controls, Banco de Portugal published Instruction 3/2019 defining the principles for the implementation of the Internal Capital Adequacy Assessment Process, hereinafter referred to as ICAAP and which incorporates the guidelines at European level into the national regulatory framework. In this context, the "supervisory expectations on ICAAP and ILAAP and harmonised information collection on ICAAP and ILAAP" of the European Central Bank (ECB), the "guidelines on ICAAP and ILAAP information collected for SREP purposes" of the European Banking Authority (EBA), as well as the ECB's "guide" on the internal capital adequacy assessment process, are highlighted.

The ICAAP intends to guide financial institutions in the assessment and quantification of the main risks to which they are exposed, thus representing a relevant management tool in decision-making with regard to risk levels to be taken and the control and mitigation activities to be undertaken.

Therefore, it is intended that the process should take into consideration the necessary degree of comfort with regard to the level of capital that is intended to be assumed, in view of scenarios, which tend to be prudent, with a prospective nature.

The governance model established in the CA Group to address the ICAAP gives Caixa Central de Crédito Agrícola (Caixa Central or CCCAM) powers to manage and ensure its exercise on a consolidated basis. In this context, the process of defining the ICAAP framework is conducted by the Global Risk Department (DRG) of Caixa Central, with the support of the various specialised structure units and approved by the Executive Board of Directors of Caixa Central, and is also submitted to the opinion of the General and Supervisory Board.

The aforementioned governance formalises and implements a set of communication and reporting flows aimed at ensuring the suitability, scope, adherence and communication necessary for this process. In other words, the framework formalises all the concepts underlying the ICAAP, attributing to Caixa Central's DRG the role of the main promoter of this whole process, documenting it and communicating it to the other units of structure of the Group. In this context, the ICAAP framework is based on a governance model with the overall structure and responsibilities illustrated below:

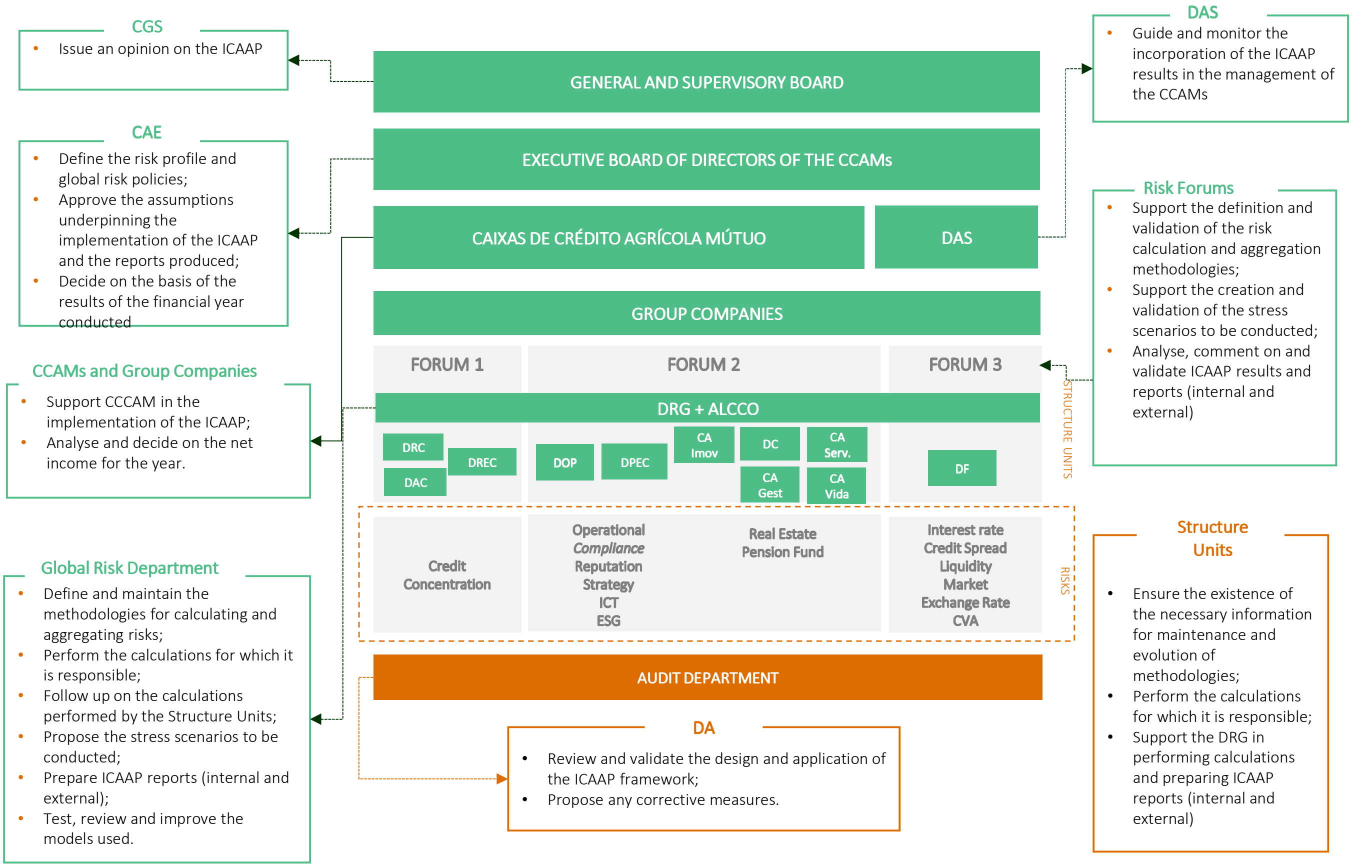


FIGURE 2 - ICAAP GOVERNANCE MODEL

The ICAAP exercise comprises a set of processes, divided into three components, as illustrated below:

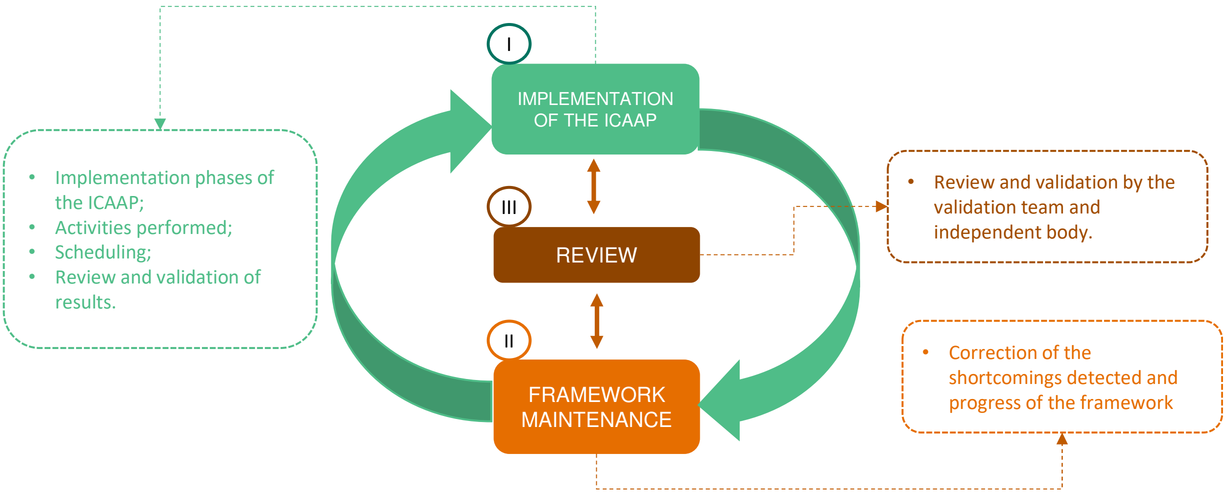


FIGURE 3 - ICAAP *FRAMEWORK* COMPONENTS

The implementation component of the ICAAP ensures the involvement of all business units and is integrated into the Group's culture, management and decision-making process. The maintenance component of the framework includes the steps related to the evolution and improvement of the shortcomings detected in the process. The validation component incorporates the review and validation component of the framework by the independent validation area of the Global Risk Department and Audit Department. The implemented model also includes a set of management and monitoring processes that ensure the adequacy of the organisation, structure and processes in the face of internal capital needs, the risks incurred, and the shortcomings detected. The processes associated with each component of the ICAAP framework are described in detail in the respective regulations. The ICAAP exercise combines expected developments at the level of internal and external factors (including macroeconomic and financial developments) to assess the impact on the adequacy of the credit institution's capital over a medium-term horizon (3 years). The baseline and stress scenarios are in line with the assumptions underlying the institution's business plans and budget and cover a time horizon of 3 years, in line with the Funding and Capital Plan.

4.5.1 Scope of calculation

The CA Group considers internal capital to be the amount of regulatory own funds, with the inclusion of the net income for the previous year in relation to the projection periods, noting the fact that the instruments comprising the Group's basic and additional own funds are stable and appropriate to the purpose inherent to the internal capital, i.e., to meet unexpected losses, with regular practice of retained earnings prevailing at the Group in order to strengthen the cooperative-based own funds. The results of the ICAAP, with reference to 31 December 2021, indicate the total adequacy of the internal capital of Crédito Agrícola Group as observed in previous periods.

The baseline scenario of ICAAP is based on the projections made in the scope of the Funding and Capital Plan (FCP) and for the effect of the current financial year the relevant risks for the activity of the Group were considered, as well as the risks quantified in the regulatory scope (Pillar 1). In this context, the exercise included the assessment of the following risks: credit, concentration, interest rate, liquidity, credit spread, strategy, reputation, real estate, pension fund, operational, compliance, money laundering and terrorism financing, information and communication technologies, counterparty, credit valuation adjustment (CVA), market, exchange rate, and environmental, sustainability and governance (ESG).

4.5.2 Risk quantification/assessment methods

This topic aims to describe the characteristics of the models and methods for risk quantification and assessment, detailing the assumptions and parameters used for all risk categories.

- **Credit risk**

In the context of calculating internal capital requirements for credit risk, the CA Group applies the standard approach for calculating the regulatory requirement for customer loan portfolio, applications in other credit institutions and corporate debt securities applications (provided for in Regulation (EU) No. 575/2013) and an additional requirement for the applications of sovereign debt securities. Thus, the internal capital requirement of the baseline scenario corresponds to the three-year capital projection of the Funding and Capital Plan, pursuant to the standard approach (EU Regulation No. 575/2013 – Pillar 1) plus the internal capital requirement for investments in sovereign debt securities, as presented in the figure below.

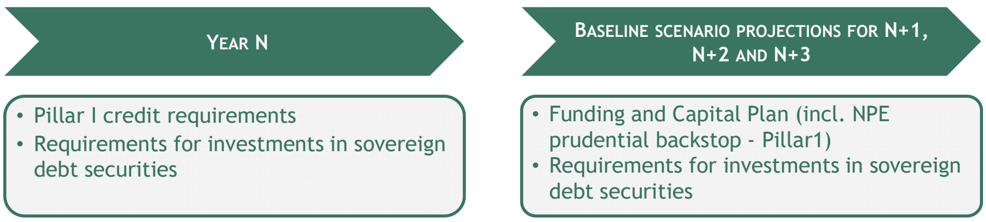


FIGURE 4 – METHOD FOR CALCULATING THE INTERNAL CAPITAL REQUIREMENT – CREDIT RISK

- **Interest rate risk**

The calculation of capital requirements for the interest rate risk of the banking book was performed through the simulation of three sensitivity analyses presented below. The internal capital requirements of the ICAAP scenario will result from the most adverse scenario, ascertained through the three simulations considered:

a. Value at Risk (VaR) method – historical simulation, with a certain level of confidence;

b. Internal management metric - Parallel displacement (positive/negative) of the income curve, measured through the static repricing gap, according to the method of Banco de Portugal Instruction 19/2005;

c. Parallel shift (positive/negative), based on the method in Banco de Portugal Instruction 34/2018 and in line with the guidelines on the management of interest rate risk arising from non-trading book activities (EBA/GL/2018/02).

- **Liquidity risk**

In the case of quantification of the capital requirement for liquidity risk, the occurrence of reputational damages that may affect the Group's image is simulated. The adopted method consists of a serious loss of trust from the institution's clients and, of course, a substantial reduction in deposits, which would affect net interest income. In this regard it is important to mention the conservative liquidity policy of the CA Group, reflected in a loan-to-deposit ratio clearly below the average of the national financial system, and, inclusively, significantly below 100%, a situation that has little significant impact on the quantification of the liquidity risk within the scope of the simulations performed.

- **Credit spread risk**

The quantification of the internal capital requirements for Credit Spread Risk in the Banking Book (CSRBB) focuses on the debt securities comprising the CA Group banking book, which are stated at fair value through other comprehensive income (FVTOCI) In this regard, the approach used consists of assessing the impact on the market value of the securities arising from a shock on their spread, which is calculated through the Value at Risk (VaR) method – historical simulation method. This method consists of the assessment of the impact on the market value of the portfolio of securities stated at fair value through other comprehensive income arising from a shock on their spread, and enables quantifying the worst expected loss under normal market conditions over the specific time horizon for a particular confidence level.

- **Operational risk**

Operational risk also enables capturing (i) compliance risk, and money laundering and terrorism financing risk; (ii) conduct risk; (iii) model risk; and (iv) information and communication technologies risk. All these risks can be classified as (sub)categories of operational risk. Indeed, due to their importance in the Group's activity and in line with the risk taxonomy, for the categories of (i) compliance risk, and money laundering and terrorism financing risk; and (ii) for information and communication technologies risk, the Group decided, in this ICAAP exercise, to specifically calculate internal capital requirements; therefore, adopting a specific method for these risks.

The Standardised Measurement Approach (SMA) was considered to estimate the capital to be allocated to Operational Risk, characterised by the simplicity and comparability inherent to a standardised approach. This method also considers risk sensitivity by combining the information collected from the Financial Statements which also include experience of operational loss situations.

The highest value is considered between the value of the requirements for operational risk calculated by the SMA method and the value of regulatory requirements ascertained pursuant to Pillar 1, which are calculated by multiplication of the internal capital allocated to operational risk by the regulatory weight.

- **Reputation risk**

Events with an impact on an institution's reputation often have repercussions at the level of its liquidity, namely through the flight of deposits and/or an increase in the cost of funding. Accordingly, notwithstanding the fact that a large part of the reputational risk is incorporated in liquidity risk, the investment required to recover CA Group's reputation was also considered, according to the specific scenario.

The method begins with an analysis and identification of the costs associated with restoring the institution's image arising from a specific scenario with impact on the CA Group's reputation. To strengthen reputation and mitigate risks, it is necessary to communicate, conduct and deliver excellent experiences in the dimensions by which the bank is known and judged, that is, in the quality of the commercial offer, ethics and good corporate management, good financial results, innovation focused on adding value, socially responsible initiatives and behaviours. Keeping these dimensions in mind is essential to generate a positive image in stakeholders that trigger valuable attitudes and behaviours.

- **Strategy risk**

The requirements for strategy risk consist of calculating a buffer on internal capital resulting from the negative variation recorded in net income due to non-compliance with the strategy defined by the Group for a 3-year time horizon.

- **Market risk**

The CA Group complies with the calculation of the own funds requirement for position risk determined in accordance with Article 92(3)(b)(i) of the CRR and consequently quantifies capital requirements for market risk according to the standard approach for position risk (Pillar 1).

In order to calculate the regulatory capital ratios, the CA Group considers the own funds requirements for trading book activities with regard to position risk in debt instruments, calculating the value of positions at risk by dividing the own funds requirements by 12.5.

- **Exchange rate risk**

Exchange rate risk was marked as not relevant. Notwithstanding its exclusion as a materially relevant risk, the internal capital requirement for exchange rate risk was assessed by adopting the standard regulatory method. The current method considers the sum of the long net position and short net position in foreign currency (including gold), obtaining the exposure subject to own funds requirements. The internal capital requirement for exchange rate risk is obtained by applying the regulatory weighting of 8% to the maximum value of the sum of the net balances of short and long positions by foreign currency, converted into euros.

- **Concentration risk**

The calculation/assessment of the CA Group internal capital requirements for concentration risk follows the guidelines issued by the Bank of Spain, based on the calculation of the Individual Concentration Index (ICI) and the Sectoral Concentration Index (ICS).

- **Real estate risk**

The method of real estate risk evaluation presupposes the quantification of the potential unexpected loss resulting from the variation in the price of real estate assets recorded in the balance sheet, considering the total value of real estate in the portfolio on a determined reference date and over which the real estate impacts foreseen in a previously prepared scenario are applied, taking into account the specificities of the different segments (residential, commercial and agricultural/agricultural land). Real estate risk naturally presupposes an expectation of devaluation of the price of properties recorded on the balance sheet (non-current assets held for sale) and in real estate funds.

- **Pension Fund Risk**

The internal capital requirements for hedging pension fund risk are quantified through an internal stress scenario aimed at capturing unexpected losses, arising from the effect of a devaluation of fund assets using the VaR (Monte Carlo Simulation) method, obtained using Bloomberg data. Moreover, a shock on the liabilities side of the pension fund was considered, in particular by increasing longevity and decreasing the discount rate.

- **Credit valuation adjustment risk (CVA)**

Credit valuation adjustment risk was not classified as materially relevant due to the quantification of the minimum capital requirement for its coverage. In this sense, it was included, but maintaining a constant value in relation to the prudential reporting (COREP – Common Reporting) under Basel Pillar 1.

- **Compliance Risk and Money Laundering and Terrorism Financing Risk**

The impact of these risks is reflected in terms of reputation and via fines/penalties applied by the supervisor for detected non-compliance, which directly affect profit and loss.

- **Information and Communication Technologies (ITC) Risk**

The emergence increasingly shown by Information and Communication Technologies (ITC) risk over recent years justifies the adoption of a specific method to quantify internal capital requirements.

- **Environmental Sustainability, Social and Governance (ESG) Risk**

In view of the importance of this risk, it was considered appropriate to quantify internal capital requirements specifically in the component of 'climate risks' in the last ICAAP exercise.

The quantification method was used in the component of environmental/climate risks, considering two analytical aspects: a) the CA Group's external environment, aimed at quantifying the deterioration of the risk profile of corporate customers according to the environmental and social rating of their activity sector (physical risk and transition risk); and b) internal environment related to the estimated costs/budget associated with reducing the CA Group's carbon emissions over the next 3 years (CA Group transition risk).

4.5.3 Quantification of materially relevant risks

The results of the ICAAP, with reference to 31 December 2021, indicate the total adequacy of the internal capital of Crédito Agrícola Group as observed in previous periods.

For the entire time period of the projection, internal capital levels are higher than the internal capital requirements, thus highlighting the fact that internal capital is adequate to cover the significant risks to which the Group is exposed. At the end of 2021, the internal capital ratio in relation to internal capital requirements stood at 182%. The graph below shows the distribution of internal capital requirements by type of risk:

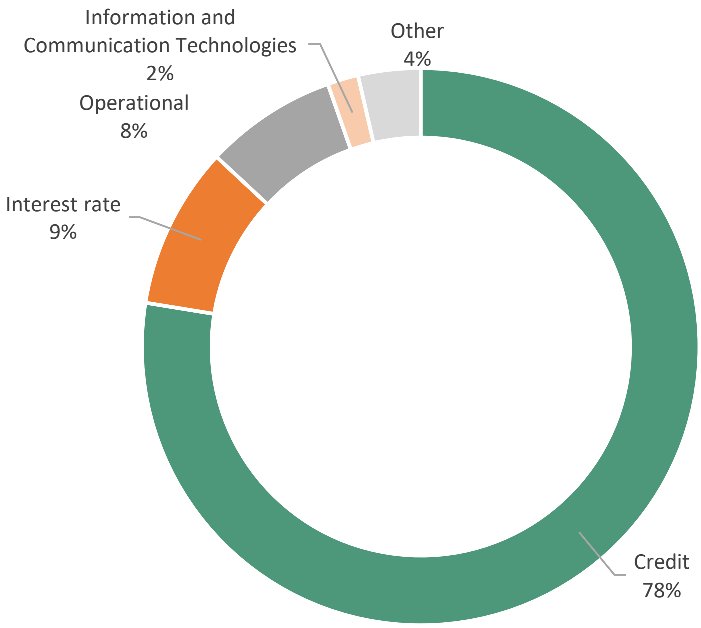


FIGURE 5 – INTERNAL CAPITAL REQUIREMENTS BY TYPE OF RISK

The CA Group does not envisage changes in the composition of its own funds, as a result of their soundness and adequacy. The Group intends to maintain comfortable levels of liquidity, duly aligned with the policy pursued in the past and which is based on the objective of having a gross loan-to-deposit ratio of less than 100%. Caixa Central establishes limits on the loan-to-deposit ratio of the Caixas Agrícolas, as well as a rigorous policy for investing its surplus funds, aimed at safeguarding the high level of liquidity of its assets, both on an individual and consolidated basis. The loan-to-deposit ratio should remain below the limit which could determine the use of external funding sources to maintain regular activity. Surplus liquidity will be invested in high quality and liquid assets. The CA Group maintains effective control over liquidity and interest rate risks, ensuring their mitigation as well as maintaining conservative management of its balance sheet position.

In line with the Group's economic and financial condition, it is not considered necessary to reduce the loan portfolio, nor to transfer loans or reduce the supply of credit in the banking market, including corporate current account renewal operations. In this regard, it is intended to expand the loan portfolio, which will lead to a moderate increase in capital needs. It is also intended to comply with a permanent adjustment of the price of transactions according to the associated risk rather than the size or composition of the Group's balance sheet. Still on the customer loan portfolio, the intention will be to maintain the strategy adopted in recent years, with a view to improving the quality of assets and recovering credit that is in default.

The resulting procedures will be put into practice without wasting opportunities to increase portfolio diversification levels through new business relationships with customers that present an acceptable risk profile.

Considering the internal capital and the volume of internal capital requirements for the different risks, it is observed that the internal capital is adequate for the Group's risk profile and that the level of capitalisation safeguards the interests of all stakeholders, giving the Group a solid margin for growth and affirmation in the context of the markets where it operates. In conclusion, the assessment of capital needs for the year concludes that capital is adequate to meet the risks to which the CA Group is, or may be, exposed.

4.5.4 Quantitative Information

> The unexpected losses estimated under Banco de Portugal Instruction 3/2019, which gives financial institutions the initiative to construct their own methods, resulted in the determination of an internal capital ratio of 182% in relation to the internal capital requirements, in December 2021.

4.6 FUNDING AND CAPITAL PLAN

Capital management in Crédito Agrícola Group involves the continuous monitoring and control of capital levels, the assessment of capital needs to meet the risks to which the Group is subject, as well as the necessary projection of potential capital needs considering a set of factors with a potential impact at this level, namely the macroeconomic environment and the strategic objectives of the Group. The capital planning aspect aims, in the first instance, at projecting the main accounting and prudential aggregates with the main purpose of highlighting potential capital and liquidity needs in a markedly forward-looking manner.

The Funding and Capital Plan (FCP) represents a fundamental element in the Group's internal management, in addition to the relevance expressed as an instrument of prudential supervision beyond the context of Portugal's Economic and Financial Adjustment Programme under which it was initially formulated. In this context, through Banco de Portugal Instruction 18/2015, the regulator requests the periodic review of the Funding and Capital Plan with Crédito Agrícola Group (CA Group), aiming at projecting the main accounting and prudential aggregates with the main purpose of highlighting the potential needs for capital and liquidity in a highly prospective content.

The aim of these exercises is to ensure that the CA Group projections are naturally consistent with the macroeconomic framework established for this purpose (in particular economic growth, inflation and unemployment), applying principles, guidelines and restrictions to a wide range of indicators, while making it possible to incorporate the respective strategy, particularly with regard to credit, deposits, solvency, liquidity positions and also the evolution of impairments, other relevant financial assets and generally the assumptions of the factors that dictate their evolution (e.g., demand, interest rate levels, internal targets and possible external restrictions).

The year under review, with reference to 31 December 2021, was based on projections for a macroeconomic context particularly affected by the Russia-Ukraine conflict, in which a deterioration of the value of financial assets is expected. It is concluded that CA Group does not record any need to reduce its activity, strengthen capital or change the composition of its assets, as it largely complies with the minimum limits at the level of own funds ratios established by the regulatory framework (Regulation EU No. 575/2013), as well as, the guiding limits, at consolidated level, defined in the communication of Banco de Portugal under reference 1550/14/DSPDR, for these same ratios in capital planning exercises, in order to identify and quantify all the risks arising from the activity developed, absorb the impacts of adverse events and the necessary close and active monitoring of market trends and expectations regarding the adequacy of capital levels. In addition, the CA Group maintains effective control of liquidity risk, ensuring its mitigation and maintaining conservative management of its balance sheet.

5. COUNTERPARTY CREDIT RISK AND CREDIT VALUATION ADJUSTMENT RISK (CVA)

This chapter defines the concepts of counterparty credit risk and credit valuation adjustment risk (CVA) and presents the strategy adopted in the management of these risk categories, and a quantitative analysis of CA Group exposure is also presented.

5.1 COUNTERPARTY CREDIT RISK[4]

Counterparty credit risk is defined in Article 272 of Chapter 6 of Title II of the CRR, according to which Counterparty Credit Risk (or CCR) is the "risk that the counterparty to a transaction should default before the final settlement of the related cash flows".

5.1.1 Coverage and risk reduction policies

The Group bases its policy of hedging and reducing counterparty risk on the permanent monitoring of counterparty credit risk, proceeding where necessary to reduce or suspend lines for market operations. In situations where this proves necessary, the CA Group uses the contracting of credit risk hedging instruments. For most derivative transactions there is a collateral in the form of a deposit. In order to ensure the effectiveness of the collateral, the CA Group carries out a daily follow-up of the market value of the transactions underlying these contracts and the deposits made by counterparties.

5.1.2 Monitoring strategies/processes and sustained effectiveness of hedging operations and risk reduction factors

The principles governing the counterparty limits for the Interbank Monetary Market, for foreign exchange market operations and for derivatives are disclosed through internal regulations. Cases not included in the aforementioned limits are subject to a decision by the Executive Board of Directors, which also updates the counterparty limits, although, at any time, it is possible to review or suspend a limit assigned to any institution, depending on the information on that institution. Global exposure with non-resident entities may be limited depending on the division by Country Risk Groups defined by Banco de Portugal.

[4] The information of this chapter can be complemented with the tables of Annex IV.

5.1.3 Quantitative information

The distribution of derivative financial instrument transactions (involving foreign exchange and interest rate swaps) of the CA Group as at 31 December 2021 is detailed as follows:

Amounts in euros

	31-Dec-2021			
	Notional Value	Assets	Liabilities	Net
Foreign exchange forward transactions				
Currency futures				
Purchases	821	27	(1,096)	(1,069)
Sales	816	-	-	-
	1,637	27	(1,096)	(1,069)
Swaps				
Interest rate Swaps	17,575,320	713,310	(386,110)	327,200
Bonds				
Debt securities	18,261,000	18,251,970	-	18,251,970
Total	**35,837,957**	**18,965,307**	**(387,206)**	**18,578,102**

TABLE 9 - FOREIGN EXCHANGE TRANSACTIONS AND INTEREST RATE SWAPS

As at 31 December 2021, the CA Group had two interest rate *swaps* with maturities in March 2025 at fixed rates of 0.41% and 0.298%. The intervals of the indexes associated with derivatives correspond to the 3-month and 6-month Euribor.

5.2 CREDIT VALUATION ADJUSTMENT RISK (CVA)

"Credit Valuation Adjustment" or "CVA" means that defined in Article 381 of Title VI of Part IV of the CRR and which consists of the adjustment to the average market valuation (mid-market) of the portfolio of transactions carried out with a counterparty. This adjustment reflects the current market value of the counterparty's credit risk to the Bank, but not the current market value of the Bank's credit risk to the counterparty.

5.2.1 Quantitative information

The requirements of own funds, risk-weighted assets and corresponding amount of exposure at risk of credit valuation adjustment are calculated for all over-the-counter (OTC) derivative instruments, pursuant to Title VI of

Part III of the CRR, with the exception of credit derivatives recognised for the purpose of reducing credit risk-weighted exposure amounts. The CA Group uses the standard approach to calculate capital requirements, with the risk-weighted assets corresponding to the own funds requirement considered for credit valuation adjustment multiplied by the factor (12.5) presented in Article 92(4)(b) of the CRR.

Amounts in euros

		a	b
		Exposure value	RWEA
1	Total transactions subject to the Advanced method	0	0
2	VaR component (including the 3x multiplier)		0
3	ii) Stressed VaR component (including the 3x multiplier):		0
4	Transactions subject to the Standardised method	6,465,188	19,293,542
EU-4	Transactions subject to the Alternative method (based on the Original exposure method)	0	0
5	**Total transactions subject to own funds requirements for CVA risk**	6,465,188	19,293,542

TABLE 10 – EU CCR2 — TRANSACTIONS SUBJECT TO OWN FUNDS REQUIREMENTS FOR CREDIT VALUATION ADJUSTMENT RISK – DECEMBER 2021

The interbank activity of the CA Group in 2021 continued to be based on traditional transactions, and its risk profile remained conservative in relation to international markets. The CA Group uses derivative transactions occasionally for risk hedging purposes and has not yet resorted to any securitisation transactions. Purchase transactions with a resale agreement are revealed, either for accounting purposes or for the purposes of prudential reporting, within the scope of the credit granted.

6. CREDIT RISK – GENERAL ASPECTS

This chapter focuses on the credit risk management model, to which Crédito Agrícola attaches particular importance because of the direct dependence between strict control of this type of risk and the efficiency and profitability of the Group itself.

6.1 CONCEPTS

Credit risk is the risk associated with the possibility of a Financial Institution incurring losses due to non-compliance with contractual obligations by its counterparties in the respective credit transactions.

The CA Group considers the concept of "credit in default" which reflects the European regulations within the scope of Article 178 of the CRR. Crédito Agrícola Group immediately began to align with the concept defined in "Guidelines on the application of the definition of default under Article 178 of Regulation (EU) No. 575/2013".

In turn, the identification and characterisation of non-performing loans (NPL) within the CA Group, for the purpose of credit risk management, involves all exposures that meet the criteria for classification in 'default' pursuant to Article 178 of Regulation (EU) No. 575/2013, in addition to necessarily including any exposure identified with impairment losses by the institution, namely, past due loans, i.e., materially relevant exposures past due for more than 90 days, and/or unlikelihood of payment/ foreseeability of default (the debtor is considered unlikely to pay its credit obligations in full, including, for example, customers with multiple indications of financial distress, restructured loans that are in quarantine and the entire obligations of a debtor (company) whenever at least one transaction from that customer is classified as in default.

For accounting purposes, an "overdue credit" is shown in the respective headings after 30 days of default, however, the respective default interest is counted from the first day of default.

6.2 CREDIT RISK MANAGEMENT – CUSTOMER LOAN PORTFOLIO

6.2.1 Credit risk management strategy and processes

The objective of credit risk management is to maximise a financial institution's income per unit of risk assumed, while maintaining exposure to this risk, firstly, at acceptable levels with regard to its business development objectives and, secondly, always respecting the regulatory requirements to which it is subject. Credit risk is managed by several CA Group organic units based on function segregation criteria and competency delegation levels.

The organisation of activities throughout the life cycle of operations always complies with the regulations of Banco de Portugal on this matter. In this sense, the continuous organisational development of the risk function in each body is promoted, aiming to ensure the independence of the activities that constitute the life cycle of operations and, regularly, approve/revise the risk assumption criteria and the process of monitoring Clients.

In coordination with the various organic units, in developing this strategy, the appropriate rules are stipulated for its management and the necessary policies and procedures are defined for its application to the life cycle of the operations, as well as for competent action in the recovery of non-performing loans. The guidelines outlined by the CCCAM are contained in various credit regulations which are binding in their scope of action.

In order to minimise losses on credit granted, the CA Group has been:

- Improving the methods applied to customer control and operations and strengthen customer monitoring in order to act preventively, namely through the use of an increasing number of warnings and risk indicators. The importance of these methods in the dissemination of recovery strategies in the initial phase of credit recovery processes is emphasised, when share success rates are usually higher.
- Strengthen the risk analysis capacity and improve the credit decision-making process through the use of new tools and the refinement/calibration of existing ones, ensuring close adherence to the established regulatory framework, in particular in view of the segregation requirements of associated functions, which allows for greater control and homogenisation of procedures.

To support these activities, there is a corporate 'data warehouse' aimed at integrating all the risk information residing in the Group's various operating systems, as well as tools to support judicial and extra-judicial recovery activities in order to ensure the necessary control and procedural promptness. Back-testing exercises for scoring and rating models are periodically carried out in order to keep their calibration up to date, in line with the evolution observed in the market and the respective macroeconomic constraints.

In addition, the economic group and risk management and control system, the credit limit management and control system, the support tools for the credit monitoring and recovery processes, and the management tool for guarantees and collateral received, have enabled significant improvement in the field of credit risk management, not only through the increased quality of the support information, but also through the means they have provided for efficient monitoring of the loan portfolio.

The CA Group has a Strategic Plan for the Management of Non-Performing Loans underway with the aim of establishing Crédito Agrícola Group's approach and objectives in relation to effective management for an active reduction of Non-Performing Loans (NPLs) in a feasible time frame, as well as, being sufficiently ambitious as to the results to be achieved for each relevant segment of the portfolio. This defines the approach and the objectives considered with regard to the effective management and reduction, in a credible and viable manner, of the stocks of non-performing loans at customer type level and in the overall loan portfolio. In the course of 2021, the continuity of actions related to the consolidation of the strategic plan is highlighted. The NPL ratio amounted to 7.2% as at 31 December 2021, with a significantly favourable evolution. The active reduction measure associated with the cancellation of loans considered unrecoverable, as well as the presence of specialised tools and the improvement of installed capacity in the monitoring and recovery of credit, enabled a significant decrease in exposure to NPL.

6.2.2 Credit risk analysis process

The procedures associated to credit risk analysis allow monitoring its conformity, effectiveness and efficiency, obeying a set of fundamental principles, such as: an assessment of the borrower's repayment capacity through a vision of its activity and of its consolidated banking relationship; obtaining in-depth knowledge of the customer, resulting from the experience of the relationship and the information gathered about it; the application of homogeneous methods, criteria and practices in risk assessment; adequate segregation of functions; risk assessment carried out independently, impartially, rigorously and in accordance with the ethical and professional criteria governing the CA Group and in accordance with the policies and procedures defined, respecting the prudential rules to which the Group is subject.

6.2.3 Decision-making process

In order to reconcile the commercial interest with the adequate management of the underlying credit risk, the variables are identified which, as a whole, determine the degree of risk of the customer and operation, which are based on analytical models supporting the decision-making process. In this regard, we have the scoring models intended for the segment of individual customers (including sole proprietorships) and rating models that seek to assess the internal credit risk of corporate customers. The results of the models concerned form an integral and mandatory part of the documentation supporting the analysis of the various credit decision-making bodies. The use of the models is mandatory for all customers and products that fit within its scope.

In this context, the credit decision follows the principle of prior classification of the Customer/Operation through the attribution of a Risk Level (rating or scoring), as well as the establishment of Credit Limits when applicable (corporate customers). The definition of the pricing conditions (interest rate, commissions, etc.) of operations falls within the competence of the respective Commercial Department, which will fix them according to the Internal Standard of Pricing Skills for Credit Operations and the respective credit decision levels supported by the Delegation of Credit Decision.

6.2.4 Monitoring process

The process is supported by a tool named ‘Collections Box’. This tool has significantly focused on the evolution of a variety of functionalities that enable monitoring and systematisation of customers and credit transactions, where this process also includes a series of follow-up procedures, such as the maintenance of the overall loan portfolio in conformity with the defined strategy of exposure limits, diversification and coverage by guarantees and impairments, and the individual monitoring of each operation, customer or group of customers, aimed at monitoring the evolution of the probability of receiving expected future cash flows and the adoption of measures to minimise the probability of occurrence of losses arising from an adverse evolution of the customers' financial situation. The loan portfolio monitoring process is also present in the monthly procedures associated with the determination of the loan portfolio’s impairment, in particular, through the application named “MOAI – Modelo de Análise Individual de Imparidade” [Individual Impairment Analysis Model] for the selected customers at this level.

6.2.5 Recovery process

The procedures associated with the management of the portfolio of past due and non-performing loans aim to achieve their resolution, profitability and recovery through a specific and autonomous area that evaluates the potential recovery of a customer's liabilities, when a default on payment has occurred or is likely to occur, through renegotiation, the calling in of existing guarantees or other means of litigation. This process is supported by a specialised tool called "JVRIS" that presents a set of capabilities to optimise the tasks associated with the credit recovery activity.

The guarantees associated with loan operations are recorded and managed using a specialised application, named "Ferramenta de Gestão de Garantias – FGG" [Guarantee Management Tool]. Control and measurement of the loan portfolio is also carried out using a series of tools, in particular the application named "PIN – Portal de Informação de Negócio" [Business Information Portal] in the "Control – Risk" and "Business" components, in which a comprehensive set of indicators is provided, enabling monitoring of the credit risk component.

The CA Group has a Strategic Plan for the Management of Non-Performing Loans underway with the aim of establishing Crédito Agrícola Group's approach and objectives in relation to effective management for an active reduction of Non-Performing Loans (NPLs) in a feasible time frame, as well as, being sufficiently ambitious as to the results to be achieved for each relevant segment of the portfolio. This defines the approach and the objectives considered with regard to the effective management and reduction, in a credible and viable manner, of the stocks of non-performing loans at customer type level and in the overall loan portfolio.

6.3 COVERAGE AND RISK REDUCTION POLICIES – CUSTOMER LOAN PORTFOLIO

6.3.1 Credit limit analysis

To define the guiding principles of the credit decision and the rules of the credit decision process, the Group has internal regulations that establish the procedures that must be observed by each of the parties involved in the credit granting process. This regulation establishes not only the quantitative limits, but also the limits of responsibility and the processes for segregating functions that seek to guarantee effective analysis and management of credit risk. The credit risk analysis process involves the bodies listed in the following diagram:

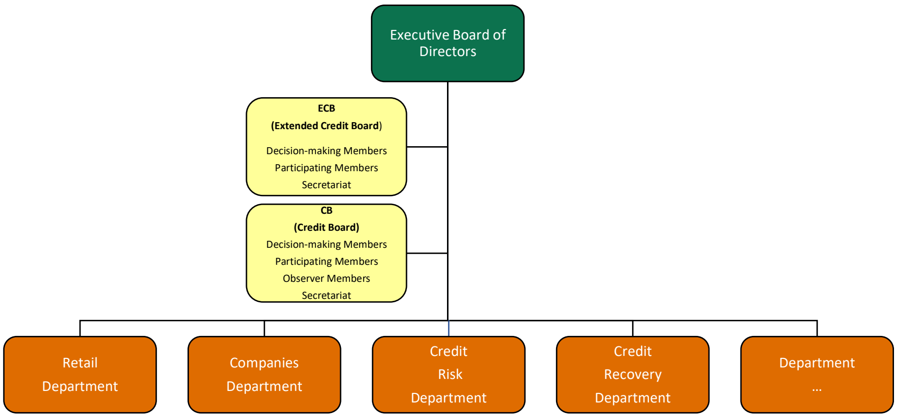


FIGURE 6 – BODIES PARTICIPATING IN THE CREDIT RISK MANAGEMENT CYCLE

With regard to the procedures and processes used in the decision-making process, these can be briefly described as follows:

- The Credit Board (CB) and the Extended Credit Board (ECB) are collegiate bodies responsible for credit decisions related to risk analysis and credit recovery. It is generally up to them to decide the credit operations submitted to them and to decide the relevant aspects of credit recovery that are put to their assessment.
- The commercial departments prepare the credit proposals on which they issue an opinion; they then refer the proposal via credit workflow to the unit of structure responsible for carrying out the technical and risk analysis of the proposal according to the type of transaction concerned. After the analysis and opinion of the technical department, the proposal is sent to the competent decision-making body depending on the underlying risk level.
- The limits defined for each customer or group of customers and the credit decisions on each operation always have a validity period which, once they have expired, implies a review and updating of the analyses carried out and a new decision to be taken.
- The CA Group has a credit limit management system that allows the optimisation of the monitoring process of the limits defined for each client or Economic Group and Risk Group and type of operation.

6.3.2 Non-litigious and litigious credit recovery

In the CA Group, the non-litigious and litigious credit recovery function is carried out separately from the credit risk negotiation, decision-making and monitoring functions, and is assigned specific responsibilities. In particular at CCCAM, this function is also responsible for identifying the operations or customers that constitute the universe of credit recovery. This activity is based on objective and measurable criteria, namely those associated with the current definition of default. The commercial departments must justify in a documented way why operations may not be considered in this universe, albeit temporarily. The credit recovery function is solely responsible for managing the relationship with the customers subject to recovery. To operationalise this principle, a differentiated recovery flow was developed from the normal credit risk approval circuit.

For customers included in the universe of credit recovery, the determination of impairment losses must be made by employees belonging to the recovery function, who, if necessary, may always seek the support of another employee better informed about the Customer in question. The employees in this function at CCCAM are also responsible for the proposal to terminate the debt recovery effort, which must be approved by the Executive Board of Directors or the body appointed by it.

6.3.3 Cancellation of bad debts (write-off of assets)

The general principles for the bad debt write-off policy are defined. The write-off of the debt from the balance sheet is proposed for superior approval by the credit recovery department, for decision by the Executive Board of Directors, provided that all efforts have been made to recover the debt and the collectability of the debt is remote.

6.3.4 Credit risk structure by customer loan portfolio

The loan portfolio, by type of customer, presented the following structure as at 31 December 2021:

	2020		2021	
Relative weight	Balance Used 2020	Overdue Credit 2020	Balance Used 2021	Overdue Credit 2021
Financial Corporates	0,00%	0,00%	0,02%	0,00%
Other Financial Institutions	1,06%	0,00%	1,14%	0,00%
Non-profit institutions	2,51%	0,89%	2,40%	1,05%
Regional and Local Governments	4,88%	0,00%	5,03%	0,01%
Sole Proprietors/Independent Professionals	10,18%	10,63%	9,86%	13,36%
Individuals	**33,01%**	**28,60%**	**32,95%**	**28,34%**
Corporates	**48,36%**	**59,88%**	**48,60%**	**57,25%**
Total Value	100,00%	100,00%	100,00%	100,00%

TABLE 11 – DISTRIBUTION OF LOAN PORTFOLIO BY TYPE OF CUSTOMER

The loan portfolio, by type of product, presented the following structure as at 31 December 2021:

	2020		2021	
Relative weight	Balance Used 2020	Overdue Credit 2020	Balance Used 2021	Overdue Credit 2021
Off-balance sheet - Individuals	0.00%	0.00%	0.00%	0.00%
Off-Balance Sheet - Corporates	0.00%	0.00%	0.00%	0.00%
Credit Cards - Corporates	0.03%	0.11%	0.04%	0.14%
Other Loans - Corporates	0.18%	2.36%	0.16%	2.61%
Credit Cards - Individuals	0.35%	0.76%	0.36%	0.89%
Business Loans - Sole Proprietors	1.42%	5.01%	1.24%	6.12%
Other loans - Individuals	2.13%	16.47%	1.71%	16.16%
Leasing	2.42%	1.76%	2.43%	0.46%
Commercial Paper	3.04%	0.00%	3.46%	0.00%
Investment Credit - Sole Proprietors	4.42%	3.71%	4.32%	4.46%
Consumer Credit - Individuals	4.98%	4.07%	4.91%	4.67%
Business Loans - Corporates	**18.27%**	**28.66%**	**17.92%**	**27.95%**
Mortgage Loans - Individuals	**29.54%**	**9.04%**	**29.95%**	**9.36%**
Investment Credit - Corporates	**33.22%**	**28.05%**	**33.52%**	**27.18%**
Total Value	100.00%	100.00%	100.00%	100.00%

TABLE 12 – DISTRIBUTION OF LOAN PORTFOLIO BY PRODUCT FAMILY

6.4 CREDIT RISK MANAGEMENT – SECURITIES

The credit risk of the securities portfolio is largely associated with the portfolio of securities/financial applications and arises from the probability of a loss occurring, as a result of default by the counterparty to a transaction, before the final settlement of the respective financial flows.

6.4.1 Securities portfolio credit risk strategy and management

The evaluation, management and monitoring of results associated with the activity in financial markets is established under the Investment Policy, which establishes the concepts, principles, rules and business model applicable to the control of the activity in financial markets, and other guidelines approved by the Executive Board of Directors.

6.4.2 Limit-setting method

The process of attributing limits to financial institutions is based on the risk rating assigned by the rating agencies and on an internal model that takes into account country risk, the time function, the type of product and the result of the economic and financial analysis.

The sovereign risk assessment process is based on the credit rating awarded by leading international rating agencies.

In addition to the above elements, other relevant aspects are also considered which may aggravate or reduce the risk at hand, such as the economic and political situation of the country in which the financial institution operates, the quality of the shareholders, the specific type of activity and the market segment in which it operates.

Caixa Central's investment policy introduced exposure limits for sovereign debt securities, observing a diversification strategy and the mitigation of concentration and counterparty risks to be implemented progressively.

The definition of a credit limit method is based on the creation of a system that effectively protects the financial institution from adverse credit events, being easily applicable and effective in controlling in order to enable the management of new operations in real time, as well as the monitoring of the portfolio in order to maintain desired concentration levels.

In this sense, objective variables and criteria considered relevant for the allocation of limits were identified. The definition of credit limits based on the level of risk perceived allows for the definition of maximum exposure amounts that vary in a manner consistent with the different dimensions of analysis, in particular credit quality and maturity.

In this method, the maximum exposure per issuer results from the following:

i. VaR underpinning a benchmark rating considered prudent and representative of investment policy; and

ii. Total own funds eligible for prudential purposes.

In this way, the maximum exposure per issuer records as an initial reference, i.e., starting point and, therefore, VaR of reference, the minimum credit rating observed as investment grade/non-speculative (rating BBB-/ Baa3) according to the total eligible own funds for prudential purposes, with the limit established in accordance with the rating level presented by the issuer.

6.4.3 Control methods

Limits are controlled on a daily basis by the Financial Department and on a monthly basis by the Global Risk Department, with reference to the market value of the exposures. The level of use of the limits is reported by the Financial Department to the Executive Board of Directors of Caixa Central at least once a week, where the latter should ratify any overrunning of the defined limits that may occur.

The surpassing of any defined limit by more than 10% of the reference value, caused by observed negative factors (e.g., reduction in the issuer's rating; increase of the probabilities of default associated with the issuer's rating level; reduction in the level of Total Eligible Own Funds) should be communicated to Caixa Central's Executive Board of Directors within 48 hours after its detection. This requires the submission of an action plan, to this body and its approval, aimed at reframing the level of exposure occurred within the defined limits.

6.5 VALUE AND IMPAIRMENT CORRECTIONS[5]

6.5.1 Loan Portfolio Impairment

IFRS 9 Financial Instruments, issued in July 2014 by the International Accounting Standards Board (IASB), replaces IAS 39 Financial Instruments - Recognition and Measurement and establishes new rules for the classification and measurement of financial assets and liabilities, namely:

- Establishes new requirements for the classification and measurement of financial instruments and, for certain types of purchase or sale contracts, for non-financial items;
- Defines a new methodology for the recognition of impairment losses of financial assets based on the expected loss model;

[5] The information of this chapter can be complemented with the tables of Annex V.

- This presents new possibilities for applying hedging accounting rules through a greater number of hedge relationships between the hedged items and the instruments covered.

The concept of non-compliance reflects the European regulation of Article 178 of the CRR. Crédito Agrícola Group immediately began to align with the concept defined in "Guidelines on the application of the definition of default under Article 178 of Regulation (EU) No. 575/2013", which entered into force in January 2021.

According to IFRS 9, all credit measured at Amortised Cost (AC) or Fair Value through Other Comprehensive Income (FVTOCI) must be subjected to impairment assessment.

The calculation process can be based on two types of analysis:

I. Individual analysis of clients with significant exposure, through the assessment sheets (questionnaires) in the MOAI application – Individual Impairment Analysis Module, and the individual analysis data are validated and used for the calculation of impairment on an individual basis;

II. Collective analysis of clients/GER that do not fit the criteria for submission to the individual analysis process, these being analysed in homogeneous risk groups using statistical methods.

All contracts are subject to collective analysis, but only those that do not fit into the individual analysis or do not originate provisions in that way, have as final value of impairment the value calculated in the collective analysis. Thus, the consolidation process is summarised in the following flow:

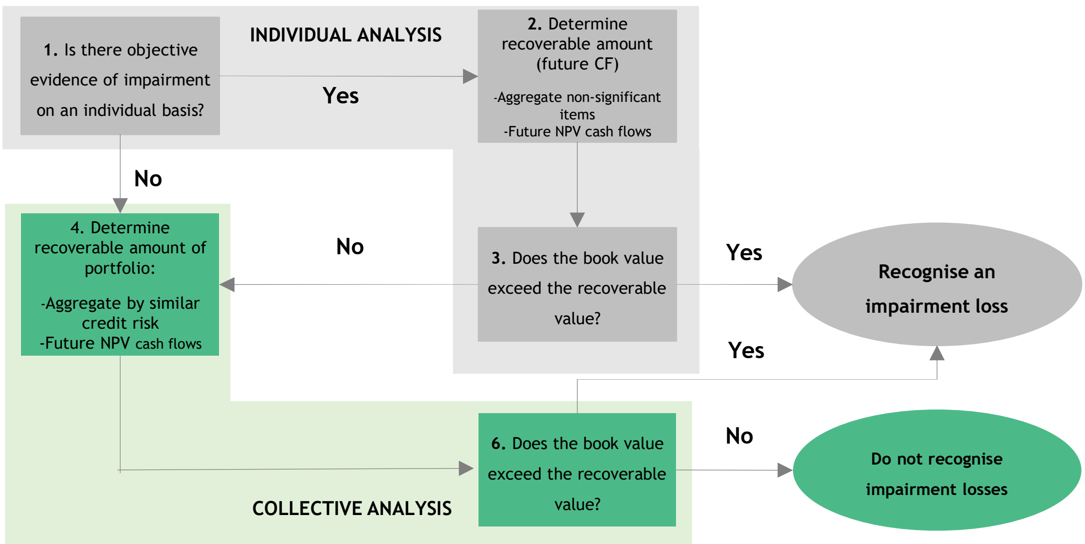


FIGURE 7 - IMPAIRMENT CALCULATION FLOW

Within the collective analysis, the loans are grouped according to similar credit risk characteristics, in accordance with the risk assessment method defined by the CA Group. Consequently, the inputs for the calculation of collective impairment are determined on the basis of statistical models for credit groups with similar characteristics and regularly revised to approximate the estimated values to the actual values.

The following tables show the breakdown of exposure by individual and collective analysis, as well as by segment and level.

December 2021 (values in thousand euros, except %)

Segment	Exposure						Impairment						Coverage ratio		
	Collective analysis		Individual Analysis		Total	%	Collective analysis		Individual Analysis		Total	%	Collective analysis	Individual Analysis	Total
	Amount	%	Amount	%			Amount	%	Amount	%			Amount	Amount	
Corporates	7,057,260	33.0%	718,503	85.6%	7.775.762	35.0%	96,253	59.0%	150,823	82.0%	247,076	71.2%	1.4%	21.0%	3.2%
Business	2,032,206	9.5%	132,778	15.8%	2.164.985	9.7%	48,167	29.5%	40,909	22.2%	89,075	25.7%	2.4%	30.8%	4.1%
Large and SME	3,416,363	16.0%	356,528	42.5%	3.772.891	17.0%	30,771	18.9%	70,579	38.4%	101,350	29.2%	0.9%	19.8%	2.7%
Construction and Real Estate Activities	1,608,690	7.5%	229,196	27.3%	1.837.886	83.0%	17,315	10.6%	39,335	21.4%	56,651	16.3%	1.1%	17.2%	3.1%
Individuals, of which:	5,234,577	24.5%	120,489	14.4%	5.355.066	24.1%	63,515	39.0%	33,203	18.0%	96,718	27.9%	1.2%	27.6%	1.8%
Mortgage	3,627,488	17.0%	26,442	3.2%	3.653.930	16.4%	19,570	12.0%	4,708	2.6%	24,279	7.0%	0.5%	17.8%	0.7%
Consumer	774,666	3.6%	57,719	6.9%	832.384	3.7%	27,754	17.0%	19,004	10.3%	46,758	13.5%	3.6%	32.9%	5.6%
Other	683,676	3.2%	-	0.0%	683.676	3.1%	348	0.2%	0	0.0%	348	0.1%	0.1%	0.0%	0.1%
Sub-total	12,975,512	60.7%	838,992	100.0%	13.814.504	62.2%	160,116	98.2%	184,026	100.0%	344,142	99.2%	1.2%	21.9%	2.5%
Investments in Securities	8,406,051	39.3%	-	0.0%	8.406.051	37.8%	2,926	1.8%	0	0.0%	2,926	0.8%	0.0%	0.0%	0.0%
Total	21,381,563	100.0%	838,992	100.0%	22.220.555	100.0%	163,042	100.0%	184,026	100.0%	347,068	100.0%	0.8%	21.9%	1.6%

TABLE 13 – LOAN IMPAIRMENTS BY SEGMENT INDIVIDUAL AND COLLECTIVE ANALYSIS – CA GROUP

December 2021 (values in thousand euros, except %)

Segment	Exposure												
	Assets with no significant increase in risk (Level 1)		Assets with no significant increase in risk (Level 2)				Assets in default (Level 3)				Total	%
	Amount	%	Amount	%	Of which restructured:	%	Amount	%	Of which restructured:	%		
Corporates	6,208,684	31.5%	938,148	57.0%	237,285	77.3%	628,931	73.7%	394,105	81.6%	7,775,762	35.0%
Business	1,715,428	8.7%	245,318	14.9%	49,149	16.0%	204,238	23.9%	112,555	23.3%	2,164,985	9.7%
Large and SME	3,068,477	15.6%	450,707	27.4%	111,935	36.4%	253,708	29.7%	176,527	36.6%	3,772,891	17.0%
Construction and Real Estate Activities	1,424,779	7.2%	242,122	14.7%	76,201	24.8%	170,985	20.0%	105,024	21.7%	1,837,886	8.3%
Individuals, of which:	4,430,439	22.5%	699,729	42.5%	69,828	22.7%	224,898	26.3%	88,866	18.4%	5,355,066	24.1%
Mortgage	3,138,796	15.9%	444,191	27.0%	21,882	7.1%	70,943	8.3%	32,653	6.8%	3,653,930	16.4%
Consumer	613,735	3.1%	118,254	7.2%	27,997	9.1%	100,396	11.8%	62,305	12.9%	832,384	3.7%
Other	675,257	3.4%	8,419	0.5%	0	0.0%	0	0.0%	0	0.0%	683,676	3.1%
Sub-total	11,314,379	57.4%	1,646,296	100.0%	307,113	100.0%	853,829	100.0%	482,972	100.0%	13,814,504	62.2%
Investments in Securities	8,406,051	42.6%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	8,406,051	37.8%
Total	19,720,430	100.0%	1,646,296	100.0%	307,113	100.0%	853,829	100.0%	482,972	100.0%	22,220,555	100.0%

TABLE 14 – LOAN PORTFOLIO BY SEGMENT – CA GROUP

December 2021

(values in thousand euros, except %)

Segment	Impairment											
	Assets with no significant increase in risk (Level 1)		Assets with no significant increase in risk (Level 2)				Assets in default (Stage 3)				Total	%
	Amount	%	Amount	%	Of which restructured:	%	Amount	%	Of which restructured:	%		
Corporates	22,817	82.7%	34,246	73.5%	14,776	81.3%	190,013	69.6%	133,826	71.3%	247,076	71.2%
Business	5,351	19.4%	5,993	12.9%	1,968	10.8%	77,732	28.5%	48,822	26.0%	89,075	25.7%
Large and SME	14,014	50.8%	19,536	42.0%	8,793	48.4%	67,800	24.8%	54,554	29.1%	101,350	29.2%
Construction and Real Estate Activities	3,452	12.5%	8,717	18.7%	4,014	22.1%	44,481	16.3%	30,450	16.2%	56,651	16.3%
Individuals, of which:	1,517	5.5%	12,314	26.4%	3,395	18.7%	82,888	30.4%	53,911	28.7%	96,718	27.9%
Mortgage	434	1.6%	5,285	11.3%	252	1.4%	18,560	6.8%	9,498	5.1%	24,279	7.0%
Consumer	718	2.6%	4,384	9.4%	2,037	11.2%	41,656	15.3%	27,237	14.5%	46,758	13.5%
Other	344	1.2%	3	0.0%	0	0.0%	0	0.0%	0	0.0%	348	0.1%
Sub-total	24,678	89.4%	46,563	100.0%	18,171	100.0%	272,901	100.0%	187,736	100.0%	344,142	99.2%
Investments in securities	2,926	10.6%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	2,926	0.8%
Total	27,604	100.0%	46,563	100.0%	18,171	100.0%	272,901	100.0%	187,736	100.0%	347,068	100.0%

Segment	Coverage ratio		
	Assets with no significant increase in risk (Level 1)	Assets with no significant increase in risk (Level 2)	Assets in default (Level 3)
Corporates	0.4%	3.7%	30.2%
Business	0.3%	2.4%	38.1%
Large and SME	0.5%	4.3%	26.7%
Construction and Real Estate Activities	0.2%	3.6%	26.0%
Individuals, of which:	0.0%	1.8%	36.9%
Mortgage	0.0%	1.2%	26.2%
Consumer	0.1%	3.7%	41.5%
Other	0.1%	0.0%	0.0%
Sub-total	0.2%	2.8%	32.0%
Investments in securities	0.0%	0.0%	0.0%
Total	0.1%	2.8%	32.0%

TABLE 15 – IMPAIRMENT BY SEGMENT AND LEVEL - CA GROUP

6.5.2 Accounting

Impairment losses are recorded against profit or loss. However, when in a subsequent period there is a decrease in the amount of impairment losses attributed to an event, the previously recognised amount is reversed and the impairment loss account is adjusted. The amount of the reversal is recognised directly in the income statement. Periodically, the CA Group writes off receivables considered uncollectible using the respective accumulated impairment. In the event of any recovery of those claims, it is recognised as a deduction to impairment losses recognised through profit or loss.

6.5.3 Quantitative information

The movement occurred in CA Group impairments during 2021 and 2020 was as follows:

Amounts in euros

Description	31-Dec-2020	2021				31-Dec-2021
	Closing balance	Top-ups	Write-backs & annulments	Uses and write-offs	Transf.	Closing balance
Impairments						
Impairment of Assets at FVTOCI (Note 24)	335,186	683,330	(925,217)	10,415	-	103,714
Impairment of Assets at amortised cost (Note 10)	391,228,789	276,508,519	(276,503,547)	(55,480,088)	-	335,753,673
Other impairments:						
- Non-Current Assets Held for Sale (Note 17)	153,092,945	7,300,841	(5,719,105)	(21,803,503)	(657,728)	132,213,451
- Other assets (Note 16)	35,035,749	2,943,545	(1,595,660)	(3,273,826)	657,728	33,767,535
- Property, Plant and Equipment (Note 13)	8,030,333	1,082,029	(1,000,013)	(49,432)	-	8,062,917
	587,723,002	288,518,265	(285,743,543)	(80,596,434)	-	509,901,290
Provisions						
- Pensions and other benefit obligations defined post-employment	321,979	-	(254,262)	(67,717)	-	-
- Guarantees provided and irrevocable commitments	15,377,820	21,397,036	(25,604,422)	-	-	11,170,434
- Other provisions	750,272,313	13,468,043	(14,097,940)	(15,091,407)	-	734,551,008
	765,972,112	34,865,079	(39,956,624)	(15,159,124)	-	745,721,442
Total	**1,353,695,114**	**323,383,344**	**(325,700,167)**	**(95,755,558)**	**-**	**1,255,622,732**

Amounts in euros

Description	31-Dec-19 Closing balance	2020 Top-ups	Write-backs & annulments	Uses and write-offs	Transf.	31-Dec-20 Closing balance
Impairments						
Impairment of Assets at FVTOCI (Note 24)	617,434	4,009,231	(4,291,507)	28	-	335,186
Impairment of Assets at amortised cost (Note 10)	398,621,985	320,188,963	(265,212,202)	(62,369,957)		391,228,789
Other impairments:						
- Non-Current Assets Held for Sale (Note 17)	165,575,493	8,471,481	(9,240,989)	(11,354,361)	(358,680)	153,092,945
- Other assets (Note 16)	33,631,675	3,893,037	(1,497,501)	(1,350,142)	358,680	35,035,749
- Property, Plant and Equipment (Note 13)	8,955,485	740,399	(1,537,162)	(128,389)	-	8,030,333
- Other intangible assets (Note 14)	33,858	-	(5,000)	(28,858)	-	-
	607,435,930	336,562,712	(280,242,199)	(75,074,432)	-	587,723,002
Provisions						
- Pensions and other benefit obligations defined post-employment	362,553	270,000	(185,574)	(125,000)	-	321,979
- Guarantees provided and irrevocable commitments	12,133,850	21,988,541	(18,744,570)		-	15,377,820
- Other provisions	882,859,879	83,804,907	(217,042,228)	649,755	-	750,272,313
	895,356,282	106,063,447	(235,972,371)	524,755	-	765,972,112
Total	**1,502,792,212**	**442,626,159**	**(516,214,570)**	**(74,549,677)**	**-**	**1,353,695,114**

TABLE 16 – PROVISIONS AND IMPAIRMENTS- CA GROUP

6.6 CONCENTRATION RISK

6.6.1 Concept

The risk of credit concentration results from an exposure or group of exposures with the potential to produce such high losses as to jeopardise the institution's solvency or the ability to maintain its main operations. In particular, the risk of credit concentration stems from the existence of common or correlated risk factors between different counterparties, so that the deterioration of those factors entails a simultaneous adverse effect on the credit quality of each of those counterparties.

6.6.2 Concentration Risk Management

In accordance with Directive 2013/36/EU and Regulation No. 575/2013 of the European Parliament and of the Council (CRD IV and CRR), three types of credit concentration risk are assessed:

- Significant exposures to an individual counterparty or to a group of counterparties related from an economic or risk point of view ("single name concentration risk" or "large risks") as recommended by the supervisory authority, for Caixas on an individual basis in Notice 5/2014, and for SICAM in Notice 9/2014, both of Banco de Portugal.
- Significant exposures to groups of counterparties whose likelihood of default results from common underlying factors, such as: (i) economic sector, (ii) geographical area, (iii) currency and (iv) dependence on the economic and financial performance of the same activity or product/service;

- Indirect credit exposures resulting from the application of risk mitigation techniques (exposure to a type of guarantee or credit protection provided by a counterparty).

Concentration risk management in the CA Group is based on the definition of internal limits on exposure to certain types of counterparties and/or a particular financial instrument or type of credit. These limits are monitored and updated periodically depending on the evolution of exposures and market conditions. The existence of correlation factors with entities whose risk deterioration could contaminate the quality of the credit granted is also verified: capital relations, coincident management bodies or strong commercial dependence on a supplier or client. In addition to the internally defined limits, the CA Group also controls its concentration risk by observing the limits to significant exposures to an individual counterparty or a group of related counterparties.

6.6.3 CA Group portfolio analysis

6.6.3.1 Customer loan portfolio analysis

The analyses carried out according to different relevant variables of the customer loan portfolio allow us to assess the absence of significant concentrations that are not explained by the economic situation and the characteristics of the Group and its business. Thus, it is concluded that CA Group's customer loan portfolio does not have a significant concentration according to the variables that were considered relevant to this type of risk, namely: geographical region, product family, associated guarantee, customer, economic activity sector, total term, residual term, product family by region and sector of activity by region. The Group only has a higher concentration in the analysis by company size.

6.6.3.2 Counterparty credit risk analysis

According to the results of the concentration analysis of the financial assets (securities) in the portfolio, the concentration of counterparty credit risk is moderate to high. The variables for which there is a higher concentration are as follows: 'country of origin', 'risk classes', 'counterparty' and 'counterparty rating'. Caixa Central's investment policy introduced exposure limits for sovereign debt securities, observing a diversification strategy and mitigation of concentration/counterparty risks.

6.6.4 Sectoral and Individual Concentration Indices

With regard to the Sectoral Concentration Index (ICS), it was determined on the basis of the breakdown of the portfolio according to the economic activity classification (CAE) codes defined in Instruction 5/2011. The CA Group's sectoral concentration index stands at 9.04%, thus representing an insignificant concentration. This figure shows a minor reduction compared to the figure observed in 2020, with the interpretation remaining unchanged.

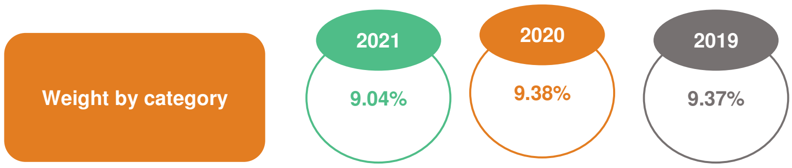


FIGURE 8 – SECTORAL CONCENTRATION INDEX

The Individual Concentration Index (ICI) was also determined based on the indications defined in Instruction 5/2011 for the assessment of the amounts on display of the largest counterparties. The calculation of the total direct exposure was made considering the institution's 100 largest counterparties (all legal personalities having been considered), and the groups of clients linked to each other were taken into account as a single counterparty. The Individual Concentration Index presents a value of approximately 0.32%, which reflects an insignificant concentration by counterparty. Compared to 2020, there is a slight decrease in the value of the index, which stood at 0.33%.

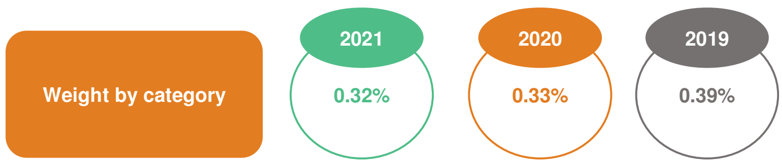


FIGURE 9 – INDIVIDUAL CONCENTRATION INDEX

6.6.5 Quantitative information

The concentration indicators resulting from the analyses described indicate that the CA Group business is not exposed to relevant concentration risks, both in terms of economic activity and in terms of the largest individual counterparties.

7. Credit Risk – Standard Approach

The capital requirements of the entire loan portfolio are calculated solely on the basis of the standard approach according to the new regulatory framework resulting from Directive 2013/36/EU and Regulation No. 575/2013 of the European Parliament and of the Council (CRD IV and CRR) by segmenting the original exposures into the defined exposure classes. As illustrated in this report, the value of the positions is corrected for impairment and net exposures are calculated.

The risk profile of the CA Group customer loan portfolio is characterised by the balance between credit granted to corporates and credit granted to individuals and by the predominance of credit granted to retail (individuals and small and medium-sized corporates). In the private customer segment, mortgage loans represent about 29% of the total portfolio and in the case of corporates, the sectors of agriculture, forestry and fishing, whole trade, real estate activities and manufacturing industries account for most of the loans granted to non-financial corporates.

7.1 Composition and Quality of the Loan Portfolio

In 2021, CA Group's loan portfolio increased by +4.9% compared to the previous year, from 11.3 billion euros in 2020 to 11.8 billion euros in 2021. There was an increase in the loan portfolio to individuals in 2021 of around 165 million euros (+3.9%).

LOANS AND ADVANCES TO CUSTOMERS					In million euros, except %
	2019	2020	2021	Abs. Δ	Δ %
Individuals	4,144	4,231	4,396	165	3.9%
Mortgage	3,046	3,235	3,447	213	6.6%
Consumer	481	480	506	26	5.3%
Other	617	516	443	-73	-14.2%
Companies	6,471	7,029	7,416	387	5.5%
Investment	2,569	2,974	3,341	367	12.3%
Liquidity	953	979	1,026	47	4.8%
Other	2,950	3,076	3,049	-27	-0.9%
Gross Credit to Customers	**10,614**	**11,260**	**11,813**	**553**	**4.9%**

TABLE 17 – EVOLUTION OF THE CA GROUP INDIVIDUAL AND CORPORATE LOAN PORTFOLIO – DECEMBER 2021

In the corporate segment, there was an overall growth of 5.5%, as a result of the economic recovery that characterised 2021.

LOANS AND ADVANCES TO COMPANIES BY ECONOMIC ACTIVITY CLASSIFICATION (CAE)				In million euros, except %
Economic activity	Total Loans and Advances CA	Var. YoY	Weight % CA	Weight % Market
Agriculture and Fisheries	997	3.8%	13.4%	4.0%
Trade	974	2.8%	13.1%	17.7%
Real Estate Activities	965	-0.7%	13.0%	11.8%
Manufacturing Industries	806	5.4%	10.9%	20.1%
of which: Agroindustry	358	-0.7%	4.8%	n.a.
Accommodation and Restaurants	648	8.8%	8.7%	9.9%
Public Administration	583	6.8%	7.9%	n.d.
Construction	488	-3.7%	6.6%	8.7%
Health and Social Support	355	12.5%	4.8%	n.a.
Transport and Storage	125	9.5%	1.7%	6.8%
Water and Sanitation	119	13.0%	1.6%	n.a.
Energy	55	27.1%	0.7%	5.1%
Mining Industries	22	-16.6%	0.3%	0.4%
Other	1,278	13.0%	17.2%	15.6%
Total	**7,416**	**5.5%**	**100.0%**	**100.0%**

TABLE 18 – EVOLUTION OF THE CA GROUP CORPORATE LOAN PORTFOLIO BY ECONOMIC ACTIVITY CLASSIFICATION – DECEMBER 2021

Analysis according to Sector of Activity (CAE)	2020		2021	
Relative weight	**Balance Used 2020**	**Overdue Credit 2020**	**Balance Used 2021**	**Overdue Credit 2021**
Activities of households as employers of domestic staff and undifferentiated goods producing activities of households for own use	0.00%	0.00%	0.01%	0.00%
Information and communication activities	0.21%	0.17%	0.24%	0.20%
Mining industries	0.38%	0.37%	0.31%	0.18%
Electricity, gas, steam, hot and cold water and air conditioning supply	0.61%	0.02%	0.74%	0.07%
Arts, entertainment, sports and recreation activities	0.88%	0.16%	0.96%	0.13%
Education	0.98%	0.83%	1.25%	0.94%
Other service activities	1.43%	0.77%	1.35%	0.63%
Water supply; sewerage, waste management and decontamination	1.46%	0.41%	1.58%	0.44%
Transport and storage	1.63%	1.52%	1.70%	1.88%
Administrative and support service activities	1.68%	1.04%	1.76%	0.97%
Financial and insurance activities	2.86%	1.66%	3.47%	1.23%
Human health and social work activities	4.44%	1.98%	4.76%	3.37%
Professional, scientific and technical activities	5.76%	1.00%	5.74%	1.01%
Construction	7.45%	22.18%	6.86%	20.46%
Public Administration and Defence; Compulsory Social Security	7.56%	0.00%	7.72%	0.01%
Hotels, restaurants and similar activities	**9.03%**	**5.49%**	**9.33%**	**7.49%**
Manufacturing Industries	**10.85%**	**16.13%**	**10.92%**	**13.82%**
Real estate activities	**13.59%**	**14.55%**	**12.89%**	**12.82%**
Wholesale and retail trade	**14.16%**	**20.20%**	**13.83%**	**21.47%**
Agriculture, livestock, hunting, forestry and fishing	**15.03%**	**11.53%**	**14.59%**	**12.90%**
Total Value	100.00%	100.00%	100.00%	100.00%

TABLE 19 – EVOLUTION OF THE CA GROUP LOAN PORTFOLIO BY ECONOMIC ACTIVITY CLASSIFICATION

Concerning the quality of the loan portfolio, as at 31 December 2021, the non-performing loans (NPL) to customers reached 819 million euros, representing a reduction of 62 million euros year-on-year, with the ratio falling from 9.2% (December 2020) to 7.2% (December 2021). The 7% reduction, or 62 million euros of NPL, demonstrates the improvement of the quality of the loan portfolio, reflecting the efforts made in this direction, namely through the measure of writing off NPL from the assets, under the NPL Strategic Management Plan of Crédito Agrícola Group. The NPL ratio net of impairment stood at 5%, the NPL coverage ratio for impairment of non-performing loans reached 33% and the NPL coverage ratio for NPL impairments and collateral (applying, for example, haircuts and recovery costs) stood at 88%.

The contractual residual terms of financial instruments in 2021 presented the distribution illustrated in the table below where it can be seen that all underwriting and lending operations with banks are concentrated in “on demand” maturity and that financial assets at amortised cost, are normally concentrated in the medium and long-term, namely in residual periods above 5 years.

	31-12-2021						in thousand euros
	Contractual residual periods						
	On demand	Up to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Not subject to interest rate risk	Total
Assets							
Cash, cash balances at central banks and other demand deposits	3,719,172	-	-	-	-	251,920	3,971,092
Financial assets held for trading	713	-	4,461	10,700	3,100	-	18,974
Non-trading financial mandatorily stated at FVTPL	-	-	-	-	-	49,714	49,714
Financial assets at FVTOCI	10,000	52,531	14,492	11,666	39,817	-	128,506
Financial assets at amortised cost	407,141	2,458,906	2,983,101	2,251,720	11,200,741	-	19,301,608
Derivatives - Hedge accounting	867	6,071	51,426	1,493,767	8,059,979	-	9,612,110
	4,137,893	2,517,508	3,053,480	3,767,853	19,303,637	301,634	33,082,004
Liabilities							
Financial liabilities at amortised cost	2,284,077	6,523,972	4,287,647	1,493,936	2,685,921	-	17,275,553
Derivatives - Hedge accounting	-	-	-	-	200,184	-	200,184
	2,284,077	6,523,972	4,287,647	1,493,936	2,886,105	-	17,475,737
Net exposure	1,853,816	(4,006,464)	(1,234,167)	2,273,917	16,417,532	301,634	15,606,267

	31-12-2020							in thousand euros
	Contractual residual periods							
	On demand	Up to 3 months	3 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Undetermined maturity	Total
Assets								
Cash, cash balances at central banks and other demand deposits	3,367,405	-	-	-	-	164,551	266,257	3,798,213
Financial assets held for trading	-	-	30	-	-	2,200	17,048	19,278
Non-trading financial assets mandatorily at fair value through profit or loss	-	-	-	-	-	-	44,913	44,913
Financial assets at FVTOCI	50,000	-	158,211	49,040	23,934	115,764	7,010	403,959
Financial assets at amortised cost	457,483	369,583	1,660,230	2,666,947	2,148,702	9,197,521	224,255	16,724,721
Hedge derivatives	-	-	-	-	-	211,768	-	211,768
	3,874,888	369,583	1,818,471	2,715,987	2,172,637	9,691,804	559,483	21,202,853
Liabilities								
Financial liabilities measured at amortised cost	4,970,805	2,100,869	5,984,686	4,090,653	1,008,570	2,278,314	(145,956)	20,287,941
Hedge derivatives	-	-	-	-	-	214,991	-	214,991
	4,970,805	2,100,869	5,984,686	4,090,653	1,008,570	2,493,305	(145,956)	20,502,932
Net exposure	(1,095,918)	(1,731,286)	(4,166,215)	(1,374,666)	1,164,066	7,198,499	705,439	699,919

TABLE 20 – DISTRIBUTION OF FINANCIAL INSTRUMENTS BY CA GROUP RESIDUAL TERMS

As at 31 December 2021 and 2020, the credit quality of financial assets according to the internal benchmark rating can be summarised as follows:

Amounts in euros

	2021									
Assets	Aaa	Aa1	Aa2	Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	C	Undetermined	Total
Financial assets at FVTPL (trading, mandatorily at FVTPL and FVTPL)	-	-	-	704	5,531	9,869	-	-	51,862	67,966
Financial assets at FVTOCI		-	-	-	-	846,935	9,614	-	53,473	910,022
Securities at amortised cost (without commercial paper)	325,000	225,000	1,116	6,494	33,681	6,690,007	4,999	-	159,862	7,446,160
	325,000	225,000	1,116	6,494	33,681	7,546,812	4,999	-	159,862	7,446,160

Amounts in euros

	2020								
Assets	Aaa	Aa1	Aa2	Aa3	A1 to A3	Baa1 to B3	C	Undetermined	Total
Financial assets at FVTPL (trading, mandatorily at FVTPL and FVTPL)	-	-	-	204	-	4,491	-	59,017	63,712
Financial assets at FVTOCI	-	-	-	-	-	370,767	-	33,192	403,959
Securities at amortised cost	1,014,297	-	4,020	7,695	33,323	4,778,631	-	88,455	5,926,421
	1,014,297	-	4,020	7,899	33,323	5,153,889	-	180,665	6,394,093

TABLE 21 – CREDIT QUALITY OF CA GROUP FINANCIAL ASSETS

7.2 CAPITAL REQUIREMENTS FOR CREDIT RISK[6]

To calculate the positions at risk of the risk classes of central governments or central banks, institutions and corporates, Crédito Agrícola Group uses as its reference rating the external assessment of credit risk produced by specialised entities, such as Standard & Poor's Rating Services (S&P), Moody's Investors Services (Moody's) and Fitch Ratings (Fitch), respecting the standard mapping between the risk ratings and the credit quality levels established by the EBA (external ratings used for classification of assets in the context of risk weights). When there are ratings attributed by more than one External Credit Assessment Institution (ECAI), the rating arises from the application of the following rules:

i. When only one credit assessment is available, relative to a given exposure, this assessment is used to determine the risk parameter.

ii. When there are two credit assessment, the lowest rating is applied;

iii. When there are more than two credit assessment, the two highest ratings serve as a reference, and if they are different, the lowest is applied; if they are the same, that rating is applied.

With regard to the customer loan portfolio, the Group has analytical credit risk assessment models, in particular, a rating model associated with a workflow process, which aims to standardise the process of analysing the credit risk of corporated and acceptance scoring models, associated with the processes of granting and monitoring loans to individual customers. Accordingly, the distribution of credit risk by level of credit quality and by risk class is shown in the tables below, namely the original exposure, the exposure adjusted by risk mitigation techniques and the risk-weighted assets (RWA).

[6] The information of this chapter can be complemented with the table of Annex VI.

Amounts in euros	Credit Quality Level							Total Original Exposure
	1	2	3	4	5	6	Deductions	
Total	266,396,249	2,493,351,654	3,527,499,770	718,335,264	19,748,062	0	0	7,025,330,999
Central Governments or Central Banks	0	2,449,160,856	3,508,973,515	702,721,663	0	0	0	6,660,856,034
Institutions	266,396,249	31,512,582	13,652,817	15,613,601	19,748,062	0	0	346,923,311
Corporates	0	12,678,215	4,873,439	0	0	0	0	17,551,654

TABLE 22 – ORIGINAL EXPOSURE BY RISK CLASS AND CREDIT QUALITY LEVEL – DECEMBER 2021

Amounts in euros	Credit Quality Level							Total Adjusted Exposure
	1	2	3	4	5	6	Deductions	
Total	41,392,822	2,492,624,893	3,526,149,707	718,038,989	19,741,286	0	0	6,797,947,697
Central Governments or Central Banks	0	2,448,460,268	3,507,647,766	702,437,466	0	0	0	6,658,545,499
Institutions	41,392,822	31,499,972	13,632,334	15,601,524	19,741,286	0	0	121,867,937
Corporates	0	12,664,654	4,869,607	0	0	0	0	17,534,261

TABLE 23 – ADJUSTED EXPOSURE BY RISK CLASS AND CREDIT QUALITY LEVEL – DECEMBER 2021

Additionally, the table below presents the distribution of exposures by weight and risk class, as well as the exposures not subject to assessment by an external entity.

Amounts in euros

	Exposure classes	Risk weight															Total	Of which unrated
		0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Other		
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
1	Central governments or central banks	11,393,464,957	0	0	0	4,901,450	0	0	0	0	9,861,492	0	0	0	0	0	11,408,227,900	4,747,371,866
2	Regional Governments or Local Authorities	0	0	0	0	664,722,711	0	0	0	0	0	0	0	0	0	0	664,722,711	664,722,711
3	Public sector entities	436	0	0	0	69,989	0	0	0	0	78,970,598	0	0	0	0	0	79,041,024	79,041,024
4	Multilateral development banks	14,854	0	0	0	0	0	0	0	0	0	0	0	0	0	0	14,854	14,854
5	International organisations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
6	Institutions	0	0	0	0	270,227,466	0	49,267,464	0	0	396,417,933	0	0	0	0	0	715,912,863	369,411,593
7	Corporates	0	0	0	0	0	0	14,521,911	0	0	2,991,734,419	0	0	0	0	0	3,006,256,331	2,989,592,585
8	Retail exposures	0	0	0	0	0	0	0	0	4,151,176,157	0	0	0	0	0	0	4,151,176,157	4,151,176,157
9	Exposures secured by mortgages on immovable property	0	0	0	0	0	3,822,894,845	610,583,391	0	77,373,657	13,880,307	0	0	0	0	0	4,524,732,200	4,524,732,200
10	Exposures in default	0	0	0	0	0	0	0	0	0	186,537,233	605,180,735	0	0	0	0	791,717,968	791,717,968
11	Exposures associated with particularly high risk	0	0	0	0	0	0	0	0	0	0	682,566,699	0	0	0	0	682,566,699	682,566,699
12	Covered Bonds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13	Exposures to institutions and companies with a short-term credit assessment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14	Units or shares in collective investment undertakings	0	0	0	0	0	0	0	0	0	1,988,026	0	0	0	0	0	1,988,026	1,988,026
15	Equity exposures	0	0	0	0	0	0	0	0	0	165,863,571	0	171,732,345	0	0	0	337,595,916	337,595,916
16	Other items	193,790,590	132,438,179	0	0	0	0	0	0	0	1,554,936,342	0	56,785,508	0	0	0	1,937,950,620	1,937,950,620
17	**TOTAL**	11,587,270,838	132,438,179	0	0	939,921,616	3,822,894,845	674,372,766	0	4,228,549,814	5,400,189,923	1,287,747,434	228,517,853	0	0	0	28,301,903,268	21,277,882,218

TABLE 24 - EU CR5 – STANDARDISED APPROACH – ORIGINAL EXPOSURE – DECEMBER 2021

Amounts in euros

	Exposure classes	Risk weight 0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Other	Total	Of which unrated
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
1	Central governments or central banks	11,949,824,566	0	0	0	4,900,935	0	0	0	0	9,856,214	0	0	0	0	0	11,964,581,715	5,306,036,216
2	Regional Governments or Local Authorities	0	0	0	0	620,299,345	0	0	0	0	0	0	0	0	0	0	620,299,345	620,299,345
3	Public sector entities	51,036	0	0	0	61,968	0	0	0	0	66,889,107	0	0	0	0	0	67,002,111	67,002,111
4	Multilateral development banks	14,842	0	0	0	0	0	0	0	0	0	0	0	0	0	0	14,842	14,842
5	International organisations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
6	Institutions	14,530,897	0	0	0	45,646,649	0	49,235,644	0	0	71,257,363	0	0	0	0	0	180,670,553	59,224,657
7	Corporates	11,517,042	0	0	0	0	0	14,507,603	0	0	2,544,770,743	0	0	0	0	0	2,570,795,387	2,554,149,034
8	Retail exposures	462,453,101	0	0	0	0	0	0	0	2,902,149,110	0	0	0	0	0	0	3,364,602,211	3,364,602,211
9	Exposures secured by mortgages on immovable property	9,084,716	0	0	0	0	3,765,690,395	593,749,506	0	65,790,004	7,081,255	0	0	0	0	0	4,441,395,874	4,441,395,874
10	Exposures in default	20,378,273	0	0	0	0	0	0	0	0	134,539,946	349,773,710	0	0	0	0	504,691,929	504,691,929
11	Exposures associated with particularly high risk	3,648,728	0	0	0	0	0	0	0	0	0	579,268,995	0	0	0	0	582,917,723	582,917,723
12	Covered Bonds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13	Exposures to institutions and companies with a short-term credit assessment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14	Units or shares in collective investment undertakings	0	0	0	0	0	0	0	0	0	1,988,026	0	0	0	0	0	1,988,026	1,988,026
15	Equity exposures	0	0	0	0	0	0	0	0	0	165,863,571	0	171,732,345	0	0	0	337,595,916	337,595,916
16	Other items	193,790,590	132,438,179	0	0	0	0	0	0	0	1,069,496,555	0	56,785,508	0	0	0	1,452,510,833	1,452,510,833
17	**TOTAL**	12,665,293,791	132,438,179	0	0	670,908,897	3,765,690,395	657,492,753	0	2,967,939,114	4,071,742,780	929,042,705	228,517,853	0	0	0	26,089,066,467	19,292,428,718

TABLE 25 - EU CR5 – STANDARDISED APPROACH – ADJUSTED EXPOSURE – DECEMBER 21

Exposure to the corporate class represents the segment with the highest capital consumption with around 23% of the total capital requirements for credit risk. The weight of private clients, sole proprietorships, liberal professionals, micro, small and medium-sized enterprises in CA Group activity determines that the capital requirement derived from the retail business corresponds to about 20% of the total requirements (as shown in the table of Annex VII). Concerning geography, CA Group activity is limited exclusively to Mainland Portugal and the archipelagos of Madeira and the Azores.

8. CREDIT RISK REDUCTION TECHNIQUES

This section discusses the principles underlying the recognition of guarantees received as appropriate instruments for mitigating credit risk. The CA Group uses the Financial Collateral Simple Method (Article 222 of the CRR) for calculating the effects of the reduction of credit risk.

8.1 POLICIES AND PROCESSES FOR OFFSETTING ON- AND OFF-BALANCE SHEET POSITIONS AND THE IMPORTANCE OF THEIR USE

The CA Group does not use balance sheet position clearing processes as a means of mitigating credit risk. On the other hand, the use of hedge derivatives in the Group is residual.

8.2 POLICIES AND PROCEDURES FOR MANAGING AND VALUING REAL GUARANTEES

The CA Group defines the types of guarantees and how they should be constituted, based on the customer segment and the type of products. Additionally, criteria have been established to determine the value of this collateral at the initial moment of the operation, how this value should be calculated a posteriori and how the coverage levels that were the basis for the approval of the credit risk should be maintained, thus considering the future (but possible) depreciation of the asset/collateral in the analysis phase of the operation. In this context, improvements have been made to the Group's computer applications aimed at increasing the depth and timeliness of information on guarantees received, as well as ensuring the periodic review of the value of the properties received under guarantee. The policy for accepting guarantees includes an assessment of their liquidity, the volatility of their value and the degree of correlation between their risk and the risk of the operation to which they are associated. The collateral that can be added to credit operations must be realised within reasonable time limits and at lower costs than the customer's outstanding credit, and it is therefore desirable that there should be a market with sufficient liquidity to enable its rapid transformation into capital. Mortgage-backed loans are mostly made up of loans for house purchases. For these loans in particular, a policy of prudential risk has been defined where the ratio between the value of the guarantee and the amount of the loan must not exceed 80%. Moreover, since the implementation of "Banco de Portugal Recommendation in the context of new credit contracts concluded with consumers", the CA Group has complied with the limits established for loan-to-value.

The CA Group makes use of several reputable specialised property valuation entities that certify the value of each property given as guarantee, before a credit decision is taken. The maintenance of up-to-date information on real estate obtained as collateral to reduce the risk of the loan portfolio to customers allows, from the perspective of credit risk management, to know at all times the achievable value of the protection associated with its operations. The CA Group considers the mandatory requirements applicable to real estate collateral under Capital Requirements Regulation (EU) No. 575/2013, which are intended to be eligible as credit risk mitigants, namely with regard to legal certainty, verification and valuation of property values, in particular the use of statistical methods to verify the value of properties and identify those that should be revalued. Particularly in this regard, developments have been implemented in the Guarantees Management Tool that include the creation of an information field and the definition of rules for filling in and updating it, in order to comply with the regulatory requirements and procedures associated with risk management.

Guarantees in the form of financial assets are only accepted if they are deposited/custodied with the CA Group, with a daily revaluation of the same and control over the percentages of exposure coverage, supported by warning systems if the minimum contracted coverage is not guaranteed.

8.3 KEY TYPES OF GUARANTEES

The main types of guarantees received by CA Group are property mortgages, personal guarantees and financial pledges, and in itself the value of mortgage guarantees corresponds to about 74% of the total guarantees received.

8.4 CONCENTRATION OF HEDGE VALUES BY TYPE OF INSTRUMENT

The property mortgage constitutes the traditional guarantee of mortgage loans, thus being the dominant guarantee. In the other types of credit, there is a greater diversification of mitigation instruments, although real guarantees, as it was said, continue to constitute the main credit guarantee in the CA Group.

	2020		2021	
Relative weight	Balance Used 2020	Overdue Credit 2020	Balance Used 2021	Overdue Credit 2021
Mortgages on Movable Property	0.15%	0.12%	0.14%	0.37%
Insurance	0.15%	0.08%	0.19%	0.11%
Movable property leases	0.00%	0.00%	0.28%	0.00%
Immovable property leases	0.00%	0.00%	0.02%	0.00%
Pledge over Rights	0.37%	0.11%	0.33%	0.01%
Commercial Pledge	0.51%	0.87%	0.50%	0.63%
Guarantees from National Financial Institutions	3.84%	0.10%	0.07%	0.00%
Other Institutional Guarantees	1.10%	0.00%	5.03%	0.27%
Other Real Guarantees	1.31%	0.01%	1.53%	0.04%
Financial Pledge	2.38%	0.66%	2.21%	0.30%
No Guarantee	**6.83%**	**2.97%**	**6.85%**	**3.21%**
Personal Guarantees	**9.53%**	**12.46%**	**8.91%**	**10.03%**
Other Mortgages on Real Estate	**37.19%**	**54.18%**	**36.87%**	**52.27%**
Mortgages on Residential Real Estate Borrower	**36.64%**	**28.46%**	**37.09%**	**32.76%**
Total Value	100.00%	100.00%	100.00%	100.00%

TABLE 26 – EVOLUTION OF THE CA GROUP LOAN PORTFOLIO TYPE OF GUARANTEE

8.5 QUANTITATIVE INFORMATION

In the table showing the credit risk mitigation techniques, the amounts entered in the column named 'collateral' correspond to the collateral eligible as credit risk mitigants based on the rules defined in accordance with the COREP reporting, applying the CRD IV/CRR rules, Regulation (EU) No. 575/2013.

The impact of the credit risk mitigation techniques in exposure, aimed at calculating the regulatory capital requirements, is detailed by risk class in the table below. Annex VII presents this information in a more detailed manner for the total risk classes and by weight, as well as broken down by risk class.

Values in euros	EXPOSURES NET OF VALUE ADJUSTMENTS AND PROVISIONS	Credit risk mitigation (CRM) techniques with substitution effects on the exposure				FULLY ADJUSTED EXPOSURE VALUE (E*)
		Personal credit protection: adjusted values (Ga)	Funded credit protection	Substitution of the exposure due to CRM		
		(-) Guarantees	(-) Financial guarantees: simple method	(-) Total outflows	Total inflows (+)	
TOTAL EXPOSURES	27,470,805,802	-963,461,958	-142,002,490	-1,105,464,448	1,105,464,448	27,470,805,802
Central Governments or Central Banks	11,405,790,692	0	0	0	559,002,860	11,964,793,552
Regional Governments or Local Authorities	664,389,639	-9,102,644	0	-9,102,644	0	655,286,994
Public Sector Entities	78,879,151	-1,497,543	-89,578	-1,587,121	53,000	77,345,030
Multilateral Development Banks	14,842	-14,842	0	-14,842	14,842	14,842
Institutions	716,017,378	-549,755,597	-92,147	-549,847,745	14,604,615	180,774,249
Corporates	2,975,002,167	-126,262,560	-45,519,552	-171,782,112	12,092,821	2,815,312,877
Retail	4,130,584,557	-253,207,025	-85,220,109	-338,427,134	484,993,460	4,277,150,883
Secured by Mortgages on Immovable	4,510,514,223	-6,021,097	-3,072,361	-9,093,458	9,093,458	4,510,514,223
Exposure in Default	532,016,087	-17,600,649	-3,872,945	-21,473,594	21,473,594	532,016,087
Items Associated with Particularly High Risks	665,502,291	0	-4,135,797	-4,135,797	4,135,797	665,502,291
Covered Bonds	0	0	0	0	0	0
Shares or units in collective investment undertakings (OIC)	1,988,026	0	0	0	0	1,988,026
Equity Exposures	337,595,916	0	0	0	0	337,595,916
Other items	1,452,510,833	0	0	0	0	1,452,510,833

TABLE 27 – CREDIT RISK REDUCTION TECHNIQUES BY RISK CLASS – DECEMBER 21

9. OPERATIONAL RISK

This chapter presents the calculation method used by the CA Group to determine capital consumption related to operational risk.

9.1 CONCEPT

Operational risk is defined as the risk of events resulting from inadequate or negligent application of internal procedures, people's behaviour, inadequacy or deficiency of information systems, external causes, events which may have a negative impact on profit or loss or on equity.

9.2 OPERATIONAL RISK MANAGEMENT

The development of processes aimed at controlling and mitigating operational risk in Crédito Agrícola is an objective assumed by the Group considering that, in addition to enabling the prevention of unexpected losses, it creates improvements in operational efficiency and a more efficient use of capital.

In this regard, Crédito Agrícola Group has been expanding the catalogue of processes, including the respective risks and controls, for subsequent close articulation with the operational risk infrastructure and which is characterised by incremental objectives in the respective approach to evolution, particularly with regard to the risk events matrix, self-assessment questionnaires and the overall process of gathering events and losses. The CA Group operates according to a business model that presents a set of specificities, in particular the significant dispersion of decision-making power, control structures and some heterogeneity of size and business characteristics. In this context, the Group manages operational risk on a centralised basis in Caixa Central, so as to allow the formulation of a consolidated and complete view of CA Group's operational risk profile and the effectiveness of the management framework for that risk. Caixa Central's Global Risk Department is responsible for putting this framework into operation, although some of its components are entrusted to the CCAMs.

The Group has seen significant evolution in operational risk management by expanding its catalogue of processes, including the respective risks and controls, and by completing the implementation of the operational risk infrastructure, associated with the Governance, Risk and Compliance (GRC) tool, which is characterised by incremental objectives in the respective evolution approach, particularly with regard to the risk event matrix and the global process of gathering events and losses. The entire process is supported by a global management model, consisting of a conceptual structure, strategic objectives, internal government, regulatory framework, monitoring and reporting, including the definition of self-assessment of risks and controls, the database of loss events and the main Key Risk Indicators.

9.3 QUANTITATIVE INFORMATION

The use of the relevant indicator method implies greater capital consumption when there is an increase in operating income. Since the CA Group's activity is very concentrated in retail, it is predictable that the use of more advanced methods will lead to a decrease in the capital requirement to cover operational risk, which is currently expected to be calculated by excess, since the weight is applied over all income, regardless of the risk of the activity that gave rise to them.

Amounts in euros

Banking activities		a	b	c	d	e
		Relevant indicator			Own funds requirements	Risk exposure amount
		Year -3	Year -2	Last year		
1	Banking activities subject to the basic indicator approach (BIA)	498,166,012	490,812,489	495,134,318	74,205,641	927,570,512
2	Banking activities subject to the standardised (TSA)/alternative standardised (ASA) approaches	0	0	0	0	0
3	*Subject to TSA:*	0	0	0		
4	*Subject to ASA:*	0	0	0		
5	Banking activities subject to the advanced measurement approach (AMA)	0	0	0	0	0

TABLE 28 – EU OR1 — OPERATIONAL RISK OWN FUNDS REQUIREMENTS AND RISK-WEIGHTED EXPOSURE AMOUNTS

10. LIQUIDITY RISK

This chapter concerns the liquidity risk to which the CA Group is subject in the context of the development of its activity. The chapter consists of three components, definition of the concept of liquidity risk, description of the liquidity risk management process and quantitative information illustrating CA Group's exposure to this risk category.

10.1 CONCEPT

Liquidity risk is associated with the CA Group's potential inability to fund its assets and meet the required liabilities on their due dates, and with the existence of potential difficulties of liquidation of portfolio positions without incurring exaggerated losses. Therefore, the notion of liquidity risk entails the risk of funding, which is reflected in the institution's ability to manage to access funding.

10.2 LIQUIDITY RISK MANAGEMENT

10.2.1 Strategy and Guiding Principles for Liquidity Risk Management

The CA Group liquidity management policy is defined and monitored according to the guidelines defined by the Executive Board of Directors, while its daily management is the responsibility of Caixa Central's Financial Department (DF) and its control is entrusted to the Global Risk Department (DRG). Surplus funds from the Caixas Agrícolas are channelled to Caixa Central where they are centrally invested in assets of high credit quality and liquidity, namely public debt bonds of eurozone countries and debt of renowned credit institutions, both domestic and international. The Group and Caixa Central monitor the liquidity ratios from a prudential perspective, calculated according to the rules issued by Banco de Portugal. In this regard it is important to mention that the Group upholds a conservative liquidity policy, which is reflected in a loan-to-deposit ratio clearly below the average of the national financial system, and, inclusively, significantly below 100%. This situation means that it has little significant impact on the quantification of the liquidity risk in the context of the simulations performed. Under liquidity management, the Group seeks to maintain financing lines, secured or unsecured, at national and international credit institutions which are regularly tested; launch debt products which contribute to maintaining the standards of permanence of funds; regularly assess the effective immediate monetisation capacity of the portfolio of financial assets; and control and contain any concentration of commercial funds which, if this were to develop, could lead to a more permeable portfolio, thus reducing its stability and permanence.

10.2.2 Evaluation methods and indicators of exposure to liquidity risk

The liquidity risk assessment process is based on four approaches, depending on the time dimension:

- Cash planning: preparation of cash flow charts showing cash payments and receipts to be made on the same day and, in a forward-looking manner, planning the Group's daily liquidity over a very short-term horizon (i.e., up to seven days);
- Quantification of liquidity needs: projection of contractual and contingent cash flows, and calculation of their occasional and cumulative gaps;
- Liquidity reserve assessment: assessment of the quality, sufficiency and availability of net assets to cover possible liquidity needs;
- Assessment of funding sources: analysis of the sufficiency and diversification of available funding sources as a resource instrument to cover possible liquidity needs.

Various supplementary methods are used to analyse exposure to liquidity risk, seeking to assess, on the one hand, the available immediate liquidity, and on the other hand, the structural liquidity of SICAM.

In order to analyse immediate liquidity, following the Liquidity Coverage Ratio (LCR) approach, the minimum one-week and one-month liquidity ratios were defined considering the coverage level of a sudden reduction in customer deposits (currently the only source of structural liquidity of SICAM) by high quality liquid and non-encumbered assets, convertible into cash, due to maturity, sale or use in financing operations guaranteed by securities, practically immediately and without significant loss of value.

Supplementing the above, the Net Stable Funding Ratio (NSFR) is used to assess the structural liquidity of SICAM, with indicators having been developed based on the analysis of static and dynamic gaps (incorporating the budgetary evolution of the activity) of liquidity, considering the aggregation in a series of time intervals of all the cash flows (payment of interest and repayment of principal) generated by the contracted transactions, both lending and borrowing (on and off-of-balance sheet).

Under the control of liquidity risk, the liquid position is calculated on a daily basis and reported to Banco de Portugal, taking into account the portfolio's appreciation, contracted treasury operations, the maturity of portfolio operations and the forecast evolution of customers' funds. Various types of internal reporting are carried out to enable both the areas involved in ALCCO and the senior management to monitor and ensure timely decision-making. Furthermore, the CA Group has additional measurement calculation mechanisms for monitoring liquidity, embodied in the COREP-AMM module.

Crédito Agrícola Group has a comfortable liquidity position, manifested in a solid base of customer resources (CA Group's main source of funding) and reflecting a loan-to-deposit ratio at levels below those observed, as a rule, by the financial system.

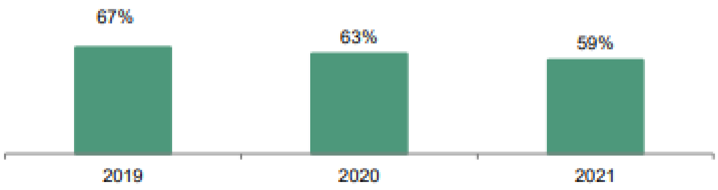


FIGURE 10 – NET LOAN-TO-DEPOSIT RATIO

The liquidity coverage ratio and the net stable funding ratio stood at 447% and 173%, respectively, in December 2021. Funding from the European Central Bank remained constant in relation to the same period of the previous year, having reached 3 billion euros as at 31 December 2021. It is important to note that the value associated with the eligible assets (unused) for this type of operation amounted to approximately 3 billion euros (December 2021), showing an increase in relation to the same period of the previous year (approximately 1.9 billion euros in December 2020).

Amounts in euros

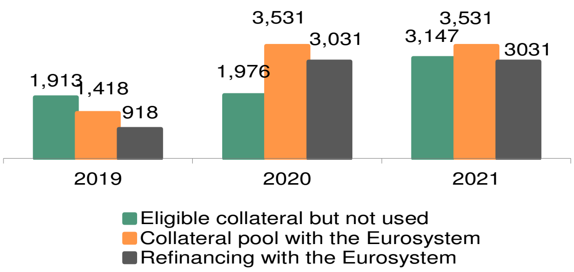


FIGURE 11 – REFINANCING OF THE EUROSYSTEM

10.2.3 Internal Liquidity Adequacy Assessment Process (ILAAP)

The Internal Liquidity Adequacy Assessment Process (ILAAP) was prepared in accordance with Banco de Portugal Instruction 2/2019, the guidelines of the EBA - Guidelines on information within the scope of the ICAAP and ILAAP collected for the purposes of the SREP (EBA/GL/2016/10) and good market practices, representing the Crédito Agrícola Group's own assessment of its liquidity situation, namely with respect to strategy, management and planning capabilities. Considering the level and nature of the risks that Caixa Central's Executive Board of Directors has established in the Group, ILAAP is a key element of the risk management approach. ILAAP is composed of an integrated set of principles, policies, procedures and governance, aimed at ensuring the proper management of liquidity risk, within the defined limits according to the risk appetite framework.

Crédito Agrícola Group incorporates the different rules and guidelines referred to above in its approach and supporting documentation, endeavouring to be in line with best market practices, and ensuring, whenever appropriate, adaptations to its organic and business model and due proportionality of the mechanisms and means employed in liquidity management in view of the size and complexity of the activities developed. ILAAP aims to structure the principles, the approach and the controls used to ensure that the Group's liquidity and funding management is operationalised in a manner consistent with the limits stipulated in the risk appetite framework. In particular, this process includes a set of procedures aimed at assessing the adequacy of the Group's liquidity position in light of the business strategy and the economic and business contexts. Specifically concerning the procedures underpinning ILAAP, the instituted governance model endows the CCCAM with powers to manage and ensure the ILAAP exercise on a consolidated basis.

Considering the result of the analysis of the evolution of the Liquidity Risk indicators, it is possible to conclude that the CA Group is compliant with the regulatory requirements and has adequate liquidity margins to face regulatory, market and business evolution, namely considering that the limits defined, for the monitoring of the risk tolerance level, which materialise the risk appetite, are more conservative than the regulatory ones.

In this regard, we highlight the robustness of the loan-to-deposit ratio, which stood at 59% as at 31 December 2021, remaining consistently below 70% (since 2015), even in the context of funding markets that tend to be volatile, demonstrating the resilience of customer deposits as the main source of funding. The surplus resources are generally invested in high quality and highly liquid assets. In this regard, it should be noted that, as at 31 December 2021, the portfolio of assets eligible as collateral for refinancing operations reached a value of 7.8 billion euros and the ratio between available liquidity and customer resources in SICAM increased to 42%, despite the increase in customer resources in SICAM to 19.4 billion euros.

Furthermore, the Liquidity Coverage Ratio (LCR) reached 477% as at 31 December 2021, considerably above the internally defined limit for the purpose of the risk profile and appetite, demonstrating the maintenance of a portfolio of high quality liquid assets on the balance sheet. This assures resistance to a scenario of adverse financing conditions, as they represent instruments convertible into immediate liquidity or that can be used in financing operations with security guarantees, in a practically immediate way and without relevant loss of value. Even considering a longer review period, the CA Group maintains comfortable funding levels, with the Net Stable Funding Ratio (NSFR) reaching 173% in December 2021, higher than the value of the risk profile established for the CA Group, which stands at 120%.

The CA Group has adequate procedures and mechanisms in place for the identification, management and control of events that may have an impact on its liquidity risk. Supplementing the above, risk management procedures and mechanisms are in place, which are properly executed according to the Group's risk profile and strategy. At the CA Group level, ILAAP is supported by various internal policies, procedures, reports and analyses, in particular the Risk Appetite Framework, Liquidity Risk Management Policy, Financing Strategy, Guarantee Management and Liquidity reserves, Cost-benefit Assignment, Intraday Liquidity Risk Management, Investment Policy, Funding and Capital Plan, Liquidity Contingency Plan, and Liquidity Stress Testing.

10.2.4 Scope and nature of information systems used in risk management and measurement

The global risk management policy of the CA Group aims to ensure the appropriate management of its liquidity risk by formalising the concepts, guiding principles, risk governance (or management) model, in addition to the main elements and processes of the CA Group’s overall liquidity risk management framework.

Within the framework of the policy referred to above, the management of liquidity risk at the CA Group covers different time dimensions, including intraday, in order to ensure an adequate liquidity position at all times, as expressed in the following table.

Time dimension	Characterisation
Intraday	Risk dimension based on intraday liquidity management, with an impact on timely fulfilment of payments and financial settlements with a contracted or expected occurrence up to one business day.
Structural	Risk size based on short- and medium-term liquidity management so that the Group is able to comply with its financial obligations within a horizon of up to 12 months, without affecting the regular performance of its operating activities or its financial condition. This dimension includes the existence of a liquidity reserve to meet the Group's needs, as well as the behavioural expectations of retail customers.
Financing	Risk dimension based on the Group's balance sheet funding management, which includes long-term contractual and behavioural mismatches (i.e., greater than 12 months) in relation to the Group's model, business strategy and risk appetite.

Table 29 – Time dimensions of liquidity risk management

The liquidity risk assessment process is based on four approaches, depending on the time dimension:

- Cash planning: preparation of cash flow charts showing cash payments and receipts to be made on the same day and, in a forward-looking manner, planning the Group's daily liquidity over a very short-term horizon (i.e., up to seven days);
- Quantification of liquidity needs: projection of contractual and contingent cash flows, and calculation of their occasional and cumulative gaps;
- Liquidity reserve assessment: assessment of the quality, sufficiency and availability of net assets to cover possible liquidity needs;
- Assessment of funding sources: analysis of the sufficiency and diversification of available funding sources as a resource instrument to cover possible liquidity needs.

The CA Group supports the liquidity risk management process with a specialised tool, through which a data structure was developed to support the management of liquidity risk, enabling it to respond to the information production needs, taking into account the following:

- A monthly information production cycle;
- The traceability of information in order to ensure the auditing of data and methods used to measure and manage liquidity risk;

- The consistency of the data with the data used in accounting and prudential reporting;
- The granularity of information, at the limit up to the contract level, in order to guarantee the capacity to report information in line with the evolution of regulatory requirements;
- The timely production of all the prudential and other reports necessary for the performance of the functions attributed to the various participants in the liquidity risk management and control process;
- The maintenance of mechanisms for automatic data reconciliation and validation;
- The management of pricing models with the capacity to incorporate the cost of liquidity in determining the profitability of the various products on the balance sheet.

Current Management and Short-Term Planning

The current management of Caixa Central's liquidity is the responsibility of the Financial Department, and seeks to optimise the management of the Minimum Cash Reserves cycle. This is underpinned by a Table of Cash Flows produced on a daily basis, with a time horizon of up to one month and daily time buckets, reflecting all the trading room transactions according to their maturity dates, as well as the estimated value of the daily offsetting based on the empirical knowledge acquired over the years.

The Financial Department must mandatorily ensure:

- A positive balance at all times in Caixa Central's account at Banco de Portugal;
- Throughout the reserve period, an average balance of Caixa Central's account at Banco de Portugal higher than the value of the Minimum Cash Reserves.

In order to meet any short-term liquidity needs, the Financial Department may use the following instruments:

- Monetary market lines although none of them are irrevocable;
- Lines for reporting operations although none of them are irrevocable and naturally depend on the market's appetite for the securities in portfolio;
- Intraday credit facility at Banco de Portugal backed by securities;

- Financing operations at the Eurosystem backed by eligible securities.

Medium and Long-Term Management Planning

Caixa Central's medium and long-term liquidity planning and management is, by delegation of competences, the responsibility of ALCCO, based on the Funding Plan (approved by the Executive Board of Directors). The evolution of the medium and long-term liquidity position is controlled based on a monthly analysis of the following elements:

- Adjusted Liquidity Static Gap;
- Liquidity Dynamic Gap;
- Liquidity Ratio.

In parallel, ALCCO is responsible for:

- Validate the investment and hedging strategies best suited to the overall management of the balance sheet of Caixa Central and Crédito Agrícola Group, including those relating to portfolios of assets and specific resources acquired or to be acquired as part of its own activity or as a result of the launch of commercial campaigns to be developed by the various Group entities;
- Validate the annual and multi-annual Budget, individual and consolidated, ensuring that it is in line with the defined balance sheet risk limits, namely interest rate and liquidity;
- Appraise and validate the periodic updates to the Funding and Capital Plan, ensuring that they are appropriate to the risk profile and respective balance sheet risk limits defined, namely interest rate and liquidity.

As mentioned above, the loan portfolio in the CA Group is fully financed by deposits, with the surpluses of funds being applied to assets of high-quality credit and liquidity. It should be pointed out that to meet any liquidity needs, the CA Group, in addition to its natural funding base, also has complementary financing instruments at its disposal, with particular emphasis, due to the amounts involved, on the repo operations with the ECB, which make it possible to finance any momentary insufficiency of liquidity through the guarantee provided by SICAM's portfolio of public debt securities.

Monitoring and control mechanisms

To control exposure to liquidity risks, limits are defined based on indicators of exposure to this risk, calculated by the specialised support tool for Asset and Liability Management (FOCUS ALM).

The definition of limits of exposure to liquidity risk seeks to guarantee that the CA Group does not incur in situations of liquidity shortage that prevent it from making all payments due at a given moment.

Monitoring the liquidity situation

ALCCO is the collegiate body responsible for preparing and taking decisions on the management of assets, liabilities and capital and the subsequent monitoring of their execution. In this context, it also falls upon ALCCO to manage the communication mechanisms, both with the Executive Board of Directors and with the specific Departments or Offices in charge of implementing the decisions it takes, in order to optimise the time and manner of execution of the management measures to be implemented.

ALCCO conducts a monthly follow-up of a comprehensive set of ratios and indicators, considered fundamental for an assessment of the evolution of its structural liquidity situation.

The CA Group monitors its Short-Term Liquidity Sources through reports that show the available money market lines and their use, operations with securities and other investment assets, money market transactions and applications in Commercial Paper.

Liquidity Contingency Management Plan

The CA Group, within the scope of ALCCO, permanently monitors its structural liquidity position and maintains funding strategies appropriate to its Medium- and Long-Term Activity Plan. This does not, however, prevent, in exceptional circumstances, the result of unexpected events, namely unpredictable change in economic or market conditions, the occurrence of extraordinary losses, the occurrence of operational problems beyond their control, when there may be deficits of liquidity in the short or medium term. The purpose of maintaining and updating a Liquidity Contingency Management Plan (which incorporates the procedures for assessing and monitoring the liquidity situation and the response actions to a possible liquidity crisis) is to assess the impact of a liquidity crisis situation, by anticipating potential risk scenarios and recovery measures to overcome any identified liquidity constraints so that the negative consequences associated with their occurrence are minimised.

Cost-Benefit Allocation Mechanism

The CA Group recognises the importance of using mechanisms to allocate costs, benefits and risks in its internal models for defining the pricing of the offer, in the determination of the profitability of loan operations upon their granting, and in the process of approval of new products of significant business areas, in line with the EBA guidelines GL/2020/06 of 29 May on granting and monitoring loans, establishing rules for price-fixing and monitoring profitability applicable to SICAM contracts granted from 30/06/2021 onwards.

In this context, a model to ascertain the profitability of new loan operations to individuals and corporated has been developed, based on a method that considers, in addition to the interest rate, fees and commissions, the cost of funding (funding yield + liquidity spread), cost of risk, cost of capital and operational costs. This model enables boosting the robustness of the internal simulation engine for negotiation and the engine for calculating profitability which currently support the loan granting process.

Alerts and actions in a liquidity crisis situation

In the context of the Group, Caixa Central defines a series of liquidity crisis warnings, associated with risk indicators monitored on an ongoing basis, which, when triggered, imply the implementation of measures aimed at strengthening the CA Group's liquidity position. In this regard, it is considered that the occurrence of any of the situations foreseen in CA Group's Recovery Plan represents a moderate or significant increase of the likelihood of occurrence of a liquidity crisis in the short/medium-term.

Once the Liquidity Contingency Plan has been activated, the Liquidity Crisis Committee is responsible for the implementation and monitoring of the liquidity measures established in CA Group's Recovery Plan, and for producing periodic monitoring reports aimed at keeping the Executive Board of Directors informed of the repercussions of the proposed measures and the success level achieved at any given moment. For as long as the liquidity crisis continues, the Liquidity Crisis Committee should keep up this permanent connection with the Executive Board of Directors.

10.3 QUANTITATIVE INFORMATION[7]

CA Group has maintained comfortable liquidity levels, over time, even in periods of crisis in the financial markets, having no need to carry out any deleveraging of its balance sheet or having suffered any other conditioning of its activity due to insufficient liquidity. The CA Group's Loan-to-Deposit Ratio remains low (since 2015, this indicator has never exceeded 70%), and surplus funds are generally applied to high-quality, high-liquidity assets. In addition, the CA Group also has adequate liquidity margins to meet regulatory, market and business evolution, namely considering that the limits defined for monitoring the risk tolerance level, which materialise the risk appetite, are more conservative than the regulatory limits, as for example in the case of the Liquidity Coverage Ratio (LCR), which, positioned at 477%, is considerably above the internally defined limit.

[7] The information of this chapter can be complemented with the tables of Annex VIII.

10.4 ASSET ENCUMBRANCE[8]

Information on asset encumbrance is presented in this chapter.

- Assets

Amounts in euros

		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
			of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA
		010	030	040	050	060	080	090	100
010	**Assets of the disclosing institution**	3,582,327,183	3,582,327,183			21,833,369,786	7,174,036,420		
030	Equity instruments	0	0	0	0	186,347,117	0	186,347,117	0
040	Debt securities	3,582,327,183	3,582,327,183	3,650,152,217	3,650,152,217	5,302,227,311	3,251,539,312	5,297,336,082	3,255,933,223
050	of which: covered bonds	0	0	0	0	0	0	0	0
060	of which: securitisations	0	0	0	0	0	0	0	0
070	of which: issued by general government	3,582,327,183	3,582,327,183	3,650,152,217	3,650,152,217	4,118,636,317	3,251,539,312	4,118,849,293	3,255,933,223
080	of which: issued by financial corporations	0	0	0	0	717,884,787	0	712,320,711	0
090	of which: issued by non-financial corporations	0	0	0	0	465,706,207	0	466,166,078	0
120	Other assets	0	0			16,344,795,359	3,922,497,108		

TABLE 30 – EU AE1: ENCUMBERED AND UNENCUMBERED ASSETS

- Encumbered assets, encumbered received collateral and associated liabilities

Amounts in euros

		Dec-21	
		Matching liabilities, contingent liabilities or securities lent	**Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered**
		010	030
010	**Carrying amount of selected financial liabilities**	**3,006,053,136**	**3,398,546,050**

TABLE 31 – EU AE3 – SOURCES OF ENCUMBRANCE

Information on the importance of asset encumbrance

- In order to achieve a reduction in financing costs, the CA Group uses part of its securities portfolio to collateralise Eurosystem funding.

[8] The information of this chapter can be complemented with the table of Annex IX.

11. Banking Book Interest Rate Risk

This chapter deals with the interest rate risk to which the Group is subject in the development of its activity. The chapter consists of the definition of the concept of interest rate risk, the presentation of interest rate risk management and the disclosure of quantitative information reflecting the CA Group's exposure to this risk category.

11.1 Concept

The CA Group incurs interest rate risk whenever, in the development of its activity, it contracts transactions with future financial flows whose present value is sensitive to changes in interest rates. Interest rate risk refers to the risk of exposure of the Group's balance sheet to adverse interest rate movements affecting interest rate sensitive instruments, considering the following subcategories:

- Gap risk: risk associated with mismatches in the maturities and/or refixing periods of the interest rate of financial instruments, covering changes to the temporal structure of interest rate-sensitive instruments that occur consistently throughout the yield curve (parallel) or modulated by period. This risk sub-category is divided between the repricing risk, relating to lags in maturity periods, and the yield curve risk, relating to non-parallel changes in the curve;
- Basis risk: risk derived from the impact of changes related to interest rates on instruments sensitive to interest rates with similar maturity periods, but revalued with different interest rate indices. Basis risk arises from the imperfect correlation between rates received and paid for different instruments sensitive to interest rates with similar rate-changing characteristics; and
- Option risk: risk arising from the existence of options in which the institution or the Group may change the level and timing of cash flows from instruments sensitive to interest rates, in which the holder will exercise the option if it is in his interest (automatic options, embedded or explicit) or in cases where changes in interest rates result in a change in customer behaviour (embedded behavioural optionality risk).

11.2 INTEREST RATE RISK MANAGEMENT

11.2.1 Strategy and guiding principles for interest rate risk management

The interest rate risk management policy is defined and monitored by the Assets and Liabilities and Capital Committee (ALCCO) according to the guidelines defined by the Executive Board of Directors. In addition, the Group establishes limits for the maintenance of interest rate risk at prudent levels through the monitoring of indicators of exposure to interest rate risk, evaluating the risk appetite of the banking book expressed both at the level of economic value and in terms of net interest income. The limits set for interest rate risk exposure ensure the application of the principles underlying its management policy, defined by the Executive Board of Directors. The monitoring of these limits is carried out regularly, giving rise to recommendations, or the promotion of corrective actions when there can be deviations from them.

11.2.2 Assessment method and interest rate risk exposure indicators

Interest rate risk is assessed monthly using a method based on the grouping of various sensitive assets and liabilities at time buckets according to their rate review dates. The asset and liability cash flows are calculated for each bucket by ascertaining the corresponding gap sensitive to interest rate risk. The impact of the mentioned gaps on the evolution of the net interest income and on the institution's economic value is then assessed in various interest rate evolution scenarios.

The risk/return relationship is framed by the defined limits, monitored monthly by ALCCO at the level of exposure of net interest income and of the economic value sensitive to adverse variations in interest rates. The Group, if necessary, may use interest rate and foreign exchange derivatives with the strict objective of covering the risk of change in assets. In the analysis of interest rate risk exposure, several supplementary methods are used, such as the Static Repricing Gap and the Dynamic Repricing Gap.

- **Static Repricing Gap**

The Static Repricing Gap is based on the balance sheet on the date of the analysis, in the calculation of the Static Repricing Gap the interest rate sensitive assets are classified in time buckets according to the remaining term until their next repricing or maturity date (whichever occurs first). For each time bucket, the gap between assets and liabilities subject to interest rate revision is calculated, thus obtaining a measure of the balance sheet's net exposure to parallel interest rate variations. Starting from the aggregation of gaps associated with different adjacent time intervals, the accumulated gap for a given time horizon is obtained.

- **Dynamic Repricing Gap**

The Dynamic Repricing Gap is used in order to supplement the Static Repricing Gap and enables supporting decision-making with a prospective view of risk, as the analysis incorporates all the rate repricing associated to each balance sheet item, the budgeted evolution of the balance sheet and the possibility of simulating non-parallel interest rate shocks. The repricing matrix associated with budgeted positions is based on a comprehensive set of assumptions so the analysis of the conclusions must be prudent and complemented by the construction of different evolution scenarios. The construction of the Dynamic Repricing Gap enables assessing the exposure to interest rate risk through the evolution of net interest income and the economic value of own funds, depending on the occurrence of several alternative scenarios associated with different assumptions on the evolution of interest rates and different balance sheet items.

11.2.3 Scope and nature of information systems used in risk measurement and management

To support the calculation processes described for the management of this risk typology, the CA Group uses a specialised tool (FOCUS ALM) to support Asset and Liability Management, on a systematic and coherent basis of liquidity and interest rate risk analyses.

11.2.4 Monitoring and control mechanisms

As at 31 December 2021, the balance sheet's exposure to interest rate risk according to its maturity or repricing date, excluding derivatives, is as follows:

Amounts in thousands of euros

	Repricing Dates / Maturity Dates						
	On demand	Up to 3 months	3 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Assets	**3,569,891,909**	**4,679,858,624**	**7,883,180,716**	**1,519,260,414**	**1,185,740,031**	**6,982,771,043**	**25,820,702,738**
Debt Securities	0	265,264,189	1,451,897,130	970,902,632	793,398,588	5,840,576,858	9,322,039,398
Loans and Advances	37,662,636	4,226,671,824	6,431,283,585	548,357,782	392,341,443	1,142,194,185	12,778,511,456
Other assets	3,532,229,273	187,922,611	0	0	0	0	3,720,151,884
Liabilities	**4,222,146,946**	**3,727,918,529**	**6,523,527,199**	**4,210,961,758**	**1,500,781,395**	**2,678,785,604**	**22,864,121,431**
Debt Securities Issued	0	0	7,500,000	15,003,200	307,496,800	0	330,000,000
Deposits	4,222,146,059	3,727,918,502	6,516,027,118	4,195,958,329	1,193,284,354	2,678,785,063	22,534,119,424
Other Liabilities	887	27	81	229	241	542	2,007
Derivatives	0	1,422,667,200	2,155,626,533	357,150,665	-544,907,862	-3,586,447,999	-195,911,462
Net Exposure	**-652,255,037**	**2,374,607,296**	**3,515,280,050**	**-2,334,550,678**	**-859,949,226**	**717,537,440**	**2,760,669,844**

TABLE 32 – BALANCE SHEET EXPOSURE TO INTEREST RATE RISK

The sensitivity analysis for the interest rate risk to which the CA Group was exposed as at 31 December 2021, based on a simulation involving assets and liabilities sensitive to changes in references rates of -200 basis points up to +200 basis points shows the following profit or loss:

Amounts in thousands of euros

	Impact derived from variation of the reference interest rate	
	-200 bp	+200 bp
Assets	**734,053**	**-1,542,656**
Debt Securities	483,811	-1,150,752
Loans and Advances	222,165	-306,480
Other assets	28,076	-85,425
Liabilities	**273,583**	**-730,879**
Debt Securities Issued	9,091	-23,513
Deposits	264,492	-707,367
Other Liabilities	0	0
Derivatives	**-305,665**	**724,477**
Impact on economic value	**154,805**	**-87,299**

Amounts in thousands of euros

	Impact derived from variation of the reference interest rate	
	-200 bp	+200 bp
Assets	**-22,930**	**133,190**
Debt Securities	-6,087	18,200
Loans and Advances	-16,842	114,990
Other assets	0	0
Liabilities	**-26,300**	**114,037**
Debt Securities Issued	0	0
Deposits	-26,300	114,037
Other Liabilities	0	0
Derivatives	**-12,830**	**56,266**
Impact on Net Interest Income	**-9,460**	**75,419**

TABLE 33 – INTEREST RATE RISK SENSITIVITY ANALYSIS

The sensitivity analysis map shows us the variation in the theoretical market value of the various Assets and Liabilities items in various scenarios of variation in market interest rates (i.e., 200 bp, -200 bp), by updating the cash flows associated with each operation in the different market scenarios considered. The variation in absolute terms of the Residual Value (Assets minus Liabilities) can be interpreted as the Impact on the Economic Value of Own Funds and on the Group's Net Interest Income, respectively concluding that the regulatory limits are met pursuant to Banco de Portugal Instruction 34/2018.

When there are situations where some of the internally defined limits are exceeded, alternatives are analysed within the scope of ALCCO, in order to create financial positions that allow the risk indicators to be repositioned within the defined limits.

As at 31 December 2020 and 2021, the exposure to interest rate risk by type of rate, can be summarised as follows. The figures calculated in the tables represent the balance sheet items and their exposure to interest rate risk.

31-12-2021 in thousand euros	Fixed Rate	Variable rate	Sub-total	Not subject to interest rate risk	Total
Assets					
Cash, cash balances at central banks and other demand deposits	3,719,172	-	-	251,920	3,971,092
Financial assets held for trading	10,841	7,411	18,252	713	18,965
Non-trading financial mandatorily stated at FVTPL	-	-	-	49,714	49,714
Financial assets at FVTOCI	855,164	54,206	909,370	652	910,022
Financial assets at amortised cost	8,989,722	9,920,778	18,910,499	(1,066)	18,909,433
Derivatives - hedge accounting	100,793	213,252	314,045	-	314,045
	13,675,692	10,195,647	20,152,166	301,933	24,173,271
Liabilities					
Financial liabilities measured at amortised cost	10,263,551	26,662	10,290,213	12,470,122	22,760,335
Derivatives - hedge accounting	391,528	728,625	1,120,153	-	1,120,153
	10,655,079	755,287	11,410,366	12,470,122	23,880,488
Net exposure	3,020,613	9,440,359	8,741,800	(12,168,189)	(3,426,389)

31-12-2020 in thousand euros	Fixed Rate	Variable rate	Subtotal	Not subject to interest rate risk	Total
Assets					
Cash, cash balances at central banks and other demand deposits	-	164,551	164,551	3,633,663	3,798,213
Financial assets held for trading	19,248	30	19,278	-	19,278
Non-trading financial assets mandatorily at fair value through profit or loss	-	-	-	44,913	44,913
Financial assets at FVTOCI	185,432	211,517	396,949	7,010	403,960
Financial assets at amortised cost	6,572,671	9,880,629	16,453,300	271,420	16,724,721
Derivatives - Hedge accounting	-	-	-	211,768	211,768
	6,777,352	10,256,727	17,034,079	4,168,774	21,202,852
Liabilities					
Financial liabilities measured at amortised cost	9,205,431	27,055	9,232,486	11,055,455	20,287,942
Derivatives - Hedge accounting	-	-	-	214,991	214,991
Other liabilities - subordinated debt	-	9,000	9,000	55	9,055
	9,205,431	36,055	9,241,486	11,270,501	20,511,987
Net exposure	(2,428,079)	10,220,672	7,792,592	(7,101,727)	690,865

TABLE 34 – INTEREST RATE RISK EXPOSURE (NON-INSURANCE ACTIVITY – IFRS 9)

11.2.5 Coverage and risk reduction policies

With a view to pursuing the goal of risk mitigation, hedging operations are also established, whenever necessary, for the amounts of net exposure to the interest rate risk, safeguarding the stability of net interest income or the economic value of CA Group's capital (e.g., via the contracting of derivative instruments). The aim is to make the generation of economic results compatible with the maintenance, within comfortable limits, of the margin and value fluctuation risks inherent to its development. At the same time, the taking of strategic positions, with an impact on risk that the outlook for market evolution may dictate, is subject to segregation, monitoring and scrutiny as often as circumstances may recommend.

11.2.6 Strategies and processes for monitoring the effectiveness of hedging operations and risk reduction factors

Exposure limits have been established for hedging operations and their effectiveness and results are regularly evaluated to ensure that the degree of adherence is within the parameters and fluctuation margins allowed by the policy for managing this type of risk.

11.3 QUANTITATIVE INFORMATION

The cumulative impact on net interest income generated by the repricing of interest rate sensitive instruments up to one year due to a positive or negative parallel shift of the yield curve of 200 bp, measured through the Static Repricing Gap, is 75,419 thousand euros (+200 bp) and -9,460 thousand euros (-200 bp). The cumulative impact on the economic value of own funds generated by the revaluation of interest rate sensitive instruments due to a positive or negative parallel shift of the yield curve of 200 bp, measured through the Static Repricing Gap, is of -87,299 thousand euros (+200 bp) and 154,805 thousand euros (-200 bp).

11.4 OTHER TYPES OF MARKET RISK

11.4.1 Foreign exchange risk monitoring

Foreign exchange risk arises as a consequence of changes in the exchange rates of currencies, whenever there are open positions in those currencies and, like market risk, it is also pointed out as a risk that is not materially relevant for Crédito Agrícola, given that the majority of the small number of international trade operations of SICAM originate in or are destined for the eurozone. Effectively, the profile defined for foreign exchange risk is fairly conservative and embodied in a hedge policy. The operations negotiated have a commercial basis, with foreign exchange activity being directed at hedging them within very conservative exposure limits. Control and assessment of foreign exchange risk are carried out daily, individually for each branch and in consolidated terms. In the CA Group, the management of foreign exchange risk is centralised, under the responsibility of the Financial Department, and with the framework of approved limits.

11.4.2 Monitoring the price risk of financial assets

The CA Group conducts periodic impairment analyses on its financial assets. When there is objective evidence of impairment in a financial asset or group of financial assets, the impairment losses are recorded against profit or loss. For listed securities and investment funds, evidence of impairment is considered to exist in a situation of continued devaluation or significant drop in value in the price of the securities. For unlisted securities, objective evidence of impairment is considered the existence of an events with impact on the estimated value of the future cash flow of the financial asset, provided that it can be reasonably estimated. 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. In the context of the strategy and activity developed by the Crédito Agrícola Group, in 2021, it should be highlighted that the treasury management includes a trading book of limited material value, consisting of financial assets whose cash flows could or could not be considered exclusively principal and interest, including derivative instruments, for the purpose of enabling the profitability of own treasury positions. In order to mitigate the risks incurred, a policy has been implemented of separation of duties, at all times, between the execution of market transactions and risk control.

The monitoring of portfolios under the management of Caixa Central is carried out, in particular, through the regular assessment of their composition, average duration, profitability and risk, in this case through VaR (Value at Risk) analyses, in the case of matters covered by the ALCCO Committee. Caixa Central's portfolio of securities are under the management of the Financial Department and CA Gest, with the portfolio's overall profit or loss being ascertained periodically, pursuant to a profitability model (risk-adjusted) which is approved by the Executive Board of Directors with contributions by ALCCO. This model should, in the first place, adopt an accounting perspective (contribution to net interest income, financial results and reserves of each security and/or segment of the portfolio) and, in the second place, adopt an economic perspective – calculated more frequently – which considers the portfolio's capital consumption.

11.4.3 Monitoring the interest rate risk of the trading book

The Group's banking activity is primarily based on traditional intermediation, so interest-rate sensitive instruments are essentially credit and customer resources.

11.5 QUANTITATIVE INFORMATION

The values obtained in the measurement of the interest rate risk to which the CA Group is exposed, and which are explained in the various tables presented throughout this chapter, allow us to conclude that Crédito Agrícola is able to accommodate the effects of possible variations in interest rates without jeopardising prudent levels of solvency and liquidity. Crédito Agrícola did not present own fund requirements for market risk, as established in Regulation (EU) No. 575/ 2013, as at 31 December 2021 because it did not reach the regulatory threshold.

12. SENSITIVITY ANALYSIS OF CAPITAL REQUIREMENTS

The method for carrying out stress tests that had been used, according to Banco de Portugal Instruction 4/2011, was changed due to the need for its articulation with the inherent work in the Funding Capital Plan of the banking system. The CA Group also performs stress testing exercises under the Group's Recovery Plan, in which reverse stress tests are carried out and also in the context of the Internal Capital Adequacy Assessment Process (ICAAP) that involve conducting sensitivity analyses.

12.1 STRESS TESTS

12.1.1 Framework and concept

Stress tests reflect a risk management method that aims to assess potential effects on an institution's financial conditions resulting from changes in risk factors as a result of exceptional but plausible events, and all materially relevant risks must be considered. It is therefore a tool that contributes to the prudent and appropriate management of economic risks and internal capital, evaluating them in the context of stress tests, providing a better perception of their profile. The results obtained, using statistical tests and simulations, are intended to assess the ability to absorb the impact of adverse events through the suitability of own funds and detection of potential vulnerabilities that may result in the need for corrective action. The exercise constitutes an internal management and prudential supervision instrument through which the regulator monitors the CA Group on potential capital needs in a markedly forward-looking content based on macroeconomic scenarios defined under the Funding and Capital Plan (FCP). In the main aspects to be monitored, we highlight the evolution of the balance sheet, operating profit or loss and solvency, as well as the detail of the portfolio of resources, credit and securities and, also, of the respective impairments.

The stress tests have three distinct aspects:

- Sensitivity Analysis – These are understood as assessments of the impact, under financial conditions, of the variation of a single risk factor.

- Scenario Analysis – These are understood as assessments of the joint impact, in financial conditions, of the variation of several risk factors at the same time.
- Reverse Stress Test – Identification of critical points and the respective degree of severity of the scenario and/or shocks which would compromise the viability or sustainability of the business model.

The CA Group regularly performs these exercises, namely within the scope of the Group's Recovery Plan, in which reverse stress tests are carried out and also in the context of the Internal Capital Adequacy Assessment Process (ICAAP) that involves conducting sensitivity analyses.

12.1.2 Scope

The stress tests performed focused on the consolidated position of the CA Group. If the value of the Group's assets and/or off-balance sheet items exposed to a certain risk is less than 1% of the total value of the asset, it is not tested.

12.1.3 Governance model

The governance model defined for the CA Group in the process of carrying out the Stress Tests establishes the responsibilities of each body and the incorporation of its results into decision-making and daily activity. It is carried out in a cyclical way and consists of three processes: Planning, Stress Test and Management Cycle, interconnected by information flows, as illustrated in the following diagram:

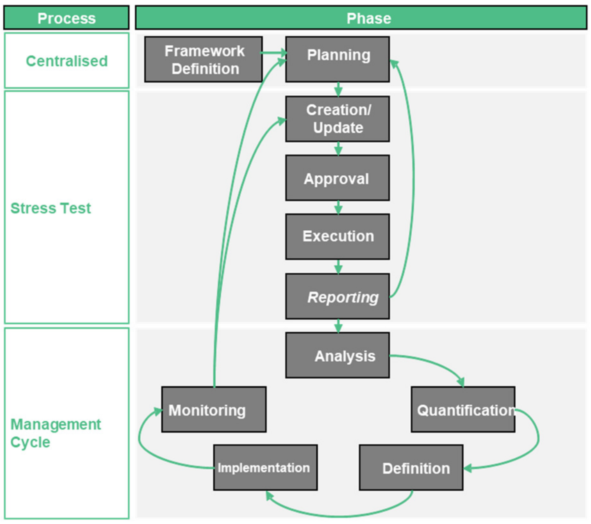


FIGURE 12 – STRESS TEST CYCLE

The stress tests aim to assess potential effects, under the financial conditions of an Institution, resulting from changes in risk factors due to exceptional but plausible events, considering all materially relevant risks. They are, therefore, a tool that contributes to prudent risk management, facilitating a better perception of the Institutions' risk profile. In particular, the reverse stress tests allow us to identify the critical points in the respective financial situation from which the viability or sustainability of the business model would be compromised. Next, the scope of the tests carried out by the CA Group is defined. Given the nature of the reverse stress testing exercise, the relevant risks to reach the critical points that make CA Group's business model infeasible were thus considered. Given the complexity of the exercise and the need to perceive the total impact on the Group's financial conditions, a one-year time horizon was defined. The scheme below presents the method defined for the analysis of scenarios of reverse stress tests, which is broken down into four sequential steps.

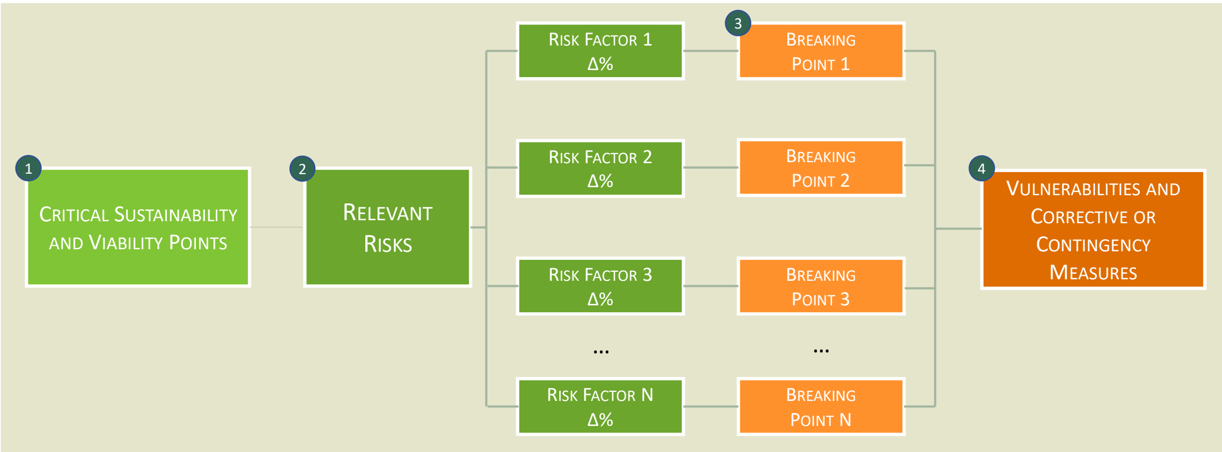


FIGURE 13 – REVERSE STRESS TESTS

12.1.4 Method

The general method underlying the design of the Stress Tests is intended to guarantee the adherence of the tests carried out to the Group's reality and to the current and foreseeable macroeconomic framework and takes into account the external and internal environment. After the execution of the tests, management reports and internal reporting are prepared for the supervisor.

12.1.5 Recovery Plan

In order to identify the measures likely to be adopted to correct a possible situation of financial imbalance in a timely manner, or even to mitigate the probability of its occurrence, Decree-Law 31-A/2012 of 10 February introduced in the Legal Framework of Credit Institutions and Financial Companies (RGICSF) (Article 116-D), the obligation for credit institutions authorised to receive deposits to present a recovery plan to Banco de Portugal. This legal guideline aims to contribute to the system's financial stability by obliging credit institutions to draw up a plan to deal with situations of actual or potential financial crisis, thus ensuring that they are in a position to react in a swifter and more structured manner in situations of potential financial difficulty. In line with this concern, Banco de Portugal published Notice 12/2012, subsequently revoked by Notice 3/2015, a document that is assumed as the current regulatory instrument for preparing recovery plans by credit institutions at national level. The recovery plans are also governed by Commission Delegated Regulation (EU) 2016/1075. In compliance with these regulatory provisions, Crédito Agrícola Group has updated and revised its Plan notwithstanding the soundness shown over the last few years with regard to capital adequacy and its level of liquidity.

According to international best practices, the adequacy of a Recovery Plan will be as strong as its compliance with the following principles:

- Adequacy – the plan should be perfectly adequate to the economic circumstances and reality of the institution;
- Credibility – the plan should be credible to all its stakeholders; hence, the correct mode of communication and disclosure should be used in order to preserve their trust in the CA Group;
- Diversification – the plan should include various measures, ensuring greater adaptability to the internal and external environment and a greater variety of alternatives;
- Duration – the plan’s implementation should take place in the shortest possible time and according to the impact of the event.

However, the specificity of each Institution that is part of the CA Group should be emphasised so that the characteristics of the plan should be fully adjusted to this reality. Consequently, in the particular case of the CA Group, the principles set out above should be complemented by others that reflect that same specificity.

Namely:

- Interdependence – CCCAM and the CCAMs are marked for their strong connection, where solidarity mechanisms are envisaged. These are naturally considered when defining recovery measures;
- Autonomy – Although the Recovery Plan should cover the whole Group, the need to cover the whole should be reconciled with the autonomous nature of each Caixa, for which specific contingency measures already exist;
- Focus on CCCAM – The SICAM structure is supported by Caixa Central, which is responsible for the supervision, guidance and monitoring of the activities of the Associated Caixas. The provisions above strengthen its role as coordinator of the implemented recovery measures.

The anticipation of potential risk scenarios and recovery measures that allow to bridge any identified capital and liquidity constraints are the fundamental vectors of a Recovery Plan. The impact of the contemplated scenarios is reflected not only in liquidity imbalances, but above all in the worsening of the Group's solvency ratio, requiring a quick response.

In this regard, the CA Group drew up baseline scenarios, potentially adverse for its activity, and, based on its risk profile, established recovery indicators and measures.

The CA Group believes that, if necessary, the measures contemplated contribute to the financial rebalancing of the Group acting in particular on the capital requirement or risk-weighted assets, the recovery of adequate levels of liquidity and take into account the specifics of its legal structure and organisational model.

The proposed Plan is supported by a Governance Model that safeguards communication and cross-sectional implementation and although it should be valid for the Group as a whole, it is important to highlight its application, if necessary, at the level of each CCAM, and it is up to the model to monitor and reconcile these two universes.

Due to the dynamism, volatility and uncertainty that characterise its activity, the Recovery Plan must be subject to continuous revision, increasing its flexibility and adaptation to adverse situations, and to an evolution process, making up for any shortcomings that may have been pointed out in the meantime.

In compliance with the recommendations set out, it is understood that the CA Group Recovery Plan complies with the safeguarding of the Group's solvency and liquidity ratios, ensuring an immediate response to any short-term challenges that may arise.

12.2 Scenario analysis

The Portuguese economy is especially vulnerable to the adverse international environment, in particular due to the shocks in foreign demand for national goods and services. The particularly severe scenario naturally incorporates a drop in confidence and a fall in demand visible in the reduction of consumption and in gross fixed capital formation. For the baseline scenario of Crédito Agrícola Group's Recovery Plan, the projections made for the year 2022 in the Funding and Capital Plan were used as a starting point, according to what was established by Banco de Portugal in that context. To this end, the reverse stress tests method was used to identify critical points in the respective financial situation which would compromise the viability or sustainability of the business model. Given the complexity of the exercise and the need to perceive the total impact on the Group's financial conditions, a one-year time horizon was defined.

Crédito Agrícola Group has identified the following adverse scenarios in order to define the set of events that test the effectiveness of recovery measures and the adequacy of the indicators included in the Recovery Plan:

- Scenario 1 – Systemic, was based on systemic events taking into account, in particular, events such as the insolvency of significant counterparties affecting financial stability, adverse fluctuations in asset prices in one or more markets, macroeconomic slowdown.
- Scenario 2 – Idiosyncratic, is the result of a series of events that could have serious negative consequences on Crédito Agrícola Group and therefore, its definition took into account the following events: the insolvency of significant counterparties, serious losses arising from loans, liquidity and operational risk, adverse fluctuations in the price of assets to which the CA Group is predominantly exposed, and reputational damage.
- Scenario 3 – Combined (systemic and idiosyncratic events), results from the combined effect of events of a systemic nature, that is, likely to have serious negative consequences on the financial system or the economy, with idiosyncratic events, which have serious consequences only in the Group, occurring simultaneously and interacting with each other.

12.3 TEST RESULTS

The stress tests carried out at the level of scenario analysis attested that the Group's own funds are adequate to the degree and risk profile assumed, absorbing the simulated impacts.

The exercise aimed to identify the critical points and respective degree of severity of the scenario and/or shocks which would compromise the viability or sustainability of the CA Group's business model, as well as its response capacity through the activation of recovery measures. It may be concluded that the simulated scenarios in this exercise, despite being plausible, would be very severe and imply the joint combination of the adverse variation of diverse risk factors, which makes their occurrence rather unlikely. Thus, it would be necessary for there to be a strong and simultaneous combination of diverse factors (e.g., increased default of the loan portfolio, heavy devaluation of the portfolio of non-current assets held for sale) for there to be a business viability risk.

ANNEX I – CHARACTERISATION OF OWN FUNDS AND OWN FUNDS REQUIREMENTS

Amounts in euros

		Total risk exposure amounts		Total own funds requirements
		a	b	c
		dez/21	dez/20	dez/21
		T	T-1	T
1	Credit risk (excluding CCR)	9,144,505,756	9,194,640,926	731,560,461
2	of which: standardised approach	9,144,505,756	9,194,640,926	731,560,461
3	of which: foundation IRB (F-IRB) approach	-	-	-
4	of which: slotting approach	-	-	-
EU 4a	of which: equities under the simple risk weighted approach	-	-	-
5	of which: advanced IRB (A-IRB) approach	-	-	-
6	Counterparty credit risk- CCR	19,293,542	21,044,257	1,543,483
7	of which: standardised approach	-	-	-
8	of which: internal model method (IMM)	-	-	-
EU 8a	of which: exposures to a CCP	-	-	-
EU 8b	of which: credit valuation assessment— CVA	19,293,542	21,044,257	1,543,483
9	of which: other CCR	-	-	-
15	Settlement risk	-	-	-
16	Securitisation exposures not included in the trading book (after the cap)	-	-	-
17	of which: SEC-IRBA approach	-	-	-
18	of which: SEC-ERBA (including IAA)	-	-	-
19	of which: SEC-SA approach	-	-	-
EU 19a	of which: 1250 % / deduction	-	-	-
20	Position, foreign exchange and commodities risks (market risk)	-	52,147,309	-
21	of which: standardised approach	-	52,147,309	-
22	of which: IMA	-	-	-
EU 22a	Large exposures	-	-	-
23	Operational risk	927,570,512	921,153,113	74,205,641
EU 23a	of which: basic indicator approach	927,570,512	921,153,113	74,205,641
23b	of which: standardised approach	-	-	-
23c	of which: advanced measurement approach	-	-	-
24	Amounts below the thresholds for deduction (subject to a 250 % risk weight)	171,732,345	-	13,738,588
29	**Total**	**10,091,369,811**	**10,188,985,605**	**807,309,585**

TABLE 35 – EU OV1 – OVERVIEW OF TOTAL RISK EXPOSURE AMOUNTS

Amounts in euros

		a	b
		Exposure value	Risk weighted exposure amount
1	Own fund instruments held in insurance or re-insurance undertakings or insurance holding company not deducted from own funds	171,732,345	429,330,862

TABLE 36 – EU INS1 –INSURANCE PARTICIPATIONS – DECEMBER 2021

Legal basis	Row number	Free format
Article 438(a) of the CRR	a)	During the ICAAP, the risks relevant to the Group's activity were assessed, and the necessary models and methodologies for the quantification and assessment of internal capital were developed. The scenario and respective magnitudes by risk result from the macroeconomic framework established for the calculation of internal capital. The baseline scenario of ICAAP is based on the projections made within the scope of the FCP (Funding and Capital Plan) and for the effect of the current financial year the relevant risks for the activity of the Group were considered, as well as the risks quantified in the regulatory scope (Pillar 1). In this context, the exercise included the assessment of the following risks: credit, concentration, interest rate, liquidity, credit spread, strategy, reputation, real estate, pension fund, operational, compliance, information and communication technology, CVA, market, exchange rate and ESG. Additionally, the materiality of the participation risk, the insurance risk, the risk of excessive leverage and the group risk were assessed, concluding that they are below the materiality threshold established for the ICAAP (1% of gross assets). The ICAAP report details the methodologies developed for calculating requirements and internal capital for each type of risk assessed as materially relevant.
Article 438(c) of the CRR	b)	The ICAAP results, with reference to 31 December 2021, indicate the full adequacy of the Crédito Agrícola Group's internal capital as observed in previous periods. For the whole time period of the projection, internal capital levels are higher than the internal capital requirements, thus highlighting the fact that internal capital is adequate to cover the significant risks to which the Group is exposed. The quantification, by risk typology, reveals, for the year 2021, a value of internal capital requirements of 968 million euros (971 million euros in the previous ICAAP) and a level of internal capital in the amount of 1,767 million euros (1,776 million euros in the previous ICAAP). Credit risk, interest rate risk, operational risk and information and communication technology (ICT) risk are presented as the risks requiring the largest allocation of internal capital requirements throughout the projection period. The GCA does not envisage changes in the composition of its own funds, as a result of their soundness and adequacy. The Group intends to maintain comfortable levels of liquidity, duly aligned with the policy pursued in the past and which is based on the objective of having a gross loan-to-deposit ratio (credit/deposits) less than 100%. In the adverse scenario, the GCA has a surplus of internal capital over internal capital requirements of 542 million euros (2022), 642 million euros (2023) and 706 million euros (2024). Credit risk, interest rate risk, operational risk and real estate risk present themselves as the risks that require the highest internal capital requirements in an adverse scenario. In 2022, the ICER is 18% higher (179 million euros) than in the baseline scenario (in 2021, it was 17% higher (171 million euros). The (negative) change in IC is substantially higher in the adverse scenario than in the baseline scenario. The results of the ICAAP and stress tests allow the GCA not to envisage in the medium term any need for changes in the composition of its own funds, as a result of their soundness and adequacy. Considering the internal capital and the volume of internal capital requirements for the different risks, it is observed that the internal capital is adequate for the Group's risk profile and that the level of capitalisation safeguards the interests of all stakeholders, giving the Group a solid margin for growth and affirmation in the context of the markets where it operates.

TABLE 37 – EU OVC – ICAAP INFORMATION (INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS)

	(amounts in thousand euros)	Dec-21	Dec-20
	Available own funds (amounts)		
1	Common equity tier 1 (CET1) capital	1,932,199	1,820,062
2	Tier 1 capital	1,932,199	1,820,062
3	Total capital	1,932,199	1,820,949
	Risk-weighted exposure amounts		
4	Total risk exposure amount	10,091,370	9,809,321
	Capital ratios (as a percentage of risk-weighted exposure amount)		
5	Common Equity Tier 1 ratio (%)	19.1%	18.6%
6	Tier 1 ratio (%)	19.1%	18.6%
7	Total capital ratio (%)	19.1%	18.6%
	Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)		
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	2.5%	2.5%
7b	of which: to be made up of CET1 capital (percentage points)	1.4%	2.5%
7c	of which: to be made up of Tier 1 capital (percentage points)	1.9%	2.5%
7d	Total SREP own funds requirements (%)	10.5%	10.5%
	Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)		
8	Capital conservation buffer	2.5%	2.5%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.0%	0.0%
9	Institution specific countercyclical capital buffer (%)	0.0%	0.0%
EU 9a	Systemic risk buffer (%)	0.0%	0.0%
10	Global systemically important institution buffer (%)	0.0%	0.0%
EU 10a	Other systemically important institution buffer (%)	0.0%	0.0%
11	Combined buffer requirement (%)	2.5%	2.5%
EU 11a	Overall capital requirements (%)	13.0%	13.0%
12	CET1 available after meeting the total SREP own funds requirements (%)	8.6%	8.1%
	Leverage ratio		
13	Total exposure measure	22,134,318	23,149,306
14	Leverage ratio (%)	8.7%	7.8%
	Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)		
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	0%	n.d.
14b	of which: to be made up of CET1 capital (percentage points)	0 p.p.	n.d.
EU 14c	Total SREP leverage ratio requirements (%)	0.03	n.d.
	Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)		
EU 14d	Leverage ratio buffer requirement (%)	0.0%	n.d.
14e	Overall leverage ratio requirement (%)	3.0%	n.d.
	Liquidity Coverage Ratio		
15	Total high quality liquid assets (HQLA) (Weighted value - average)	7,364,994	6,224,686
EU 16a	Cash outflows - Total weighted value	1,842,529	1,677,802
EU 16b	Cash inflows - Total weighted value	299,131	241,755
16	Total net cash outflows (adjusted value)	1,543,398	1,436,047
17	Liquidity coverage ratio (%)	477%	433%
	Net Stable Funding Ratio (NSFR)		
18	Total available stable funding	22,177,809	n.d.
19	Total required stable funding	12,811,740	n.d.
20	NSFR ratio (%)	173.11%	n.d.

TABLE 38 – EU KM1 – KEY METRICS TEMPLATE

Values in thousands of euros

		a)	b)
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	Common Equity Tier 1 (CET1) capital: instruments and reserves		
1	Capital instruments and the related share premium accounts	1,316,814	Articles 26 and 28
	of which: Instrument type 1	1,316,814	Articles 26 and 28
	of which: Instrument type 2	0	
	of which: Instrument type 3	0	
2	Retained earnings	93,415	Article 26(1)(c)
3	Accumulated other comprehensive income (and other reserves)	445,796	Articles 26(1)(d) and (e)
EU-3a	Funds for general banking risk	0	
4	Amount of qualifying items referred to in Article 484 (3) of the CRR and the related share premium accounts subject to phase out from CET1.	49	(transitory regime (Article 486(5) (Article 12 of Notice No. 6/2013 -revoked (Article 11 of Notice No. 10/2017)
5	Minority interests (amount allowed in consolidated CET1)	0	
EU-5a	Independently reviewed interim profits, net of any foreseeable charge or dividend	152,402	Article 26(2)
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**2,008,476**	
	Common Equity Tier 1 (CET1) capital: regulatory adjustments		
7	Additional value adjustments (negative amount)	-1,671	Articles 34 and 105
8	Intangible assets (net of related tax liability)(negative amount)	-69,095	Articles 36(1)(b), 37 and 472(4)
9	Not applicable	0	
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38(3) of the CRR are met) (negative amount)	-5,511	Articles 36(1)(c), 38 and 472(5)
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	0	
12	Negative amounts resulting from the calculation of expected loss amounts	0	
13	Any increase in equity that results from securitised assets (negative amount)	0	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing.	0	
15	Defined-benefit pension fund assets (negative amount)	0	
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	0	
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	0	
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0	
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0	
20	Not applicable	0	
EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	0	
EU-20b	of which: qualifying holdings outside the financial sector (negative amount)	0	
EU-20c	of which: securitisation positions (negative value)	0	
EU-20d	of which: free deliveries (negative value)	0	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) of the CRR are met) (negative amount)	0	
22	Amount exceeding the 17.65 % threshold (negative value)	0	
23	of which: direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	0	
24	Not applicable	0	
25	of which: deferred tax assets arising from temporary differences	0	
EU-25a	Losses for the current financial year (negative amount)	0	
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	0	
26	Not applicable	0	
27	Qualifying AT1 deductions that exceed the AT1 of the institution (negative amount)	0	
27a	Other regulatory adjustments	0	
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	-76,278	
29	**Common Equity Tier 1 (CET1) capital**	**1,932,199**	

Values in thousands of euros

	Additional tier 1 (AT1) capital: Instruments		
30	Capital instruments and the related share premium accounts	0	
31	of which: classified as equity under applicable accounting standards	0	
32	of which: classified as liabilities under applicable accounting standards	0	
33	Amount of qualifying items referred to in Article 484 (4) of the CRR and the related share premium accounts subject to phase out from AT1.	0	
EU-33a	Amount of qualifying items referred to in Article 494-A(1) of the CRR subject to phase out from AT1.	0	
EU-33b	Amount of qualifying items referred to in Article 494-B(1) of the CRR subject to phase out from AT1.	0	
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	0	
35	of which: instruments issued by subsidiaries subject to phase out	0	
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**0**	
	Additional tier 1 (AT1) capital: regulatory adjustments		
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)	0	
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where these entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	0	
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions)(negative amount)	0	
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	0	
41	Not applicable	0	
42	Qualifying T2 deductions that exceed the T2 of the institution (negative amount)	0	
42a	Other regulatory adjustments to AT1 capital	0	
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	0	
44	**Additional tier 1 (AT1) capital**	0	
45	**Tier 1 capital (T1 = CET1 + AT1)**	1,932,199	
	Tier 2 (T2) capital: Instruments		
46	Capital instruments and the related share premium accounts	0	
47	Amount of qualifying items referred to in Article 484(5) of the CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) of the CRR.	0	
EU-47a	Amount of qualifying items referred to in Article 494-A(2) of the CRR subject to phase out from T2.	0	
EU-47b	Amount of qualifying items referred to in Article 494-B(2) of the CRR subject to phase out from T2.	0	
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	0	
49	of which: instruments issued by subsidiaries subject to phase out	0	
50	Credit risk adjustments	0	
51	**Tier 2 (T2) capital before regulatory adjustments**	0	
	Tier 2 (T2) capital: regulatory adjustments		
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)	0	
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	0	
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0	
54a	Not applicable	0	
55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	0	
56	Not applicable	0	
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	**0**	
EU-56b	Other regulatory adjustments to T2 capital	**0**	
57	**Total regulatory adjustments to Tier 2 (T2) capital**	**0**	
58	**Tier 2 (T2) capital**	**0**	
59	**Total Capital (TC = T1 + T2)**	**1,932,199**	
60	**Total risk exposure amount**	**10,091,370**	

Values in thousands of euros

Capital ratios and requirements including buffers			
61	Common Equity Tier 1 capital	19.1%	Articles 92(2)(a)
62	Tier 1 capital	19.1%	Article 92(2)(b)
63	Total capital	19.1%	Article 92(2) c)
64	Institution's CET1 overall capital requirements	8.4%	Articles 128, 129 and 130 of the CRD
65	of which: capital conservation buffer requirement	2.5%	
66	of which: countercyclical capital buffer requirement	0.0%	
67	of which: systemic risk buffer requirement	0.0%	
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	0.0%	
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	0.0%	
68	**Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements**	8.8%	Article 128 of the CRD
National minima (if different from Basel III)			
69	Not applicable	0	
70	Not applicable	0	
71	Not applicable	0	
Amounts below the thresholds for deduction (before risk weighting)			
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	13,683	
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	171,732	
74	Not applicable		
75	Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	56,786	
Applicable caps on the inclusion of provisions in Tier 2			
76	Credit risk adjustments included in T2 in respect of exposures subject to the standardised approach (prior to the application of the cap)	0	
77	Cap on inclusion of credit risk adjustments in T2 under the standardised approach	0	
78	Credit risk adjustments included in T2 in respect of exposures subject to the internal ratings-based approach (prior to the application of the cap)	0	
79	Cap for inclusion of credit risk adjustments in T2 under the internal ratings-based approach	0	
Capital instruments subject to phase-out arrangements (only applicable between 1 January 2014 and 1 January 2022)			
80	Current cap on CET1 instruments subject to phase out arrangements	10%	10% in December 2021 (transitory regime (Article 486(5) (Article 12 of Notice No. 6/2013 -revoked (Article 11 of Notice No. 10/2017)
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	437	90% in December 2021 (transitory regime (Article 486(5) (Article 12 of Notice No. 6/2013 -revoked (Article 11 of Notice No. 10/2017)
82	Current cap on AT1 instruments subject to phase out arrangements	0	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	0	
84	Current cap on T2 instruments subject to phase out arrangements	0	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	0	

TABLE 39 – EU CC1 – COMPOSITION OF REGULATORY OWN FUNDS – DECEMBER 2021

Amounts in euros

		a	b	c	d	e	f	g	h	i	j	k	l	m
		General credit exposures		Relevant credit exposures - Market risk		Securitisation exposures - exposure value for non-trading book	Total exposure value	Own funds requirements				Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
		Exposure value under the standardised method	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for the standardised approach	Value of trading book exposures for internal models			Relevant credit risk exposures - Credit risk	Relevant credit exposures - Market risk	Relevant credit exposures - Securitisation positions in the non-trading book	Total			
010	AD	1,543,118	0	0	0	0	1,543,118	62,355	0	0	62,355	779,439	0	0.00%
1	AE	246,838	0	0	0	0	246,838	12,429	0	0	12,429	155,359	0	0.00%
2	AO	1,198,228	0	0	0	0	1,198,228	39,516	0	0	39,516	493,952	0	0.00%
3	AT	6,251	0	0	0	0	6,251	375	0	0	375	4,688	0	0.00%
4	AU	97,295	0	0	0	0	97,295	3,179	0	0	3,179	39,740	0	0.00%
5	BE	7,215,882	0	0	0	0	7,215,882	261,313	0	0	261,313	3,266,413	0	0.00%
6	BG	33,563	0	0	0	0	33,563	767	0	0	767	9,587	0	0.00%
7	BR	1,291,311	0	0	0	0	1,291,311	46,074	0	0	46,074	575,923	0	0.00%
8	CA	1,710,193	0	0	0	0	1,710,193	52,785	0	0	52,785	659,812	0	0.00%
9	CH	77,560,986	0	0	0	0	77,560,986	2,557,349	0	0	2,557,349	31,966,863	0	0.37%
10	CI	239,097	0	0	0	0	239,097	6,695	0	0	6,695	83,684	0	0.00%
11	CV	99,552	0	0	0	0	99,552	2,788	0	0	2,788	34,849	0	0.00%
12	CY	18	0	0	0	0	18	1	0	0	1	13	0	0.00%
13	CZ	7,502,493	0	0	0	0	7,502,493	299,468	0	0	299,468	3,743,348	0	0.00%
14	DE	10,306,675	0	0	0	0	10,306,675	324,354	0	0	324,354	4,054,427	0	0.00%
15	DK	226,040	0	0	0	0	226,040	6,693	0	0	6,693	83,657	0	0.00%
16	ES	28,186,048	0	0	0	0	28,186,048	1,693,388	0	0	1,693,388	21,167,344	0	0.24%
17	FR	46,944,340	0	0	0	0	46,944,340	1,557,236	0	0	1,557,236	19,465,450	0	0.22%
18	GB	20,612,639	0	0	0	0	20,612,639	982,129	0	0	982,129	12,276,614	0	0.14%
19	IE	838,249	0	0	0	0	838,249	25,384	0	0	25,384	317,305	0	0.00%
20	IT	199,435	0	0	0	0	199,435	6,233	0	0	6,233	77,915	0	0.00%
21	LI	103,379	0	0	0	0	103,379	4,353	0	0	4,353	54,418	0	0.00%
22	LU	17,002,801	0	0	0	0	17,002,801	536,691	0	0	536,691	6,708,638	0	0.00%
23	MA	12	0	0	0	0	12	1	0	0	1	9	0	0.00%
24	MC	152,803	0	0	0	0	152,803	4,278	0	0	4,278	53,481	0	0.00%
25	MT	783,306	0	0	0	0	783,306	21,933	0	0	21,933	274,157	0	0.00%
26	MX	36,377	0	0	0	0	36,377	1,019	0	0	1,019	12,732	0	0.00%
27	MZ	432,022	0	0	0	0	432,022	12,337	0	0	12,337	154,217	0	0.00%
28	NL	26,861,940	0	0	0	0	26,861,940	1,695,504	0	0	1,695,504	21,193,803	0	0.24%
29	NO	620,130	0	0	0	0	620,130	20,337	0	0	20,337	254,219	0	0.00%
30	PL	280,227	0	0	0	0	280,227	7,856	0	0	7,856	98,198	0	0.00%
31	PT	13,035,180,325	0	0	0	0	13,035,180,325	686,974,369	0	0	686,974,369	8,587,179,613	0	98.38%
32	QA	157,602	0	0	0	0	157,602	4,413	0	0	4,413	55,162	0	0.00%
33	RO	162	0	0	0	0	162	10	0	0	10	122	0	0.00%
34	SE	2,059,289	0	0	0	0	2,059,289	90,987	0	0	90,987	1,137,334	0	0.00%
35	SH	193,560	0	0	0	0	193,560	11,614	0	0	11,614	145,170	0	0.00%
36	ST	6,024	0	0	0	0	6,024	361	0	0	361	4,518	0	0.00%
37	TH	0	0	0	0	0	0	0	0	0	0	0	0	0.00%
38	TR	286,087	0	0	0	0	286,087	8,010	0	0	8,010	100,131	0	0.00%
39	UA	4	0	0	0	0	4	0	0	0	0	3	0	0.00%
40	US	16,794,413	0	0	0	0	16,794,413	962,508	0	0	962,508	12,031,345	0	0.14%
41	UY	15,678	0	0	0	0	15,678	439	0	0	439	5,487	0	0.00%
42	ZA	17,256	0	0	0	0	17,256	484	0	0	484	6,047	0	0.00%
020	Total	13,307,041,651	0	0	0	0	13,307,041,651	698,298,015	0	0	698,298,015	8,728,725,182	0	

TABLE 40 – EU CCYB1 – GEOGRAPHIC DISTRIBUTION OF CREDIT EXPOSURES RELEVANT FOR THE CALCULATION OF THE COUNTERCYCLICAL BUFFER – DECEMBER 2021

Amounts in euros

		a
1	Total risk exposure amount	10,095,153,649
2	Institution specific countercyclical capital buffer rate	0.00%
3	Institution specific countercyclical capital buffer requirement	0

TABLE 41 – EU CCYB2 – AMOUNT OF INSTITUTION-SPECIFIC COUNTERCYCLICAL CAPITAL BUFFER – DECEMBER 2021

ANNEX II - STATUTORY CAPITAL CORRESPONDING TO THE MEMBERS OF THE CAIXAS AGRÍCOLAS

Amounts in euros

	31-Dec-2021	31-Dec-2020
CCAM de Pombal, CRL	56,217,770	56,194,505
CCAM Batalha, CRL	52,731,365	51,456,905
CCAM Costa Azul, CRL	61,290,565	58,930,765
CCAM Alto Douro, CRL	54,336,530	52,792,000
CCAM de Vale de Sousa e Baixo Tâmega, CRL	50,139,720	46,192,810
CCAM Açores, CRL	41,099,865	39,901,025
CCAM do Noroeste, CRL	45,236,550	45,362,620
CCAM da Serra da Estrela, CRL	39,584,195	38,637,635
CCAM Alto Cávado e Basto, CRL	35,865,815	34,682,415
CCAM Terras Sousa, Ave, Basto e Tâmega, CRL	31,792,270	30,802,965
CCAM do Vale do Távora e Douro, CRL	30,991,660	30,584,900
CCAM de Alcobaça, Cartaxo, Nazaré, Rio Maior e Santarém, CRL	28,052,825	27,313,225
CCAM de Trás-os-Montes e Alto Douro, CRL	24,241,320	23,771,395
CCAM P. Varzim, V. Conde e Esposende, CRL	25,403,750	23,930,750
CCAM C. da Rainha, Óbidos e Peniche, CRL	26,760,725	21,753,030
CCAM do Baixo Mondego, CRL	22,710,865	22,173,365
CCAM Beira Douro e Lafões, CRL	33,434,940	32,277,610
CCAM do Sotavento Algarvio, CRL	19,715,600	19,651,455
CCAM Vale do Dão e Alto Vouga, CRL	18,995,385	18,627,855
CCAM de São Teotónio, CRL	18,163,915	18,157,670
CCAM de Terras de Viriato, CRL	22,551,425	19,489,100
CCAM Lourinhã, CRL	19,177,465	18,378,505
CCAM Alenquer, CRL	16,263,675	15,939,540
CCAM Coimbra, CRL	14,616,760	14,604,365
CCAM Vila Verde e Terras do Bouro, CRL	14,947,530	14,663,360
CCAM S. Bart. Messin. e S. Marcos Serra, CRL	14,758,945	14,632,310
CCAM Douro e Côa, CRL	15,122,640	14,459,160
CCAM da Terra Quente, CRL	14,133,135	14,126,030
CCAM de Pernes e Alcanhões, CRL	13,190,960	13,313,750
CCAM da Bairrada e Aguieira, CRL	13,186,860	13,122,130
CCAM da Zona do Pinhal, CRL	13,109,760	13,050,040
CCAM do Baixo Vouga, CRL	13,074,685	12,721,005
CCAM Ribatejo Norte e Tramagal, CRL	12,291,415	12,191,425

	31-Dec-2021	31-Dec-2020
CCAM do Guadiana Interior, CRL	13,571,000	13,556,990
CCAM Região do Fundão e Sabugal, CRL	11,627,890	11,613,630
CCAM Alentejo Sul, CRL	20,032,010	20,007,435
CCAM Albufeira, CRL	11,075,350	11,182,390
CCAM de Silves, CRL	12,786,060	12,204,660
CCAM Cadaval, CRL	11,186,740	11,183,900
CCAM Área Metropolitana do Porto, CRL	12,012,055	11,668,370
CCAM Salvaterra de Magos, CRL	11,528,465	10,818,360
CCAM Oliveira do Bairro, CRL	11,245,125	10,983,395
CCAM Coruche, CRL	10,524,880	10,524,835
CCAM Costa Verde, CRL	10,454,230	10,433,730
CCAM Médio Ave, CRL	10,493,090	10,292,055
CCAM Loures, Sintra e Litoral, CRL	10,455,065	10,334,700
CCAM Aljustrel e Almodovar, CRL	11,206,625	11,037,035
CCAM de Cantanhede e Mira, CRL	15,034,815	14,976,775
CCAM Paredes, CRL	10,260,130	10,114,945
CCAM Estremoz, CRL	9,130,710	9,122,095
CCAM Nordeste Alentejano, CRL	9,496,950	9,489,080
CCAM do Ribatejo Sul, CRL	9,119,650	9,041,405
CCAM Douro e Sabor, CRL	15,848,805	16,011,945
CCAM Arruda dos Vinhos, CRL	8,511,440	8,495,025
CCAM da Beira Baixa (Sul), CRL	11,178,795	9,787,195
CCAM Oliveira de Azeméis e Estarreja, CRL	7,956,800	7,947,215
CCAM Alentejo Central, CRL	14,719,310	14,532,135
CCAM Beira Centro, CRL	8,659,095	8,499,615
CCAM de Moravis, CRL	7,816,895	7,830,785
CCAM Vila Franca de Xira, CRL	7,990,245	7,967,215
CCAM Arouca, CRL	7,916,090	7,768,020
CCAM Elvas e Campo Maior, CRL	7,430,300	7,412,495
CCAM do Algarve, CRL	7,474,061	7,404,056
CCAM Porto de Mós, CRL	7,807,135	7,593,730
CCAM Oliveira do Hospital, CRL	8,315,365	8,059,490
CCAM Alcácer-Sal e Montemor-Novo, CRL	6,812,105	6,797,935
CCAM Sobral de Monte Agraço, CRL	6,684,235	6,640,160
CCAM do Norte Alentejano, CRL	7,519,480	6,941,175
CCAM Azambuja, CRL	6,181,610	6,122,595
CCAM Serras de Ansião, CRL	6,125,985	5,998,320
CCAM Entre Tejo e Sado, CRL	5,627,465	5,612,535
CCAM Borba, CRL	5,757,860	5,758,340
CCAM de Albergaria e Sever, CRL	5,638,315	5,624,675
CCAM Vale de Cambra, CRL	5,226,745	5,223,120
CCAM Vagos, CRL	5,184,280	5,172,315
FACAM	84,218,046	84,218,046
	1,401,032,187	1,365,889,542

TABLE 42 – STATUTORY CAPITAL CORRESPONDING TO THE MEMBERS OF THE CAIXAS AGRÍCOLAS

ANNEX III – LEVERAGE RATIO

Amounts in euros

		CRR leverage ratio exposures
		a
		Dec/21
	On-balance sheet exposures (excluding derivatives and SFTs)	
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	21,474,035,157
2	Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework	0
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	0
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	0
5	(General credit risk adjustments to on-balance sheet items)	0
6	(Asset amounts deducted in determining Tier 1 capital)	-76,277,762
7	Total on-balance sheet exposures (excluding derivatives and SFTs)	21,397,757,395
	Derivatives exposures	
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	0
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	0
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	0
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach	0
EU-9b	Exposure determined under Original Exposure Method	1,309,949
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	0
EU-10a	(Exempted CCP leg of client-cleared trade exposures)(simplified standardised approach)	0
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (original exposure method)	0
11	Adjusted effective notional amount of written credit derivatives	0
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	0
13	**Total derivatives exposures**	1,309,949
	Securities financing transaction (SFT) exposures	
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	0
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	0
16	Counterparty credit risk exposure for SFT assets	0
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429-B(5) and 222 of the CRR	0
17	Agent transaction exposures	0
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)	0
18	**Total securities financing transaction exposures**	0
	Other off-balance sheet exposures	
19	Off-balance sheet exposures at gross notional amount	4,170,686,376
20	(Adjustments for conversion to credit equivalent amounts)	-3,435,435,795
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)	0
22	**Off-balance sheet exposures**	735,250,581

Amounts in euros

Excluded exposures		
EU-22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1)(c) CRR)	0
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a(1) CRR (on and off balance sheet))	0
EU-22c	(Excluded exposures of public development banks (or units) - Public sector investments)	0
EU-22d	(Excluded exposures of public development banks (or units) - Promotional loans)	0
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units))	0
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	0
EU-22g	(Excluded excess collateral deposited at triparty agents)	0
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)	0
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)	0
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)	0
EU-22k	(Total exempted exposures)	0
Capital and total exposure measure		
23	**Tier 1 capital**	1,932,198,666
24	**Total exposure measure**	**22,134,317,925**
Leverage ratio		
25	Leverage ratio (%)	8.7%
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	8.7%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	7.4%
26	Regulatory minimum leverage ratio requirement (%)	3.0%
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)	0.0%
EU-26b	of which: to be made up of CET1 capital	0.0%
27	Leverage ratio buffer requirement (%)	0.0%
EU-27a	Overall leverage ratio requirement (%)	3.0%
Choice on transitional arrangements and relevant exposures		
EU-27b	Choice on transitional arrangements for the definition of the capital measure	Transitional definition
Disclosure of mean values		
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable	0
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	0
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	22,134,317,925
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	26,056,815,033
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	8.7%
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	7.4%

TABLE 43 – EU LR2 – LRCOM: LEVERAGE RATIO COMMON DISCLOSURE

Amounts in euros

		Dec/21
		CRR leverage ratio exposures
EU-1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**	25,396,532,266
EU-2	Trading book exposures	0
EU-3	Banking book exposures, of which:	25,396,532,266
EU-4	Covered Bonds	0
EU-5	Exposures treated as sovereigns	11,405,390,859
EU-6	Exposures to regional governments, MDB, international organisations and PSE, not treated as sovereigns	656,660,424
EU-7	Institutions	715,895,253
EU-8	Secured by mortgages of immovable properties	4,397,225,017
EU-9	Retail exposures	2,946,583,521
EU-10	Corporates	2591072198
EU-11	Exposures in default	494,594,630
EU-12	Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	2,189,110,363

TABLE 44 – EU LR3 – LRSPL: SPLIT-UP OF ON-BALANCE SHEET EXPOSURES (EXCLUDING DERIVATIVES, SFT'S AND EXEMPTED EXPOSURES)

ANNEX IV – COUNTERPARTY CREDIT RISK

Amounts in euros

		a	b	c	d	e	f	g	h
		Replacement Cost (RC)	Potential Future Exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
EU-1	EU - Original exposure method (for derivatives)	0	0		1.4	0	0	0	0
EU-2	EU - Simplified SA-CCR (for derivatives)	0	1,100,117		1.4	1,540,163	1,540,163	7,337,208	20,042,745
1	SA-CCR (for derivatives)	0	0		1.4	0	0	0	0
2	IMM (for derivatives and SFTs)			0	0	0	0	0	0
2a	*Of which securities financing transactions netting sets*			0		0	0	0	0
2b	*Of which derivatives and long settlement transactions netting sets*			0		0	0	0	0
2c	*Of which from contractual cross-product netting sets*			0		0	0	0	0
3	Financial collateral simple method (for SFTs)					0	0	0	0
4	Financial collateral comprehensive method (for SFTs)					0	0	0	0
5	VaR for SFTs					0	0	0	0
6	**Total**					1,540,163	1,540,163	7,337,208	20,042,745

TABLE 45 – EU CCR1 – ANALYSIS OF CCR EXPOSURE BY APPROACH – DECEMBER 2021

Amounts in euros

	Exposure classes	Risk weight											
		a	b	c	d	e	f	g	h	i	j	k	l
		0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Other	Total exposure value
1	Central governments or central banks	0	0	0	0	0	0	0	0	0	0	0	0
2	Regional government or local authorities	0	0	0	0	0	0	0	0	0	0	0	0
3	Public sector entities	0	0	0	0	0	0	0	0	0	0	0	0
4	Multilateral development banks	0	0	0	0	0	0	0	0	0	0	0	0
5	International organisations	0	0	0	0	0	0	0	0	0	0	0	0
6	Institutions	0	0	0	0	422,041	0	0	0	0	0	0	422,041
7	Corporates	0	0	0	0	0	0	0	0	887,908	0	0	887,908
8	Retail	0	0	0	0	0	0	0	0	0	0	0	0
9	Institutions and corporates with a short-term credit assessment	0	0	0	0	0	0	0	0	0	0	0	0
10	Other items	0	0	0	0	0	0	0	0	0	0	0	0
11	**Total exposure value**	0	0	0	0	422,041	0	0	0	887,908	0	0	1,309,949

TABLE 46 – EU CCR3 – STANDARDISED APPROACH – CCR EXPOSURES BY REGULATORY EXPOSURE CLASS AND RISK WEIGHTS – DECEMBER 2021

Amounts in euros

		a	b	c	d	e	f	g	h
		Collateral used in derivative transactions				Collateral used in SFTs			
	Collateral type	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received		Fair value of posted collateral	
		Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
1	Cash - domestic currency	0	0	191,648,980	0	0	0	0	0
2	Cash - other currencies	0	0	0	0	0	0	0	0
3	Domestic sovereign debt	0	0	0	0	0	0	0	0
4	Other sovereign debt	0	0	0	0	0	0	0	0
5	Government agency debt	0	0	0	0	0	0	0	0
6	Corporate bonds	0	0	0	0	0	0	0	0
7	Equity securities	0	0	0	0	0	0	0	0
8	Other collateral	0	0	0	0	0	0	0	0
9	**Total**	**0**	**0**	**191,648,980**	**0**	**0**	**0**	**0**	**0**

TABLE 47 – EU CCR5 – COMPOSITION OF COLLATERAL FOR CCR EXPOSURES – DECEMBER 2021

Values in euros

		a	b
		Exposure value	RWEA
1	**Exposures to QCCPs (total)**		0
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions), of which	26,646,076	0
3	i) OTC derivatives	26,646,076	0
4	ii) Exchange-traded derivatives	0	0
5	iii) SFTs	0	0
6	iv) Netting sets where cross-product netting has been approved	0	0
7	Segregated initial margin	153,507,668	
8	Non-segregated initial margin	0	0
9	Prefunded default fund contributions	0	0
10	Unfunded default fund contributions	0	0
11	**Exposures to non-QCCPs (total)**		0
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions), of which	0	0
13	i) OTC derivatives	0	0
14	ii) Exchange-traded derivatives	0	0
15	iii) SFTs	0	0
16	iv) Netting sets where cross-product netting has been approved	0	0
17	Segregated initial margin	0	
18	Non-segregated initial margin	0	0
19	Prefunded default fund contributions	0	0
20	Unfunded default fund contributions	0	0

TABLE 48 – EU CCR8 – EXPOSURES TO CCP – DECEMBER 2021

ANNEX V – CREDIT RISK – GENERAL ASPECTS

(amounts in thousands of euros)

		Gross carrying amount / nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
		Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures		Of which, collateral and financial guarantees received on non-performing exposures with forbearance measures
				Of which defaulted	Of which impaired				
005	Cash balances at central banks and other demand deposits	0	0	0	0	0	0	0	0
010	Loans and advances	297,603	527,493	521,820	521,820	-16,786	-188,173	591,479	329,139
020	*Central banks*	0	0	0	0	0	0	0	0
030	*General governments*	0	0	0	0	0	0	0	0
040	*Credit Institutions*	0	0	0	0	0	0	0	0
050	*Other financial corporates*	3	0	0	0	0	0	3	0
060	*Non-financial corporates*	233,662	428,582	423,869	423,869	-13,003	-150,212	477,810	271,021
070	*Households*	63,938	98,911	97,951	97,951	-3,783	-37,961	113,667	58,118
080	Debt securities	0	754	754	754	0	-5	0	0
090	Loan commitments given	6,218	4,447	4,447	4,447	125	782	9,229	2,614
100	***Total***	**303,821**	**532,695**	**527,022**	**527,022**	**-16,661**	**-187,397**	**600,709**	**331,753**

TABLE 49 – EU CQ1: CREDIT QUALITY OF FORBORNE EXPOSURES – DECEMBER 2021

Dec21

	(amounts in thousands of euros)	Gross carrying amount				Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			Of which, non-performing		Of which, loans and advances subject to impairment		
				Of which defaulted			
010	Agriculture, forestry and fishing	1,093,049	102,345	101,881	1,093,049	-39,332	0
020	Mining and quarrying	23,060	3,692	3,691	23,060	-1,095	0
030	Manufacturing	804,941	93,868	89,764	804,941	-39,468	0
040	Electricity, gas, steam and air conditioning supply	36,060	714	714	36,060	-140	0
050	Water supply	101,017	3,482	3,482	101,017	-1,397	0
060	Construction	513,646	70,698	68,575	513,646	-27,102	0
070	Wholesale and retail trade	1,039,983	82,327	80,145	1,039,983	-40,556	0
080	Transport and storage	103,656	10,675	10,479	103,656	-4,553	0
090	Accommodation and food service activities	682,115	94,203	92,954	682,115	-32,865	0
100	Information and communication	17,622	1,967	1,966	17,622	-1,573	0
110	Financial and insurance activities	77,613	5,694	5,591	77,613	-4,679	0
120	Real estate activities	969,660	85,376	85,117	969,660	-27,870	0
130	Professional, scientific and technical activities	170,182	13,624	13,469	170,182	-5,678	0
140	Administrative and support service activities	121,360	10,545	9,900	121,360	-8,014	0
150	Public administration and defence, compulsory social security	566	0	0	566	-3	0
160	Education	78,206	5,523	5,464	78,206	-2,318	0
170	Human health services and social work activities	175,788	15,109	15,100	175,788	-3,623	0
180	Arts, entertainment and recreation	62,329	8,054	8,053	62,329	-4,487	0
190	Other services	384,945	31,191	30,035	384,945	-13,017	0
200	***Total***	***6,455,799***	***639,085***	***626,379***	***6,455,799***	***-257,771***	***0***

TABLE 50 – EU CQ5: CREDIT QUALITY OF LOANS AND ADVANCES TO NON-FINANCIAL CORPORATIONS, BY INDUSTRY

		Dec21	
		a	b
		Collateral obtained by taking possession	
(amounts in euros)		Value at initial recognition	Accumulated negative changes
010	Property, plant and equipment (PP&E)	0	0
020	Other than PP&E	482,919,961	-135,393,345
030	*Residential immovable property*	120,560,026	-30,517,794
040	*Commercial immovable property*	50,322,479	-11,056,916
050	*Movable property (auto, shipping, etc.)*	4,190,907	-1,281,381
060	*Equity and debt instruments*	0	0
070	*Other collateral*	307,846,547	-92,537,254
080	***Total***	**482,919,961**	**-135,393,345**

TABLE 51 – EU CQ7: BONDS OBTAINED BY REPOSSESSION AND EXECUTION PROCEDURES

ANNEX VI – CREDIT RISK – STANDARD APPROACH

	Exposure classes	Exposures before credit conversion factors (CCFs) and		Exposures post CCFs and post CRM		Risk weighted assets (RWAs) and RWA density	
		On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures	RWAs	RWA density (%)
		a	b	c	d	e	f
1	Central governments or central banks	11,405,376,017	414,674	11,964,373,878	207,837	10,836,401	0.1%
2	Regional government or local authorities	595,620,369	68,769,270	586,522,724	33,776,621	124,059,869	20.0%
3	Public sector entities	61,040,055	17,839,096	59,505,934	7,496,177	66,901,501	99.8%
4	Multilateral development banks	14,842	0	14,842	0	0	0.0%
5	International organisations	0	0	0	0	0	0.0%
6	Institutions	715,895,253	122,125	180,652,124	18,429	105,004,515	58.1%
7	Corporates	2,591,072,198	383,929,969	2,439,668,876	131,126,512	2,123,553,717	82.6%
8	Retail	2,946,583,521	1,184,001,036	3,084,863,879	279,738,333	1,808,376,024	53.7%
9	Secured by mortgages on immovable property	4,397,225,017	113,289,207	4,397,225,017	44,170,858	1,565,544,564	35.2%
10	Exposures in default	494,594,630	37,421,457	494,594,630	10,097,299	659,200,511	130.6%
11	Exposures associated with particularly high risk	502,905,118	162,597,173	502,905,118	80,012,605	868,903,493	149.1%
12	Covered bonds	0	0	0	0	0	0.0%
13	Institutions and corporates with a short-term credit assessment	0	0	0	0	0	0.0%
14	Collective investment undertakings	1,988,026	0	1,988,026	0	1,988,026	100.0%
15	Equity	337,595,916	0	337,595,916	0	595,194,433	176.3%
16	Other items	1,346,621,303	105,889,530	1,346,621,303	105,889,530	1,214,109,090	83.6%
17	**TOTAL**	25,396,532,266	2,074,273,536	25,396,532,266	692,534,201	9,143,672,145	35.0%

TABLE 52 – EU CR4 – STANDARDISED APPROACH –CREDIT RISK EXPOSURE AND CRM EFFECTS – DECEMBER 2021

ANNEX VII – RISK-WEIGHTED EXPOSURE AMOUNTS AFTER APPLICATION OF CREDIT RISK MITIGATING FACTORS

Values in euros	ORIGINAL EXPOSURE PRE CONVERSION FACTORS	(-) VALUE ADJUSTMENTS AND PROVISIONS ASSOCIATED WITH THE ORIGINAL EXPOSURE	EXPOSURE NET OF VALUE ADJUSTMENTS AND PROVISIONS	CREDIT RISK MITIGATION (CRM) TECHNIQUES WITH SUBSTITUTION EFFECTS ON THE EXPOSURE				NET EXPOSURE AFTER CRM SUBSTITUTION EFFECTS PRE CONVERSION FACTORS	FULLY ADJUSTED EXPOSURE VALUE (E*)
				UNFUNDED CREDIT PROTECTION: ADJUSTED VALUES (Ga)	FUNDED CREDIT PROTECTION	SUBSTITUTION OF THE EXPOSURE DUE TO CRM			
				(-) GUARANTEES	(-) FINANCIAL GUARANTEES: SIMPLE METHOD	(-) TOTAL OUTFLOWS	TOTAL INFLOWS (+)		
	0010	0030	0040	0050	0070	0090	0100	0110	0150
TOTAL EXPOSURES	28,303,213,217.03	-832,407,415.27	27,470,805,801.76	-963,461,958.15	-142,002,489.58	-1,105,464,447.72	1,105,464,447.73	27,470,805,801.77	27,470,805,801.77
of which: Defaulted exposures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
of which: SME	6,553,688,795.06	-50,194,182.93	6,503,494,612.11	-368,821,783.91	-97,271,789.63	-466,093,573.55	451,475,487.15	6,488,876,525.72	6,488,876,525.72
of which: SME subject to SME supporting factor	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
of which: Exposures subject to infrastructure supporting factor	102,029,127.05	-244,330.93	101,784,796.12	-3,247,797.09	-2,575,000.00	-5,822,797.09	75,000.00	96,036,999.03	96,036,999.03
of which: Secured by mortgages on immovable property - Residential property	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
of which: Exposures under the permanent partial use of the standardised approach	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
of which: Exposures under the standardised approach with prior supervisory permission to carry out a sequential IRB implementation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BREAKDOWN OF TOTAL EXPOSURES BY EXPOSURE TYPE:									25,396,532,265.54
On-balance sheet exposures subject to credit risk	26,217,769,244.19	-821,236,978.65	25,396,532,265.55	-960,203,485.55	-107,713,571.85	-1,067,917,057.41	1,067,917,057.40	25,396,532,265.54	2,074,273,536.25
Off-balance sheet exposures subject to credit risk	2,085,443,972.86	-11,170,436.62	2,074,273,536.24	-3,258,472.60	-34,288,917.74	-37,547,390.32	37,547,390.33	2,074,273,536.26	0.00
Exposures / Transactions subject to counterparty credit risk									0.00
Securities Financing Transactions netting sets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
of which: centrally cleared through a QCCP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Derivatives & Long Settlement Transactions netting sets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
of which: centrally cleared through a QCCP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	12,690,289,016.82
From Contractual Cross Product netting sets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	132,438,179.17
BREAKDOWN OF TOTAL EXPOSURES BY RISK WEIGHTS:									0.00
0%	11,587,270,837.90	-2,431,427.07	11,584,839,410.83	0.00	0.00	0.00	0.00	0.00	0.00
2%	132,438,179.17	0.00	132,438,179.17	0.00	0.00	0.00	0.00	0.00	705,904,539.00
4%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,812,709,320.75
10%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	670,753,702.90
20%	940,343,657.09	-456,053.88	939,887,603.21	0.00	0.00	0.00	0.00	0.00	0.00
35%	3,822,894,845.12	-10,185,524.37	3,812,709,320.75	0.00	0.00	0.00	0.00	0.00	3,866,189,888.25
50%	674,372,766.46	-3,619,063.57	670,753,702.90	0.00	0.00	0.00	0.00	0.00	4,328,327,835.54
70%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,035,675,466.24
75%	4,228,549,813.75	-20,975,203.02	4,207,574,610.73	0.00	0.00	0.00	0.00	0.00	228,517,853.11
100%	5,401,077,830.78	-568,277,567.57	4,832,800,263.21	0.00	0.00	0.00	0.00	0.00	0.00
150%	1,287,747,433.65	-226,462,575.79	1,061,284,857.86	0.00	0.00	0.00	0.00	0.00	0.00
250%	228,517,853.11	0.00	228,517,853.11	0.00	0.00	0.00	0.00	0.00	0.00
370%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1250%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,988,026.00
Other risk weights	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Values in euros	BREAKDOWN OF THE FULLY ADJUSTED EXPOSURE OF OFF-BALANCE SHEET ITEMS BY CONVERSION FACTORS				EXPOSURE VALUE	RISK WEIGHTED EXPOSURE AMOUNT PRE SUPPORTING FACTORS	RISK WEIGHTED EXPOSURE AMOUNT AFTER SUPPORTING FACTORS		
	0%	20%	50%	100%				OF WHICH: WITH A CREDIT ASSESSMENT BY A NOMINATED ECAI	OF WHICH: WITH A CREDIT ASSESSMENT DERIVED FROM CENTRAL GOVERNMENT
	0160	0170	0180	0190	0200	0215	0220	0230	0240
TOTAL EXPOSURES	427,163,801.15	708,456,321.28	775,620,954.08	163,032,459.71	26,090,376,415.26	10,047,096,679.48	9,144,505,756.30	74,874,785.47	365,967,633.13
of which: Defaulted exposures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
of which: SME	140,605,501.91	576,178,181.77	347,510,874.14	40,176,451.19	5,713,573,041.34	4,103,213,926.24	3,205,595,811.90	0.00	0.00
of which: SME subject to SME supporting factor	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
of which: Exposures subject to infrastructure supporting factor	106,773.05	8,158,159.23	4,100,590.33	0.00	87,353,403.43	87,338,403.43	56,739,931.39	0.00	0.00
of which: Secured by mortgages on immovable property - Residential property	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
of which: Exposures under the permanent partial use of the standardised approach	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
of which: Exposures under the standardised approach with prior supervisory permission to carry out a sequential IRB implementation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BREAKDOWN OF TOTAL EXPOSURES BY EXPOSURE TYPE:									
On-balance sheet exposures subject to credit risk	0.00	0.00	0.00	0.00	25,396,532,265.54	9,467,823,475.30	8,621,505,531.40	0.00	0.00
Off-balance sheet exposures subject to credit risk	427,163,801.15	708,456,321.30	775,620,954.08	163,032,459.71	692,534,201.02	578,300,888.35	522,166,613.45	0.00	0.00
Exposures / Transactions subject to counterparty credit risk	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Securities Financing Transactions netting sets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
of which: centrally cleared through a QCCP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Derivatives & Long Settlement Transactions netting sets	0.00	0.00	0.00	0.00	1,309,948.70	972,315.82	833,611.45	0.00	0.00
of which: centrally cleared through a QCCP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
From Contractual Cross Product netting sets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BREAKDOWN OF TOTAL EXPOSURES BY RISK WEIGHTS:									
0%	101,821.58	26,152,061.28	7,943,510.25	29,163,030.83	12,665,293,791.09	0.00	0.00	0.00	0.00
2%	0.00	0.00	0.00	0.00	132,438,179.17	2,648,763.58	2,648,763.58	0.00	0.00
4%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
20%	62,122.66	3,602,561.27	64,102,941.63	1,006,636.03	671,330,937.61	134,266,187.52	134,266,187.52	8,933,209.64	125,332,977.88
35%	5,104,735.02	13,670,133.61	61,956,168.39	301,791.21	3,765,690,394.65	1,317,991,638.13	1,265,084,962.83	0.00	0.00
50%	1,302,694.85	9,546,695.35	8,641,797.75	627,751.50	657,492,752.89	328,746,376.45	284,107,036.55	30,216,293.25	236,885.15
70%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
75%	389,647,434.98	441,507,589.16	310,794,536.82	27,610,438.16	2,967,939,113.51	2,225,954,335.14	1,848,100,512.87	0.00	0.00
100%	24,164,166.51	191,079,089.08	159,115,234.96	101,395,596.35	4,072,630,687.89	4,072,630,687.89	3,645,439,602.18	35,725,282.56	240,397,770.10
150%	6,780,825.54	22,898,191.55	163,066,764.27	2,927,215.64	929,042,705.33	1,393,564,058.00	1,393,564,058.00	0.00	0.00
250%	0.00	0.00	0.00	0.00	228,517,853.11	571,294,632.78	571,294,632.78	0.00	0.00
370%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1250%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other risk weights	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

TABLE 53 – RISK-WEIGHTED EXPOSURE AMOUNTS AFTER APPLICATION OF CREDIT RISK MITIGATING FACTORS – GUARANTEES – DECEMBER 2021

Values in euros	ORIGINAL EXPOSURE BEFORE THE APPLICATION OF CONVERSION FACTORS	(-) VALUE ADJUSTMENTS AND PROVISIONS ASSOCIATED WITH THE ORIGINAL EXPOSURE	EXPOSURE NET OF VALUE ADJUSTMENTS AND PROVISIONS	CREDIT RISK MITIGATION (CRM) TECHNIQUES WITH SUBSTITUTION EFFECTS ON THE EXPOSURE				NET EXPOSURE AFTER CRM SUBSTITUTION EFFECTS BEFORE THE APPLICATION OF CONVERSION FACTORS	FULLY ADJUSTED EXPOSURE VALUE (E*)
				UNFUNDED CREDIT PROTECTION: ADJUSTED VALUES (Ga)	FUNDED CREDIT PROTECTION	SUBSTITUTION OF THE EXPOSURE DUE TO CRM			
				(-) GUARANTEES	(-) FINANCIAL GUARANTEES: SIMPLE METHOD	(-) TOTAL OUTFLOWS	TOTAL INFLOWS (+)		
	0010	0030	0040	0050	0070	0090	0100	0110	0150
TOTAL EXPOSURES	28,303,213,217.03	-832,407,415.27	27,470,805,801.76	-963,461,958.15	-142,002,489.58	-1,105,464,447.72	1,105,464,447.73	27,470,805,801.77	27,470,805,801.77
Central Governments or Central Banks	11,408,227,899.68	-2,437,207.84	11,405,790,691.84	0.00	0.00	0.00	559,002,860.34	11,964,793,552.18	11,964,793,552.18
Regional Governments or Local Authorities	664,722,710.55	-333,071.97	664,389,638.58	-9,102,644.47	0.00	-9,102,644.47	0.00	655,286,994.11	655,286,994.11
Public Sector Entities	79,041,023.64	-161,872.95	78,879,150.69	-1,497,542.74	-89,578.33	-1,587,121.06	53,000.00	77,345,029.63	77,345,029.63
Multilateral Development Banks	14,854.03	-12.29	14,841.74	-14,841.74	0.00	-14,841.74	14,841.74	14,841.74	14,841.74
Institutions	716,334,904.43	-317,526.38	716,017,378.05	-549,755,597.44	-92,147.26	-549,847,744.70	14,604,615.23	180,774,248.58	180,774,248.58
Corporates	3,007,144,238.27	-32,142,070.79	2,975,002,167.48	-126,262,560.20	-45,519,551.94	-171,782,112.14	12,092,821.42	2,815,312,876.76	2,815,312,876.76
Retail	4,151,176,156.75	-20,591,599.52	4,130,584,557.23	-253,207,025.39	-85,220,108.94	-338,427,134.33	484,993,459.73	4,277,150,882.63	4,277,150,882.63
Secured by mortgages on immovable	4,524,732,200.43	-14,217,977.28	4,510,514,223.15	-6,021,096.75	-3,072,360.91	-9,093,457.66	9,093,457.66	4,510,514,223.15	4,510,514,223.15
Exposure in Default	791,717,968.15	-259,701,881.27	532,016,086.88	-17,600,649.41	-3,872,944.92	-21,473,594.33	21,473,594.33	532,016,086.88	532,016,086.88
Items associated with particularly high risk	682,566,698.90	-17,064,408.07	665,502,290.84	0.00	-4,135,797.29	-4,135,797.29	4,135,797.29	665,502,290.84	665,502,290.84
Covered Bonds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Shares or units in collective investment undertakings (OIC)	1,988,026.00	0.00	1,988,026.00	0.00	0.00	0.00	0.00	1,988,026.00	1,988,026.00
Equity Exposures	337,595,915.87	0.00	337,595,915.87	0.00	0.00	0.00	0.00	337,595,915.87	337,595,915.87
Other items	1,937,950,620.32	-485,439,786.90	1,452,510,833.42	0.00	0.00	0.00	0.00	1,452,510,833.42	1,452,510,833.42

Amounts in euros	BREAKDOWN OF THE FULLY ADJUSTED EXPOSURE OF OFF-BALANCE SHEET ITEMS BY CONVERSION FACTORS				EXPOSURE VALUE	RISK WEIGHTED EXPOSURE AMOUNT PRE SUPPORTING FACTORS	RISK WEIGHTED EXPOSURE AMOUNT AFTER SUPPORTING FACTORS		
	0%	20%	50%	100%				OF WHICH: WITH A CREDIT ASSESSMENT BY A NOMINATED ECAI	OF WHICH: WITH A CREDIT ASSESSMENT DERIVED FROM CENTRAL GOVERNMENT
	0160	0170	0180	0190	0200	0215	0220	0230	0240
TOTAL EXPOSURES	427,163,801.15	708,456,321.28	775,620,954.08	163,032,459.71	26,090,376,415.26	10,047,096,679.48	9,144,505,756.30	74,874,785.47	365,967,633.13
Central Governments or Central Banks	999.90	4,999.45	413,674.51	0.00	11,964,581,715.46	10,836,400.97	10,836,400.97	980,187.10	0.00
Regional Governments or Local Authorities	62,122.66	3,592,570.15	64,102,941.63	1,006,636.03	620,299,344.51	124,059,868.91	124,059,868.91	0.00	124,059,868.91
Public Sector Entities	54,811.14	4,653,216.67	13,131,068.02	0.00	67,002,111.14	66,901,500.86	66,901,500.86	0.00	66,901,500.86
Multilateral Development Banks	0.00	0.00	0.00	0.00	14,841.74	0.00	0.00	0.00	0.00
Institutions	29,977.30	92,147.26	0.00	0.00	181,092,594.57	105,088,922.91	105,088,922.91	65,674,909.80	39,414,013.12
Corporates	23,104,018.91	185,236,698.53	146,448,223.35	20,855,060.36	2,571,683,294.95	2,552,912,451.63	2,124,302,920.72	8,219,688.57	133,604,224.25
Retail	387,752,932.93	460,286,441.45	313,133,170.83	31,114,458.88	3,364,602,211.12	2,176,611,832.43	1,808,376,024.32	0.00	0.00
Secured by Mortgages on Immovable	8,790,656.34	28,902,714.00	74,411,042.67	1,184,793.62	4,441,395,874.27	1,671,290,148.35	1,565,544,564.19	0.00	0.00
Exposure in Default	7,368,281.96	21,400,929.01	5,670,265.11	2,981,980.86	504,691,929.15	659,200,511.33	659,200,511.33	0.00	0.00
Items Associated with Particularly High Risks	0.00	4,286,604.77	158,310,567.95	0.00	582,917,723.05	868,903,493.15	868,903,493.15	0.00	0.00
Covered Bonds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Shares or units in collective investment undertakings (OIC)	0.00	0.00	0.00	0.00	1,988,026.00	1,988,026.00	1,988,026.00	0.00	1,988,026.00
Equity Exposures	0.00	0.00	0.00	0.00	337,595,915.87	595,194,432.82	595,194,432.82	0.00	0.00
Other items	0.00	0.00	0.00	105,889,529.97	1,452,510,833.42	1,214,109,090.13	1,214,109,090.13	0.00	0.00

TABLE 54 – RISK-WEIGHTED EXPOSURE AMOUNTS AFTER APPLICATION OF CREDIT RISK MITIGATING FACTORS – BY RISK CLASS – DECEMBER 2021

ANNEX VIII – LIQUIDITY RISK

Scope of consolidation (consolidated)

Amount in euros

		Total unweighted value				Total weighted value			
EU 1a	Quarter ending on (DD Month YYY)	31/12/2021	30/09/2021	30/06/2021	31/03/2021	31/12/2021	30/09/2021	30/06/2021	31/03/2021
EU 1b	Number of data points used in the calculation of averages	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
HIGH QUALITY LIQUID ASSETS									
1	Total high quality liquid assets (HQLA)					7,364,994,043	6,461,720,730	5,934,472,505	6,505,984,765
CASH - OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	17,527,883,965	16,869,872,984	16,436,515,304	15,993,044,507	1,084,400,535	1,039,374,387	1,007,308,762	973,637,077
3	*Stable deposits*	15,257,325,667	14,718,152,256	14,402,759,778	14,074,734,155	762,866,283	735,907,613	720,137,989	703,736,708
4	*Less stable deposits*	2,270,558,298	2,151,720,728	2,033,755,526	1,918,310,352	321,534,251	303,466,774	287,170,773	269,900,369
5	Unsecured wholesale funding	1,190,624,274	1,294,473,184	1,200,404,300	1,123,677,547	659,683,272	788,749,578	694,841,523	654,230,570
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	0	0	0	0	0	0	0	0
7	*Non-operational deposits (all counterparties)*	1,190,624,274	1,294,473,184	1,200,404,300	1,123,677,547	659,683,272	788,749,578	694,841,523	654,230,570
8	*Unsecured debt*	0	0	0	0	0	0	0	0
9	*Secured wholesale funding*					0	0	0	0
10	Additional requirements	1,277,149,721	1,290,306,970	1,273,238,879	1,335,502,365	71,472,649	86,228,614	89,044,851	122,888,251
11	*Outflows related to derivative exposures and other collateral requirements*	811,153	14,749,450	6,699,239	8,610,275	811,153	14,749,450	6,699,239	8,610,275
12	*Outflows related to loss of funding on debt products*	0	0	0	0	0	0	0	0
13	*Credit and liquidity facilities*	1,276,338,568	1,275,557,519	1,266,539,640	1,326,892,090	70,661,497	71,479,164	82,345,612	114,277,976
14	Other contractual funding obligations	27,779,042	27,223,811	26,838,440	26,224,974	0	0	0	0
15	Other contingent funding obligations	539,448,817	528,963,796	524,520,934	512,911,776	26,972,441	26,448,190	26,226,047	25,645,589
16	TOTAL CASH OUTFLOWS					1,842,528,897	1,940,800,770	1,817,421,183	1,776,401,486
CASH - INFLOWS									
17	Secured lending (e.g. reverse repos)	0	0	0	0	0	0	0	0
18	Inflows from fully performing exposures	556,887,312	533,923,573	480,946,821	443,802,358	299,131,385	283,186,800	257,064,695	237,774,117
19	Other cash inflows	0	32,510,000	354,363	332,639	0	32,510,000	354,363	332,639
EU-19a	(Difference between total weighted inflows and total weighted outflows					0	0	0	0
EU-19b	(Excess inflows from a related specialised credit institution)					0	0	0	0
20	TOTAL CASH INFLOWS	556,887,312	566,433,573	481,301,185	444,134,997	299,131,385	315,696,800	257,419,058	238,106,755
EU-20a	*Fully exempt inflows*	0	0	0	0	0	0	0	0
EU-20b	*Inflows subject to 90% cap*	0	0	0	0	0	0	0	0
EU-20c	*Inflows subject to 75% cap*	556,887,312	566,433,573	481,301,185	444,134,997	299,131,385	315,696,800	257,419,058	238,106,755
TOTAL ADJUSTED VALUE									
EU-21	LIQUIDITY BUFFER					7,364,994,043	6,461,720,730	5,934,472,505	6,505,984,765
22	TOTAL NET CASH OUTFLOWS					1,543,397,512	1,625,103,970	1,560,002,125	1,538,294,730
23	LIQUIDITY COVERAGE RATIO					477%	398%	380%	423%

TABLE 55 – EU LIQ1: QUANTITATIVE INFORMATION ON THE LIQUIDITY COVERAGE RATIO (LCR)

Amounts in euros
Dec/21

		Unweighted value by residual maturity				
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	Weighted value
Available stable funding (ASF) items						
1	Capital items and instruments	**1,777,925,602**	**0**	**0**	**0**	**1,777,925,602**
2	*Own funds*	1,777,925,602	0	0	0	1,777,925,602
3	*Other capital instruments*		0	0	0	0
4	Retail deposits		**14,059,406,865**	**3,131,072,529**	**337,404,572**	**16,372,893,508**
5	*Stable deposits*		9,220,354,070	2,060,795,575	268,795,410	10,985,887,572
6	*Less stable deposits*		4,839,052,795	1,070,276,954	68,609,162	5,387,005,936
7	Wholesale funding		**1,387,404,068**	**366,310,768**	**3,074,571,925**	**3,726,989,814**
8	*Operational deposits*		0	0	0	0
9	*Other wholesale funding*		1,387,404,068	366,310,768	3,074,571,925	3,726,989,814
10	Interdependent liabilities		**0**	**0**	**0**	**0**
11	Other liabilities:	**97,040,734**	**1,363,129,674**	**0**	**300,000,000**	**300,000,000**
12	*NSFR derivative liabilities*	97,040,734				
13	*All other liabilities and capital instruments not included in the above categories*		1,363,129,674	0	300,000,000	300,000,000
14	**Total available stable funding (ASF)**					**22,177,808,925**
Required stable funding (RSF) items						
15	Total high quality liquid assets (HQLA)					**3,642,821,499**
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		**0**	**0**	**0**	**0**
16	Deposits held at other financial institutions for operational purposes		**0**	**0**	**0**	**0**
17	Performing loans and securities:		**1,917,067,043**	**927,322,778**	**8,476,689,735**	**8,559,471,063**
18	*Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut*		0	0	0	0
19	*Performing securities financing transactions with financial customers collateralised by other assets and loans and advances to financial institutions*		3,691,162	1,040,607	36,724,716	0
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		1,850,106,566	879,098,262	8,028,007,722	8,183,156,758
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		15,378,562	3,509,532	26,261,095	26,513,759
22	*Performing residential mortgages, of which:*		33,597,750	18,021,339	145,380,048	120,306,576
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		33,597,750	18,021,339	145,380,048	120,306,576
24	*Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products*		29,671,566	29,162,571	266,577,249	256,007,730
25	Interdependent assets		**0**	**0**	**0**	**0**
26	Other assets:		**85,507,836**	**54,058,412**	**2,321,804,759**	**545,630,494**
27	*Physical traded commodities*				0	0
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		0			
29	*NSFR derivative assets*		54,472			54,472
30	*NSFR derivative liabilities before deduction of variation margin posted*		0			
31	*All other assets not included in the above categories*		85,453,364	54,058,412	2,321,804,759	545,576,022
32	Off-balance sheet items		**440,303,874**	**137,205,568**	**698,829,126**	**63,816,928**
33	**Total RSF**					**12,811,739,985**
34	**Net Stable Funding Ratio (%)**					173.11%

TABLE 56 – EU LIQ2: NET STABLE FUNDING RATIO

ANNEX IX – ASSET ENCUMBRANCE

Amounts in euros

		Dec-21			
				Unencumbered	
		Fair value of encumbered collateral received or own debt securities issued		Fair value of collateral received or own debt securities issued available for encumbrance	
			of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA
		010	030	040	060
250	**TOTAL COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED**	3,582,327,183	3,582,327,183		

TABLE 57 – EU AE2 – COLLATERAL RECEIVED AND OWN DEBT ISSUED