



# future of trust

Annual Report 2025



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# Main indicators

# Main indicators

(Amounts expressed in Thousand Euro)

	2023	2024	2025	YoY change
Total Net Assets	690,089	943,454	<b>873,654</b>	-7.4%
Average Net Assets	707,581	930,843	<b>888,933</b>	-4.5%
Turnover	852,764	1,140,107	<b>1,163,098</b>	+2.0%
Turnover per employee	9,269	11,288	<b>10,794</b>	-4.4%
Loans and advances to customers	191,724	228,524	<b>287,246</b>	+25.7%
Loans and advances to other credit institutions <sup>1</sup>	80,489	77,326	<b>117,916</b>	+52.5%
Deposits from other credit institutions	291,394	425,456	<b>316,960</b>	-25.5%
Deposits from customers	289,477	408,843	<b>440,873</b>	+7.8%
Transformation Ratio	46.8%	36.7%	<b>53.5%</b>	+16.8 p.p.
Impairment/Loans and advances to customers ratio	2.2%	1.7%	<b>1.1%</b>	-0.6 p.p.
Volume of documentary credit confirmations	115,735	95,414	<b>166,767</b>	+74.8%

(Amounts expressed in Thousand Euro)

	2023	2024	2025	YoY change
Net interest income	21,215	19,383	<b>17,866</b>	-7.8%
Net operating income	23,307	20,514	<b>22,313</b>	+8.8%
Fixed costs	12,440	16,059	<b>18,024</b>	+12.2%
Fixed costs per employee	135	159	<b>167</b>	+5.0%
Fixed costs/Net interest income	58%	83%	<b>99%</b>	+16.0 p.p.
Net operating income per employee	253	203	<b>208</b>	+2.5%
Cost-to-income	53.4%	79.7%	<b>80.7%</b>	+1.0 p.p.
Net profit/(loss) for the period	6,547	3,570	<b>4,017</b>	+12.5%
Return on total assets (ROA)	1%	0.4%	<b>0.5%</b>	+0.1 p.p.
Return on equity (ROE)	6.8%	3.4%	<b>3.8%</b>	+0.4 p.p.
Own funds	88,268	94,944	<b>99,841</b>	+5.2%
Solvency ratio (CET 1)	23.3%	20.5%	<b>19.1%</b>	-1.4 p.p.
Number of customers	5,114	6,231	<b>6,490</b>	+4.2%
Number of employees	91	104	<b>106</b>	+1.9%

Note: The efficiency, solvency and credit quality indicators presented above follow the methodology indicated by the Banco de Portugal in Instruction No. 16/2004, of 16 August, and Instruction No. 3/2015, of 15 May.

<sup>1</sup> The amount refers only to the principal.



# Message from the Board of Directors


# Message from the Board of Directors

2025 marks a decisive milestone in the history of BAI Europa Bank. The completion of the 2021-2025 Strategic and Business Plan does not just represent the end of a cycle; it also reflects the implementation of a new vision, with greater ambition, greater adaptability, and the affirmation of a bank that is prepared to build the future with confidence.

Throughout this cycle, we have navigated a demanding global environment marked by high volatility. After a historic recession caused by the pandemic, followed by a rapid recovery in demand, disruptions in value chains, and inflationary pressures, which were subsequently exacerbated by the energy shock resulting from the Russia-Ukraine conflict, we observed major central banks aggressively raising interest rates. At this stage, advanced economies gradually resumed a moderate pace of growth, with inflation and interest rates falling and the labour market remaining resilient, but profound global geopolitical changes emerged in the major economic blocs. International financial systems experienced a period of significant stress, alternating with phases of stabilization as monetary and prudential policies adjusted, with an unprecedented acceleration in customer expectations. They became significantly more demanding, seeking a more digital, immediate, and personalized experience.



**LUÍS FILIPE RODRIGUES LÉLIS**  
Chairman of the Board of Directors



**OMAR JOSÉ MASCARENHAS DE MORAIS GUERRA**  
Chairman of the Executive Committee

It was precisely in this challenging environment that BAI Europa showed its true strength: the ability to evolve, to modernize technologically, and to strengthen its governance, internal control, and risk management models, always focusing on the adequacy of its risk profile and the creation of sustainable value.

2025 confirms this trajectory of responsible ambition. In Portugal, we benefited from a resilient economy and a robust banking sector, while in Angola we saw an improvement in the macroeconomic environment, supported by exchange rate stability, oil prices, and public policies geared towards economic consolidation. These developments have reinforced the dynamism of foreign trade, bilateral economic relations, and financing opportunities, areas in which BAI Europa has established itself as a solid and reliable partner.

Throughout 2025, we deepened our strategic focus on the customer and on supporting the real economy. The 25% growth in the loan portfolio and 8% growth in deposits demonstrates not only our commercial capacity, but above all the trust our customers place in us. BAIE experienced organic growth, supported by prudent management focused on balance sheet resilience and protecting the Bank's solidity. But more important than the results achieved is how they were built. BAI Europa reaches the end of the 2021-2025

Strategic Plan more modern, more digital, and better prepared to respond to the demands of the future: speed, proximity, security, transparency, and financial solutions that create real impact.

The new strategic cycle we are now beginning (PEN 2026-2030) is not just a continuation, but also an evolution. The Bank enters this new stage with renewed ambition and a clear purpose: to be the link of trust between Portugal and Angola, with innovative financial solutions and a customer-centric service culture.

This ambition is only possible thanks to the commitment, competence, and professionalism of our employees, the BAI Europe Team, to whom we express our deepest gratitude. We are also grateful for the trust of our customers and our parent company in Angola, BAI, which remains a fundamental strategic axis for the Bank's growth and affirmation.

With determination, responsible ambition, and a long-term vision, BAI Europa begins this new chapter committed to innovation, excellence, customer focus, and the creation of sustainable value for all its stakeholders. The future presents challenges – but more than that, it presents opportunities. And we are ready to seize them.

**BAIE develops differentiated solutions that effectively contribute to creating value for its customers.**

**PEN 2026-2030 marks an evolution. The Bank enters this new stage with renewed ambition and purpose.**



# 01

## About us

# About us

BAI Europa is part of the BAI Group, a leading financial group in Angola, which includes Banco Angolano de Investimentos, S.A. ("BAI"). It has been present in Portugal since 1998, initially operating as a branch of BAI. In 2002, following the change in its legal status to a subsidiary, Banco BAI Europa S.A. ("BAIE" or the "Bank") was established as a financial institution governed by Portuguese law.

BAIE is committed to being an indispensable partner for Customer segments with specific financial needs, through a tailored, efficient and professional approach. It develops differentiated solutions that effectively contribute to creating value for its customers.

The Bank's strategy is built on a conservative risk profile, which ensures the continuity, profitability and solvency of the business under any circumstances.

## Mission

To be the European presence of the BAI Angola Group with a customer-focused and results-driven approach, contributing to employee development, meeting shareholder expectations and serving as benchmark in the provision of high-quality customised service.

## Values

### Demand

- We constantly challenge ourselves.
- We strive for continuous improvement and refinement of our methodologies and procedures.
- Our focus is on customer satisfaction, ensuring a higher quality of service.
- We promote the development of our employees' professional skills.
- We aim for excellent results and therefore demand high standards of quality from ourselves and others.

### Rigour

- We strive for excellence.
- We maintain the same level of excellence in all circumstances.
- Doing well is our guiding principle.
- We are responsible and act proactively when faced with challenges.
- We take responsibility for our mistakes and learn from them.

### Agility

- We act quickly.

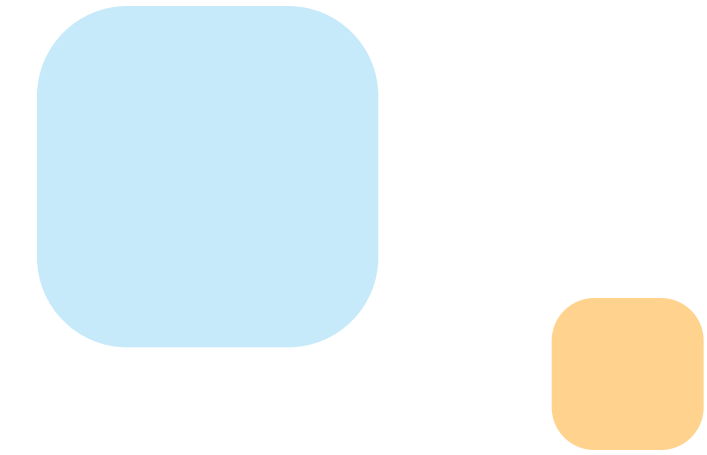
- We create solutions that can be rapidly adapted to the Bank's strategy.
- We react dynamically to market challenges.
- We promote a balance between dynamism and rigour.

### Respect

- We value everyone.
- We respect and treat everyone with consideration.
- We value our individual differences, human capital, and multiculturalism.
- We believe that the whole is greater than the sum of its parts and that together we can do more and better.

### Ethics

- We deliver on our promises.
- We strictly follow all the rules, procedures, and regulations of the sector in which we operate.
- We fulfil our moral, legal, and contractual duties.
- We act and make decisions based on a conservative risk profile.
- We seek to create realistic expectations for our customers and are committed to offering the solutions best suited to their needs.





# 02

## 2025 Macroeconomic Framework

# 2025 Macroeconomic Framework

## I. International economic framework

In 2025, the international environment continued to be marked by high levels of geopolitical uncertainty and a reconfiguration of global trade relations, in a context in which the main central banks continued, albeit cautiously, the process of normalizing monetary conditions that began in 2024.

The moderation of inflationary pressures in advanced economies, combined with the gradual recovery of real incomes, sustained the resilience of global economic activity, mitigating the impact of worsening trade tensions between the United States (US) and several partners (in particular China, the European Union, and some emerging economies), the persistence of the conflict in Ukraine, and increased fiscal risks in several sovereign jurisdictions.

According to projections released by the International Monetary Fund in October 2025, global gross domestic product (GDP) is expected to grow by around 3.2% in 2025, after 3.3% in 2024, with a slight slowdown to 3.1% anticipated in 2026. This performance reflects growth of around 1.5% in advanced economies (with the US standing out at 2.7% thanks to resilient consumption and investment in AI, contrasting with 1.2% in the Euro Zone, limited by German industrial weakness) and above 4% in emerging and developing market economies. Despite the growing fragmentation of trade and investment flows, the global economy maintains a moderate pace of expansion but relatively balanced between blocs.

Labour markets in the major advanced economies remained, in general, close to full employment, albeit with signs of slowing down. In the Euro Area (EA), the unemployment rate stabilized at 6.3% in September 2025, in line with the figure observed a year earlier and close to historic lows, albeit with some heterogeneity between countries. In the US, the unemployment rate rose gradually, reaching 4.4% in September 2025 (4.1% a year earlier), but remaining at a historically low level.

Year-on-year inflation in the Euro Area (EA), as measured by the Harmonized Index of Consumer Prices (HICP), stood at 2.1% in October 2025, while the core component (excluding energy and unprocessed food) stood at 2.4%. Although this represents a slight increase compared to the same period last year, in annual average terms it remains on a downward trajectory from the peak observed in 2022. The contribution of energy has been negative, while food and services continue to have higher inflation rates, which helps explain why core inflation remains above overall inflation.

In terms of monetary policy, the European Central Bank (ECB) reduced key interest rates by 25 basis points (bp) during the first half of 2025, setting the rate on main refinancing operations at 2.15% from June onwards, the rate on the marginal lending facility at 2.40%, and the rate on the deposit facility at 2.00%. After several cuts in 2024 and the first half of 2025, the ECB entered a phase of "strategic pause," with market expectations pointing to key rates remaining unchanged until at least 2026. The institution has reiterated that any future adjustments will be decided on a meeting-by-meeting basis, depending on the information available, in particular developments in inflation and financing conditions.

At the same time, the ECB continued the process of normalizing its balance sheet by ending reinvestments under the emergency purchase program (PEPP), passively reducing the APP portfolios, and more actively managing liquidity through regular refinancing operations and the phase-out of TLTRO III. This process contributed to the gradual absorption of excess liquidity in the financial system, albeit in a context of falling interest rates. The ECB stressed, however, that instruments such as the PEPP, the APP, the TLTRO III, and the TPI (Transmission Protection Instrument) remain available in the monetary policy arsenal, with the aim of ensuring a homogeneous transmission of decisions in the Euro Area. In 2025, asset purchases were not resumed, nor were special auctions held.

## II. Financial markets

In 2025, international financial markets continued to reflect the coexistence of supportive and risk factors, in line with what has already been mentioned above. Supportive factors included the consolidation of the disinflationary process in advanced economies, the beginning of a cycle of monetary policy easing, and improved corporate results, particularly in the technology sector. Among the risks, the intensification of trade tensions between the US and its main partners, episodes of political and budgetary uncertainty in the US and France, and the persistence of geopolitical instability stand out.

In sovereign debt markets, the reduction in key interest rates by the ECB and the Federal Reserve led to a significant decline in short-term yields and a gradual normalization of yield curves. Nevertheless, long-term interest rates remained at historically high levels, particularly in the European Union, reflecting the increase in risk premiums associated with fiscal uncertainties and heightened trade tensions. In the US, yields on 2-year and 10-year Treasury bonds stood at 3.539% and 4.096% respectively on 1 December 2025, down 70 and 48 basis points from the end of 2024.

In the EA, yields fell for shorter maturities and rose for longer maturities. German 2-year bond yields fell from 2.095% to 2.061% (-3.4 bp), while 10-year yields rose from 2.365% to 2.751% (+39 bp). In France, the deterioration in the perception of political and fiscal risk – which led to S&P cutting the sovereign rating from AA- to A+ and Fitch's downward revision of the Outlook – led to a more pronounced worsening of financing conditions, with the 10-year yield approaching 3.5% and the respective risk premium exceeding, albeit slightly, that of Italy. In Portugal's case, the yield on 10-year Treasury bonds rose from 2.85% at the end of 2024 to 3.075%, a reduction in the risk premium vis-à-vis Germany of around 16 basis points, benefiting from upward revisions to the country's rating and the maintenance of a prudent fiscal framework.

In the money market, the downward trend in interbank rates followed the cycle of reductions in the ECB's key interest rates. Euribor rates fell across the board by around 50 to 70 bp compared to the end of 2024, with the 3-month

Euribor falling from 2.74% to close to 2.06% and the 12-month Euribor falling from 2.45% to around 2.21% over the same period. This development can be broken down into two phases: a first half marked by an anticipated fall in rates and an immediate reaction to the ECB's interest rate cuts, and a second half of greater stabilization and a gradual normalisation of the yield curve, in which short-term rates (3 months) returned to levels below those of longer maturities (12 months). For households and companies, this trajectory translated into a gradual easing of financing costs, reducing the charges associated with loans indexed to Euribor rates. It should be noted, however, that in November, the 12-month Euribor rose slightly, signalling that the market no longer anticipated significant additional cuts by the ECB in the short term.

In the foreign exchange market, the year was initially marked by the depreciation of the US dollar (USD), in a context of uncertainty associated with the imposition of new tariffs by the US Administration on its main trading partners, concerns about US fiscal sustainability, and expectations of interest rate cuts by the Fed. The euro appreciated by more than 12% since the beginning of 2025, with the EUR/USD pair reaching a high of approximately 1.192 in mid-September (1.04 at the end of 2024). From October onwards, growing concerns about fiscal risks in France and fears of possible contagion effects on the debt of other euro area countries led to a partial correction of this trend, with the USD recovering some ground. This recovery was also supported by a downward revision of expectations regarding the intensity of the Fed's interest rate cut cycle.

Overall, equity markets continued to appreciate in 2025. In the US, the S&P 500 index grew by around 18%, reflecting the strength of large caps, supported by favourable corporate results and persistent enthusiasm for artificial intelligence. The Nasdaq index rose 24.6%, benefiting disproportionately from the rally in the technology sector, despite some volatility in the last quarter associated with concerns about demanding valuation levels. In Europe, the Euro Stoxx 600 index rose by around 16%. Although the year started with strong momentum, gains moderated in the second half of 2025 due to political uncertainty in France and weak industrial activity in Germany.

### III. Oil market

In 2025, the oil market was dominated by a downward and volatile trend in crude oil prices. The price of a barrel of Brent fluctuated for most of the year in the range of USD 70–75, testing lows in the USD 60 range in the last quarter. In early December, crude oil was trading at around USD 63 per barrel, representing a decline of about 12% from the end of 2024.

The main downward pressure on prices resulted from a structural oversupply, driven by historically high production levels in non-OPEC+ countries, namely the US, Brazil, Guyana, and Canada. At the same time, OPEC+'s strategy of gradually reversing the voluntary production cuts adopted in previous years collided with this increase in supply outside the cartel, contributing to the accumulation of global inventories and limiting any sustained recovery in prices, despite the continuing geopolitical tensions in several producing regions.

On the demand side, 2025 confirmed the slowdown in the Chinese economy, which historically has been one of the main drivers of global oil consumption growth. Demand in China grew at a significantly lower rate than the average for the last decade, constrained by the rapid electrification of the car fleet (strong adoption of electric vehicles) and a cooling of the construction and manufacturing sectors.

This combination of abundant supply and less dynamic demand contributed to a less favourable environment for crude oil exporting countries, with direct implications for Angola's fiscal and external revenues, analysed in detail in the following section.

### IV. Development of the Angolan Economy

In 2025, the Angolan economy maintained a positive growth pattern, albeit slowing down compared to 2024, in an environment marked by a downward correction in oil activity and signs of greater macroeconomic stabilization.

In the first half of the year, real GDP is estimated to have increased by around 2.3% year-on-year (4.5% in 2024), reflecting a sharp contraction in oil GDP (-6.5%) and the resilience of non-oil activity, which grew by 4.5% in the same period. The trade, telecommunications, catering, construction, and mining sectors remained the main drivers of growth, mitigating the impact of the decline in crude oil production.

In contrast, after the recovery seen in 2024, oil production resumed its downward trajectory. Until September, average daily production stood at around 1.03 million barrels, representing a reduction of close to 9% since the beginning of the year, including, in July, a monthly figure of less than 1 million barrels per day for the first time since March 2023.

Despite these constraints, the oil sector environment shows signs of structural support. The start of production at the Agogo FPSO unit (Block 15/06), the start of operations at the CLOV 3 project (Block 17), and the start of the Begónia project (Blocks 17 and 17/06) should contribute in the medium term to mitigating the downward trend in production. Additionally, the start of operations at the Cabinda Refinery in September 2025, following an investment of around USD 473 million, will strengthen integration between the upstream and downstream segments and should help to reduce the fuel import bill. It is also worth noting the improvement in the foreign direct

investment (FDI) environment: for the first time since 2015, the net balance turned positive, reaching around USD 1.5 billion in the first half of the year, approximately three-quarters of which was allocated to the oil sector.

The slowdown in oil activity, combined with less favourable developments in crude oil prices, resulted in a significant reduction in the external surplus. In the first half of the year, the current account balance fell from around USD 3.7 billion in 2024 to USD 0.8 billion in 2025, penalized by a fall of approximately 19% in oil export revenues and an increase of close to 13% in imports, particularly of foodstuffs, machinery, and construction materials. Despite this adjustment, Angola maintained a comfortable level of international reserves, at around USD 15.5 billion at the end of November, equivalent to approximately eight months of imports of goods and services.

The foreign exchange market showed an increase in depth and liquidity. The volume of foreign currency transactions on Bloomberg's FXGO platform grew by around 24% year-on-year to around USD 12.1 billion in November, with oil and diamond companies accounting for around three-quarters of the foreign currency supply, while the intervention of the National Bank of Angola (BNA) remained limited. The official exchange rate of the kwanza against the USD remained very stable at around 912 AOA/USD throughout most of the year, although the kwanza depreciated against the euro in line with developments in international markets.

From a budgetary perspective, 2025 was characterized by a deterioration in the overall balance, against a backdrop of lower contributions from the

oil sector and strong growth in public spending, despite robust growth in non-oil revenues being anticipated. According to the macro-fiscal programming for 2025, public accounts are expected to record a deficit in the year under review equivalent to 3.3% of GDP.

Despite this deficit, the government debt ratio continued a downward trajectory, estimated to have stood at around 48% of GDP in the third quarter of 2025, down from around 54% estimated for 2024 and well below the 60% limit set in the Public Finance Sustainability Law. This development was mainly the result of a reduction in external debt to around USD 45 billion, although this was accompanied by an increase in domestic debt to approximately USD 18.6 billion.

In terms of financing, it is important to highlight Angola's return to international markets with the issuance of Eurobonds in the amount of USD 1.75 billion, divided into two tranches of 5 and 10 years, with coupons of 9.25% and 9.78%, respectively. The operation, the first of its kind since 2022, was widely subscribed and took place after the normalization of sovereign yields, which had been under pressure at the beginning of the year due to the peak of uncertainty in international markets associated with the imposition of tariffs by the US. This normalization also allowed for the recovery of the margin reinforcement of approximately USD 200 million associated with a margin call on the total return swap structured with JP Morgan, which occurred during that period of greater uncertainty.

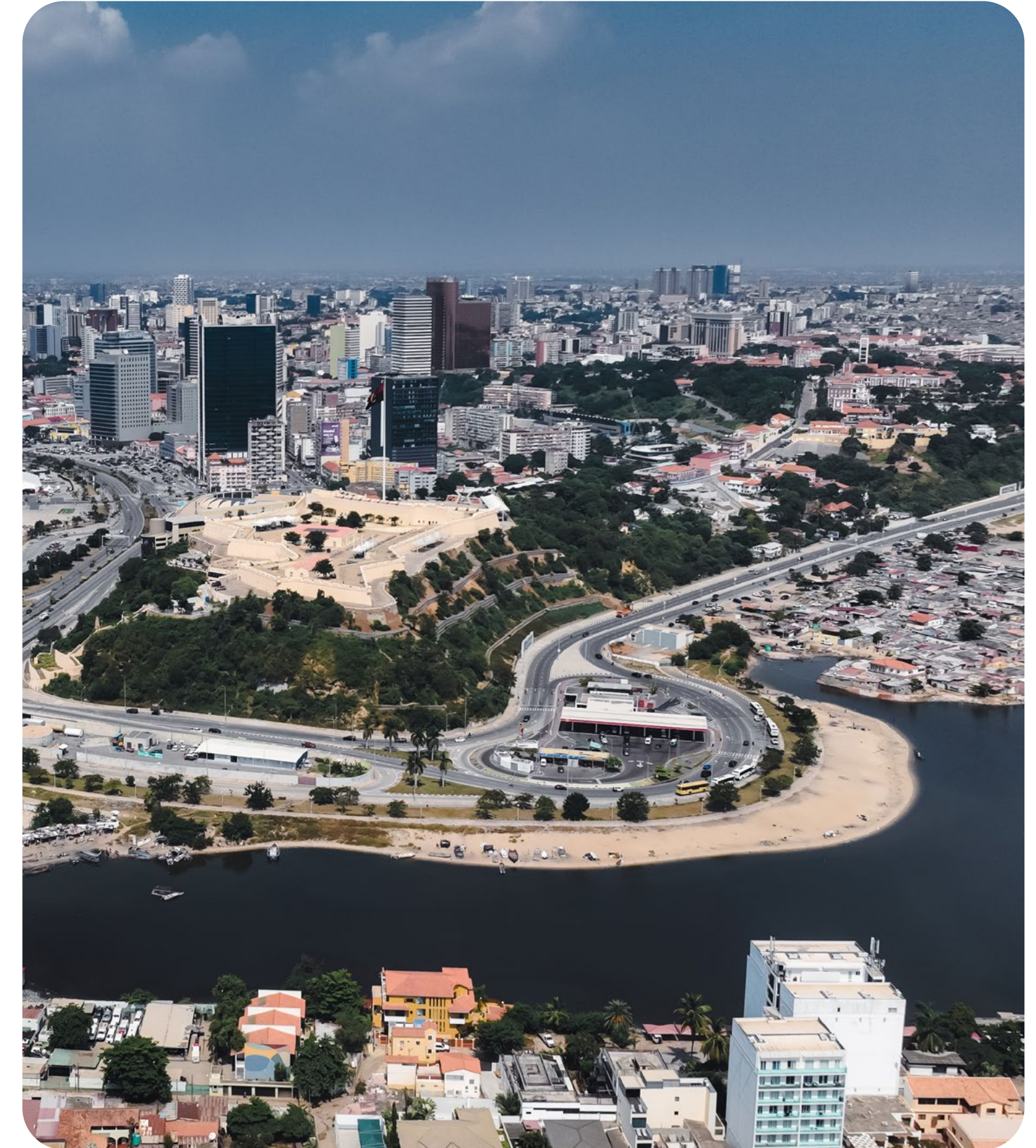
In 2025, the main credit rating agencies maintained Angola's sovereign ratings with a stable outlook. Moody's maintained its B3 rating with a stable

outlook, after downgrading the outlook from positive to stable at the end of 2024, while Fitch and S&P reaffirmed their B ratings, also with a stable outlook. These decisions reflect recognition of progress in debt consolidation, exchange rate market stabilization, and gradual inflation reduction, although significant risks remain associated with dependence on oil revenues and the weight of debt service on budget execution.

After peaking at 31.1% in July 2024, year-on-year inflation remained on a consistent disinflationary path throughout 2025, albeit from high levels. According to the latest available statistics for October 2025, year-on-year national CPI inflation stood at 17.4%, the lowest figure since the end of 2023.

This environment allowed the BNA to gradually shift from a predominantly restrictive stance to a more accommodative monetary policy stance. The BNA rate, which remained at 19.5% for most of the year, was reduced to 19.0% in September and then to 18.5% in November. At the same time, permanent liquidity provision and absorption facilities were adjusted accordingly, and the reserve requirement ratio in national currency was reduced from 21% to 18%, freeing up liquidity for the banking system.

In terms of monetary aggregates, the M2 aggregate recorded moderate growth of close to 5%, supported by an expansion of almost 12% in M2 in national currency, in contrast to the reduction in M2 in foreign currency. This development partly reflects the strengthening of intermediation in national currency and the significant growth of kwanza-denominated credit to the private sector, with a notable increase in financing to companies in the trade, construction, manufacturing, and agricultural sectors.



## V. Development of the Portuguese Economy

In 2025, following the favourable performance observed in 2024, the Portuguese economy maintained a moderate growth trajectory, with signs of some acceleration. In the first three quarters of the year, real GDP registered a year-on-year change of 1.9%, supported mainly by strong domestic demand, particularly private consumption and investment.

Investment growth (Gross Fixed Capital Formation) accelerated to 6.1%, driven by strong public and private investment, due to the more demanding phase of implementation of the Recovery and Resilience Plan (PRR), whose deadlines imposed a more intense pace on construction activity and modernization and digitization projects.

Private consumption grew by around 3.8%, sustained by higher labour income, selective reductions in the tax burden on household and pensioner income, and a labour market that continued to show signs of resilience and structural improvement:

- In the third quarter of 2025, the unemployment rate stood at 5.8%, the lowest figure in the last three years, while the employed population reached a historic high, exceeding 5.3 million people, which corresponds to year-on-year growth of around 3.7%.
- The year-on-year change in the HICP stood at 2.1% in November (INE flash estimate), while the average for the last twelve months was around 2.4%, close to the figure observed in the AE. Core inflation, measured by the index excluding unprocessed food and energy, stood at around 1.9% in October, below the EA average. The slowdown in inflation, combined with nominal wage growth, has contributed to the gradual recovery of real household income.
- The tax relief strategy was implemented through the updating of personal income tax brackets and adjustment of the specific deduction,

the extension of IRS Jovem (Youth Personal Income Tax regime), the exemption from taxation on productivity bonuses, among other measures which, combined with the increase in pensions, were decisive in strengthening disposable income and protecting the purchasing power of pensioners.

On the other hand, net external demand continued to make a negative contribution to growth, in a context of slowing international trade, intensifying trade tensions, and appreciation of the Euro, factors that penalized the performance of goods exports and were accompanied by an increase in imports of energy and intermediate goods. Nevertheless, the external position of the economy remained robust: in the first nine months of 2025, Portugal recorded an external surplus of approximately 2.98% of GDP, based on a high surplus in the services balance – particularly tourism – which offset the worsening goods balance deficit.

It should be noted that, in 2025, bilateral trade between Portugal and Angola showed an unfavourable trend. Portuguese exports to Angola fell by 23.4% in the first nine months of the year in year-on-year terms, to approximately Euro 753 million, with this market now occupying 13<sup>th</sup> place in the ranking of Portuguese export destinations (9<sup>th</sup> place in the previous year). Portuguese imports from Angola remained concentrated in crude oil, maintaining a positive trade balance for Portugal.

Public accounts remained in surplus, albeit with some reduction compared to recent highs. From a national accounting perspective, in the first half of 2025, the budget balance stood at around 1% of GDP, in line with the same period last year. This positive budgetary position occurred even with the permanent measures taken to increase expenditure and reduce revenue.

The ratio of public debt to GDP, according to Maastricht criteria, after following a downward trajectory until the end of 2024, when it stood at 93.6%, the ratio

increased slightly to 97.6% at the end of the third quarter of 2025, reflecting calendar effects associated with the financing profile and the increase in the nominal debt stock (Euro 294 billion). Nevertheless, the official projections for the evolution of this indicator are unanimously optimistic, with the Bank of Portugal anticipating a reduction in this ratio to 90.2% of GDP at the end of 2025 and 87.8% in 2026, reinforcing the trend of deleveraging in Portuguese public accounts.

In 2025, the actions of the main credit rating agencies on Portuguese sovereign debt once again reflected the sustained improvement in macroeconomic and budgetary fundamentals, consolidating Portugal's position in the "A" investment grade rating:

**DBRS Morningstar:** in January, it raised the Portuguese Republic's rating from "A" to "A (high)" with a stable outlook, confirming this rating and trend in July;

**S&P Global Ratings:** in February, it raised the rating from "A" to "A" and, in August, it raised it again to "A+", with a stable outlook, citing the resilience of the economy, the continued reduction of debt, and the robustness of the external sector;

**Fitch Ratings:** in September, it upgraded the rating from "A" to "A" with a stable outlook, highlighting the maintenance of primary surpluses, debt reduction, and improvement in the net external position;

**Scope Ratings:** in October, it confirmed the "A" rating and revised the outlook from stable to positive, highlighting the sustained decline in the debt-to-GDP ratio and the reduction in external vulnerabilities;

**Moody's:** in May, it confirmed the "A3" rating, with a stable outlook, reiterating the expectation of moderate growth and the maintenance of budget balances close to equilibrium, and continuation of the downward trajectory of public debt.

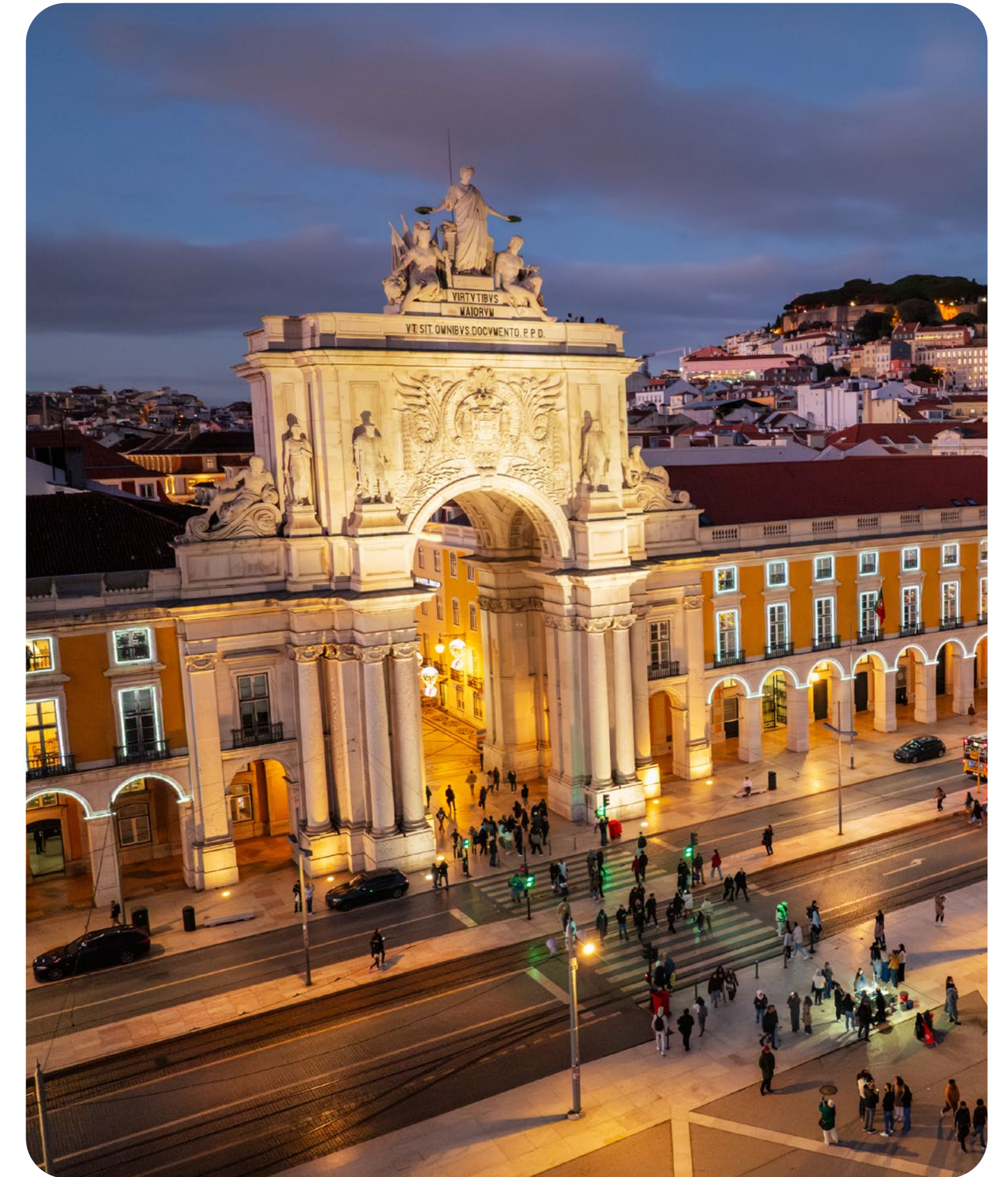
## VI. Framework of the Portuguese Banking Sector

Indicators for the banking sector up to the second quarter of 2025 point to continued high levels of soundness, against a backdrop of gradual monetary policy normalization, a slight slowdown in economic activity, and strong momentum in mortgage lending. In summary, the following aspects stand out in comparison with the same period last year:

- The sector's profitability declined from recent highs, with the return on equity (ROE) ratio standing at 14.85% and the return on assets (ROA) ratio at 1.36%. This development mainly reflects the reduction in net interest income, in a context of falling interest rates and faster repricing of deposits, only partially offset by the increase in credit volume. On the other hand, the cost of credit risk remained low (0.10%) and provisions and impairments continued to decline. The cost-to-income ratio increased to 41.9%, reflecting the combination of lower banking income and higher operating costs, particularly in relation to personnel and technology.
- Credit quality continued to improve. The gross non-performing loan (NPL) ratio remained at 2.3%, while the net NPL ratio fell to 1.0%, continuing the downward trend observed since 2016. The NPL ratio for non-financial corporations stabilized at 4.0%, while in the mortgage and consumer credit and other purposes segments, it fell to 1.1% and 6.1%, respectively. At the same time, impairment coverage ratios in-

creased, particularly in the corporate segment, strengthening the resilience of the balance sheet. Stage 2 loans also decreased, signalling a lower risk of future migration to default.

- The balance sheet structure remained balanced, with asset growth resulting mainly from the strengthening of the debt securities portfolio – particularly public debt – and the increase in loans to individuals, to the detriment of cash holdings with central banks. The transformation ratio increased slightly to 75.4% but remained at prudent levels and significantly below pre-crisis levels. The liquidity coverage ratio (LCR) decreased to 260%, but remained substantially above the regulatory minimum, while recourse to central bank financing remained residual. Credit expansion was particularly visible in the housing segment, benefiting from the gradual decline in interest rates and public support measures, namely the state guarantee scheme for young people up to 35 years of age, which accounted for around 17% of new housing loans in the first half of 2025, associated with high loan-to-value ratios and longer maturities.
- In terms of solvency, total capital and Common Equity Tier 1 (CET1) ratios remained at 20.4% and 17.9%, respectively, with the leverage ratio stabilizing at 7.5%, levels well above regulatory requirements. The preservation of comfortable capital ratios is largely due to the retention of earnings and the prudent management of risk-weighted assets. In macroprudential terms, the Banco de Portugal decided to keep the capital reserves applicable to nationally systemically important institutions unchanged for 2026, reinforcing incentives to maintain robust capital buffers in a context of increased geopolitical uncertainty and normalization of the sector's profitability.



(million euros)

	2023	2024	Q1/2025	Q2/2025	Q3/2025
<b>Statement of financial position data</b>					
Total assets	442,152	468,335	<b>475,979</b>	<b>479,860</b>	<b>485,267</b>
Loans and advances to customers	251,431	259,226	<b>262,451</b>	<b>267,686</b>	<b>271,991</b>
Liabilities	401,915	424,397	<b>432,713</b>	<b>436,875</b>	<b>440,903</b>
Deposits from customers	322,150	346,038	<b>350,567</b>	<b>354,960</b>	<b>359,481</b>
Deposits from central banks	3,322	134	<b>159</b>	<b>235</b>	<b>258</b>
Equity	40,236	43,938	<b>43,266</b>	<b>42,985</b>	<b>44,363</b>
Equity/Total assets	9.1%	9.4%	<b>9.1%</b>	<b>9.0%</b>	<b>9.1%</b>
Deposits from customers/ Total Assets	72.9%	73.9%	<b>73.7%</b>	<b>74.0%</b>	<b>74.1%</b>
<b>Liquidity indicators</b>					
Transformation Ratio	78.0%	74.9%	<b>74.9%</b>	<b>75.4%</b>	<b>75.7%</b>
Funding gap	(70,719)	(86,811)	<b>(88,117)</b>	<b>(87,273)</b>	<b>(87,490)</b>
Liquidity coverage ratio (LCR)	254.4%	271.9%	<b>267.3%</b>	<b>259.9%</b>	<b>251.1%</b>
<b>Solvency and leverage indicators</b>					
Solvency ratio (CET 1)	17.1%	18.0%	<b>17.9%</b>	<b>17.9%</b>	<b>17.7%</b>
RWAs	173,200	182,300	<b>182,200</b>	<b>183,400</b>	<b>185,400</b>
RWAs (in % of total assets)	42.7%	42.6%	<b>41.9%</b>	<b>41.8%</b>	<b>41.7%</b>

Source: Summary of Banking Sector Indicators – 2025 | 3<sup>rd</sup> Quarter, Associação Portuguesa de Bancos (Portuguese Banking Association)

(million euros)

	2022	2023	2024	2025 (Jan-Sep)
<b>Income statement</b>				
Net interest income	7,502	12,222	12,359	<b>8,664</b>
Net commissions	3,272	3,214	3,339	<b>2,581</b>
Net gains/(losses) on financial operations	452	643	274	<b>287</b>
Net operating income	11,646	16,495	16,381	<b>12,037</b>
Operating costs	5,893	6,097	6,558	<b>5,014</b>
Impairment losses	900	1,264	348	<b>306</b>
Profit/(loss) before tax	4,248	7,781	8,699	<b>6,526</b>
Net profit/(loss)	3,142	5,595	6,312	<b>4,822</b>
Net interest income (in % of BP)	64.4%	74.1%	75.4%	<b>72.0%</b>
Cost-to-income ratio	50.6%	37.0%	40.8%	<b>41.7%</b>
<b>Profitability ratios</b>				
ROE	8.7%	14.8%	15.1%	<b>14.8%</b>
ROA	0.69%	1.28%	1.37%	<b>1.35%</b>

Source: Summary of Banking Sector Indicators – 2025 | 3<sup>rd</sup> Quarter, Associação Portuguesa de Bancos (Portuguese Banking Association)



# 03

## Legal and Regulatory Framework

# Legal and Regulatory Framework

Since the beginning of the 20<sup>th</sup> century, banking has been one of the key elements of the economic model. For this reason, it is subject to prudential and behavioural rules to ensure that financial institutions act in accordance with the rules, thereby striving for economic stability and protecting the interests of service providers and their customers.

In recent years, the banking sector has been set on a challenging course by increased Oversight, digital innovation and increased competition. More recently, social responsibility policies continue to be strengthened, reflecting the critical importance of contributing to and ensuring sustainable development at the environmental, social, and ethical levels. All these circumstances necessarily determine the adoption by credit institutions of systematic changes in their operating and business models.

In the European regulatory context, there has been a strengthening of digital operational resilience (DORA – Digital Operational Resilience Act), materialized in implementing rules relating to ICT (Information and Communication Technologies) contractual records, strengthening third-party governance and chain subcontracting, as well as harmonizing rules on incident and cyber threat reporting, imposing demanding operational deadlines. At the same time, there has been an increased focus on ESG (Environmental, Social, and Governance) standards, with the integration of environmental, social, and governance risks into risk management and appetite, transition plans, comparable metrics, and consistency between prudential and sustainability reporting. This trend was also reflected in

financial reporting, particularly in the treatment of sustainability-related characteristics, with a view to achieving greater consistency in classification, measurement, and disclosures. Requirements for sanctions and restrictive measures on high-risk geographies and organizations remained in place, requiring continuous updating and effectiveness of the controls implemented.

In Portugal, there was a consolidation of expectations regarding organizational culture, governance, and internal control, requiring more robust self-assessments and evidence of their effectiveness, with the publication of a new Notice and Instruction. Also noteworthy are the changes made to the payment system, specifically with the implementation of immediate transfers, as well as the modernization of SICOI (Interbank Clearing System) in accordance with European rules. In the area of behavioural supervision, guidelines and advertising rules were tightened, specifically with regard to the balance between commercial messages and mandatory information. Finally, in the field of diversity and governance, structured reporting of policies and indicators (including gender pay gaps) was instituted at the level of management and supervisory bodies.

As a result of the events highlighted above, throughout 2025, it can be said that we faced a dynamic regulatory environment in the financial sector, in its most diverse areas, which translates into a growing challenge for institutions, with an impact on BAI's activity, as better identified in the following information table.



Legislation/regulation	Summary of the legislation/regulation
Commission Implementing Regulation (EU) 2024/2956	Lays down technical implementing standards for the recording of information in relation to all contractual agreements concerning the use of ICT services provided by third-party service providers in the field of information and communication technologies and under the DORA Regulation.
Commission Delegated Regulation (EU) 2025/532 of 24 March 2025	Defines the conditions and rules to be followed when ICT services supporting critical or important functions are outsourced to external providers with whom the Bank has existing contracts. The regulation aims to ensure that, even in the case of direct or chain subcontracting, essential services continue to be provided with security, continuity, and control. These are DORA technical regulatory standards for the outsourcing of ICT services that support critical or important functions.
Implementing Regulation (EU) 2025/301	Harmonizes and simplifies the requirements for reporting and communicating severe ICT incidents referred to in the DORA regulation and regulates the deadlines for reporting severe ICT incidents.
Implementing Regulation (EU) 2025/302	Establishes technical implementation standards for the application of standard forms, templates, and procedures that financial institutions must use to report severe ICT incidents and notify significant cyber threats.
Commission Regulation (EU) 2025/1331 of 9 July 2025	Incorporates the “Annual Improvements to IFRS Accounting Standards – Volume 11” into IFRS 1 (Initial Adoption), IFRS 7 (Financial Instruments: Disclosures), IFRS 9 (Financial Instruments), IFRS 10 (Consolidated Financial Statements), and IAS 7 (Cash Flows), with mandatory application for financial years beginning on or after 1 January 2026.
Commission Regulation (EU) 2025/1047 of 27 May 2025	Clarifies the classification and measurement of financial assets with ESG characteristics and financial instruments with contingencies, also including disclosure requirements for equity instruments.
Restrictive measures and sanctions	On a weekly basis, any changes to the current lists (additions and/or withdrawal of lists) are duly identified and implemented, in accordance with the provisions of the Regulations and respective PESC Decisions, guaranteeing legal and regulatory compliance in terms of sanctions/restrictive measures.
Instruction 1/2025	Regulates the duty, format, and deadline for reporting information on diversity practices to Banco de Portugal, including diversity policies and gender pay gaps among members of management and supervisory bodies, by credit institutions, considering the EBA recommendations (EBA/GL/2023/08).
Instruction 2/2025	Amends the SICOI regulation, accommodating the rules on immediate credit transfer operations, and provides for the mandatory provision of a beneficiary verification service for Payment Service Providers (PSP) that offer credit transfer and immediate transfer services to their customers free of charge.
Instruction 4/2025	Amends Instruction No. 18/2020 on reporting duties relating to organizational conduct and culture and governance and internal control systems. These amendments are made in parallel with the update of Notice 3/2020, implemented through Banco de Portugal Notice No. 2/2025, thus amending Instruction 18/2020, namely with regard to the reference date and reporting date for the self-assessment report on the adequacy and effectiveness of the organizational culture and governance and internal control systems of supervised institutions and related documents.
Instruction 5/2025	Aligns Eurosystem procedures with agreed market standards for collateral management, thereby contributing to the efficiency of collateral management across the financial market.

(continues)



(continuation)

Legislation/regulation	Summary of the legislation/regulation
Instruction 9/2025	Extends the possibility of establishing additional identifiers for the initiation of transactions in the SPIN functionality by private users, specifically the tax identification number (TIN).
Circular Letter No. CC/2025/00000003	Lists several understandings and best practices to be observed when terminating account and payment card contracts, providing account transfer services, and handling joint accounts after the death of one of the account holders.
Circular Letter No. CC/2025/00000009	Establishes the structure and rules for using the unique identifier for payment accounts domiciled with payment service providers established in Portugal ("IBAN PT"), and clarifies which entities are authorized to assign national BBAN and IBAN to payment accounts.
Circular Letter No. CC/2024/00000051	Establishes, with regard to immediate credit transfers in euros, some of the following obligations: (i) Mandatory offering of instant transfers in Euro (ii) Mandatory requirement that instant credit transfers have a cost equal to or lower than traditional transfers (iii) Obligation for credit institutions to perform a daily check of European Union sanctions in the context of instant credit transfers; (iv) Mandatory confirmation of the beneficiary (name/identifier) (v) Mandatory migration from the ATM and MB WAY system to the instant transfer system.
Circular Letter No. 2024/00000033	Discloses a set of understandings and best practices regarding the application of rules relating to the prevention and management of bank customer default (in PARI and PERSI), which also reflect the regulator's expectation that these procedures and practices will be incorporated by the entities subject to its supervision.
BdP Notice No. 2/2025	Amends Notice 3/2020 regulating governance and internal control systems, strengthening the framework of internal governance, internal control, and risk management rules for supervised institutions.
BdP Notice No. 4/2025	Amends Notice No. 5/2024, which regulates the principles and rules for advertising financial products and services (including institutional and activity advertising), specifically updating the minimum font size for advertising by credit institutions, with the aim of ensuring a balance between the advertising message and the mandatory information.
BdP Notice No. 5/2025	Establishes and strengthens the existing information, notification, and/or communication obligations for entities operating within the scope of payment systems in Portugal.
Instruction No. 10/2025	Develops and identifies the duties of entities established in Portugal that operate within the scope of retail payment systems.
Instruction No. 11/2025	Amends the SICOI regulation, specifically by repealing Instruction No. 8/2018 in its entirety, which now becomes the "basic regulation" of SICOI. This instruction also updates the SICOI framework to fully comply with the new European requirements applicable to instant payments. It also makes the "VOP" (Scheme Verification Of Payee) service available not only to payment service providers (PSP) participating in SICOI, but also to PSP that do not participate in SICOI subsystems and wish to use VOP, namely those participating in TIPS (TARGET Instant Payment Settlement Service).
EBA/GL/2025/01	Establishes requirements for institutions regarding the identification, measurement, management, and monitoring of ESG risks, namely through plans designed to ensure their short-, medium-, and long-term resilience, and specifies the requirements relating to internal processes and ESG risk management provisions that institutions must adopt in accordance with the Capital Requirements Directive (CRD).





# 04

## Business Model

# Business Model

BAIE's Business Model is based on the strategy outlined in the Strategic and Business Plan ("PEN"), approved by shareholders at the beginning of the second quarter of 2021 (General Meeting of April 2021). The main objective of this PEN was to strengthen the Bank's sustainability by consolidating its funding base, selectively growing its loan portfolio, and diversifying its sources of liquidity.

The main lines of action defined included:

- a. the change in the Bank's financing structure, based on the growth in customer deposits and, consequently, in the loan portfolio.
- b. obtaining new and diversified sources of funding that:
  - i. allowed reducing the dependence on BAI Angola, in terms of financing the Bank's activity (a situation also flagged as a weakness by Banco de Portugal under the SREP – Supervisory Review and Evaluation Process);
  - ii. are less punitive in terms of compulsory bank contributions;

strengthening liquidity indicators, reducing the need to sell securities to comply with regulatory ratios.

At the operational level, implementing this strategy involved reconfiguring the Business Model, namely through internal reorganization and the creation of new business units, the launch of new products, and the expansion of the customer base, both in existing geographies and in new markets.

At the end of the 2021-2025 Business Plan, the Bank will have a more balanced financing model, a more diversified customer base, and an organizational structure adapted to the regulatory and competitive challenges of the sector. The strategy adopted was based on a conservative risk profile, prioritizing balance sheet strength, maintaining adequate levels of solvency and liquidity, and creating sustainable value in the medium term.

In 2026, the Bank launched a new Strategic and Business Plan for the period 2026-2030 ("PEN 2026-2030"), structured around three fundamental pillars:

- Business Growth;
- Efficiency and quality in customer service;
- People, organization, and risk management.

This new strategic cycle continues the work developed under the previous PEN, deepening the ambition for sustainable growth, strengthening operational efficiency, and consolidating an organizational culture focused on customer service quality and prudent risk management.

## BAIE's business areas

### 1. CORPORATE BANKING

Area dedicated to supporting resident companies managing their treasury needs and those carrying out export and investment operations, mainly in Africa.

### 2. RETAIL BANKING

Area dedicated to providing savings solutions for resident and non-resident customers, with a focus on the affluent segment, while developing a digital strategy.

### 3. INSTITUTIONAL BANKING

Service provided as a correspondent and intermediary to other banks outside the Euro Zone, namely institutions in Portuguese-speaking Africa.

# 1. Corporate Banking

Dedicated to promoting trade flows between Africa and Europe, BAIE has specialised, since its establishment in Portugal, in trade finance solutions to support its Corporate customers. The Bank's Corporate Banking area is structured as shown below.

## Commercial Banking

BAIE offers solutions to support international trade to companies resident in Portugal, seeking that they benefit from the know-how in trade finance and experience with the Angolan market acquired since the bank was founded.

In terms of segmentation, the Bank has a special focus on exporting SMEs, while also providing a diversified offer for large companies and non-exporting SMEs.

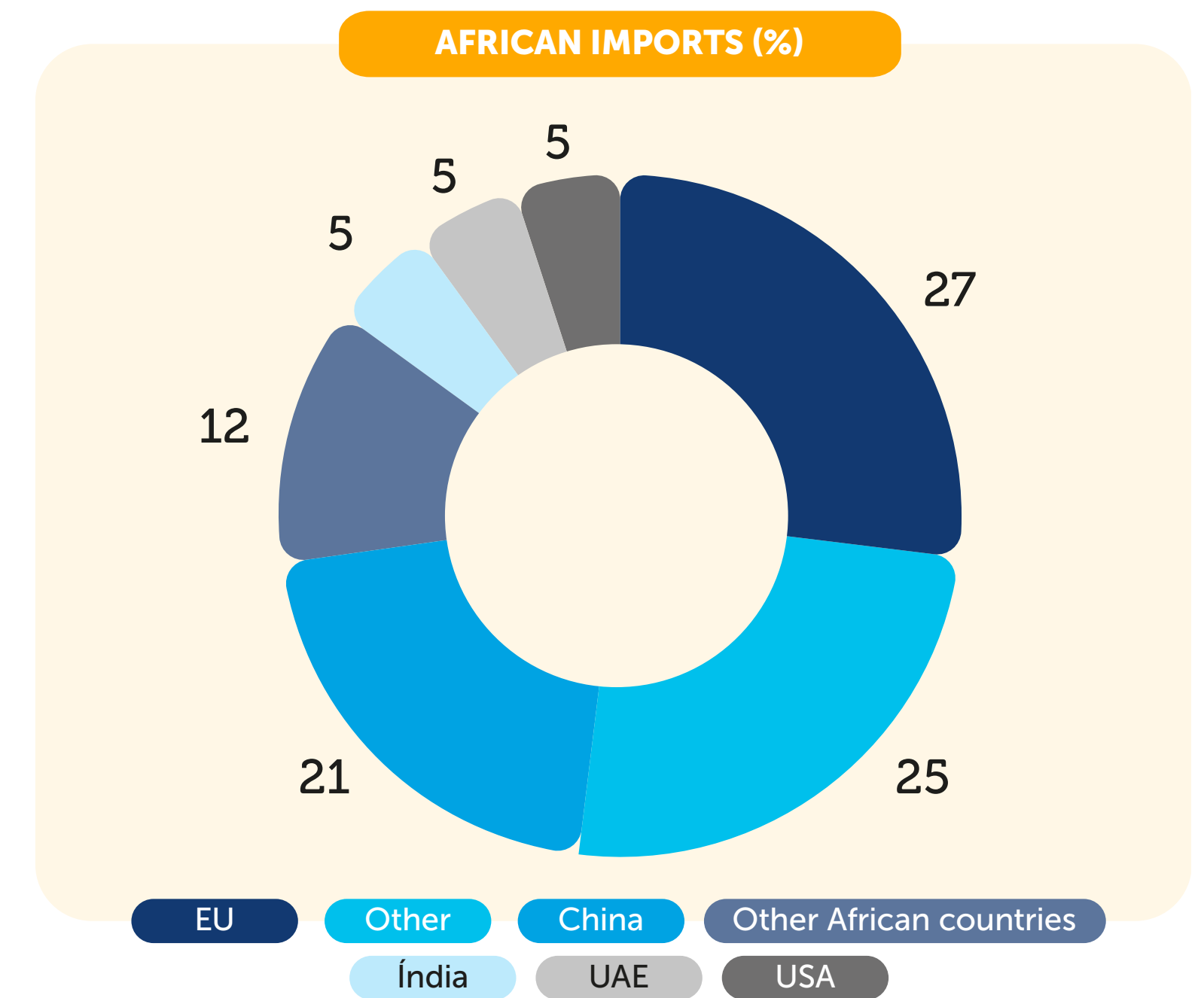
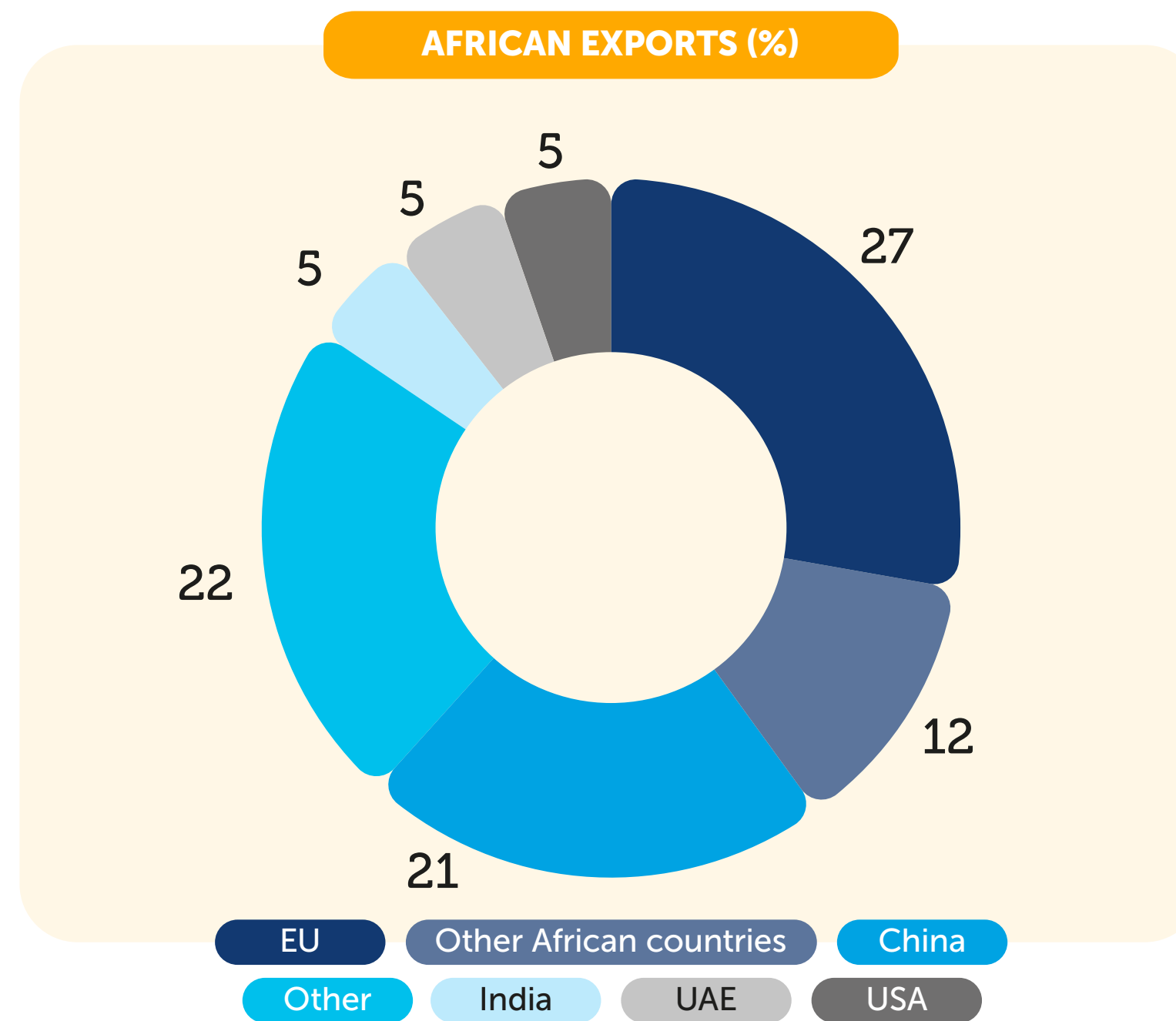
## Structured Credit

Organisation of specialised financial solutions for Corporate customers, namely the creation and/or participation in structured operations, particularly in the form of a banking syndicate.

## 1.1. International Trade

### Trade Flows: European Union – Africa

The European Union is Africa's number one trading partner for goods, with 27% of exports and imports in 2025.



### Portugal's exports to Africa

In 2024, the largest exporter of EU goods to Africa was France (Euro 29.7 billion), with a market share of 14.1%, whilst Portugal (Euro 6.3 billion) ranked 10<sup>th</sup> with a share of 2.9%.

Country	Euro million	% Share EU
France	29,684	14.1
Germany	26,202	12.3
Italy	21,994	10.4
Spain	21,859	10
Belgium	16,788	7.9
Russia	14,385	6.7
UK	11,580	5.4
The Netherlands	10,287	4.8
<b>Portugal</b>	<b>6,264</b>	<b>2.9</b>
Poland	5,616	2.6

Source: International Trade Centre

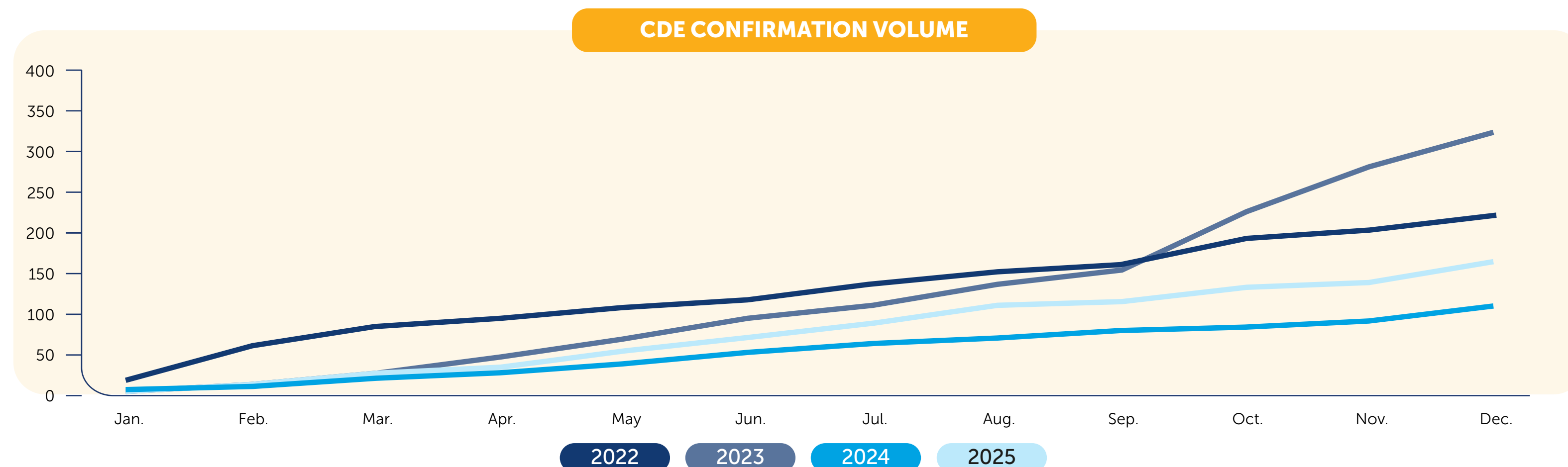
### 1.2. BAIE's offer

BAIE focuses on niche companies, resident in Portugal or other European Union countries, which carry out export and investment operations in Portuguese-speaking Africa and other African countries.

The Bank has developed a specific set of tools and solutions to support its customers' import and export business, such as:

- **Documentary credits:** Advice, negotiation and confirmation of letters of credit;
- **Letters of credit:** Confirmation of letters of credit;
- **Irrevocable credit facilities:** Issue of irrevocable credit facilities under letters of credit opened by correspondent banks;
- **Discount of letters of credit:** Advance payment of the amount of the letter of credit to the exporter before the maturity date;

- **Financing:** Granting a short-term credit to the importing bank (the issuing bank) which issued a letter of credit to an exporter (the recipient of the letter of credit);
- Transfer of funds from the credit to the exporter as payment, upon presentation of the required regulatory documentation;
- **Documentary payments:** Intermediation and document management related to trade finance operations;
- **Bank guarantee:** Provision of bank guarantees to its customers to ensure that payments are made with the least possible risk;
- **Guarantee advisory and reissue:** Advisory and reissue of guarantees through the presentation of counter-guarantees accepted under the terms of a trade finance transaction.



### 1.3. Next steps

#### New markets

BAIE closely follows the activity of its Corporate customers, anticipating solutions, according to their international expansion needs.

The focus of BAIE is the Portuguese-speaking African market. However, the Bank is prepared to expand its business wherever its customers are doing business.

#### Supranational organisations

Joining trade finance programmes with multilateral institutions is part of BAIE's strategy to find the necessary solutions for future operations of its customers.

Considering the risk profile, the Bank has taken on exposures in trade finance transactions with this type of international organisation.

#### Structured financing

Over the last few years, BAIE has been participating in structured operations abroad, in partnership with African financial institutions, in order to respond to local opportunities through syndicated financing and trade finance agreements.

**BAIE provides a wide range of services in the Retail Banking segment, tailored to the needs of its customers.**


## 2. Retail Banking

BAIE segments its **Retail customer** base into Retail, Affluent, Premium and Employees of the BAI Group, **focusing on the offer of savings solutions for resident and non-resident customers**, namely residents in Angola, BAI customers or employees.

The Bank's main target is Affluent customers who, depending on their profile, show greater interest in this type of product.

#### Main services

BAIE provides a wide range of services in the Retail Banking segment, tailored to the needs of its customers, among which we highlight the following:

 <p><b>CHECKING ACCOUNT</b> no minimum balance required</p>	 <p><b>TERM DEPOSITS</b> with competitive rates</p>	 <p><b>VISA DEBIT CARD</b> with contactless functionality</p>	 <p><b>DIRECT DEBITS</b> for recurring payments, after prior authorization</p>
 <p><b>BAI EUROPA DIRECT</b> check bank statements &amp; perform various online transactions</p>	 <p><b>MOBILE APP</b> manage your account anytime, anywhere</p>	 <p><b>MB WAY</b> instant payments &amp; transfers by phone</p>	 <p><b>GOOGLE PAY</b> fast &amp; secure payments with Google Pay</p>

### 3. Institutional Banking

As part of its Institutional Banking activity, BAIE focuses on providing services to financial institutions based in Portuguese-speaking Africa, which allows banks **to manage their treasury and financial flows more efficiently**. In addition, BAIE plays the role of **local and regional service provider to these institutional partners**.

Within this scope, BAI Europa's offer focuses on the provision of trade finance, trade payments, FX (forex) and interbank money market solutions to institutional customers.

The Institutional Banking activity also ensures the promotion of the Bank's financing capacity in foreign markets, with other financial and multilateral institutions, establishing partnerships to support trade finance activity, thereby supporting the effort to internationalise European companies in Africa.

Within the Correspondent Banking segment, BAIE offers several products, from international payment services to trade finance solutions tailored to the customer's needs, developed according to the experience acquired in the African and European markets, complementing the offer of Corporate Banking solutions.

#### BAIE figures in 2025



#### Main services

Among the different services provided by BAI Europa, in the Institutional Banking segment, we highlight the following:

<p><b>CURRENT ACCOUNTS</b></p> <p>in Euro and other foreign currencies to facilitate payments and other commercial transactions</p>	<p><b>PARTICIPANT IN SEPA, TARGET 2 (EURO) AND EBA STEP 1</b></p> <p>as well as all home market local currency clearing systems</p>	<p><b>FOREIGN EXCHANGE AND SPOT TRANSACTIONS</b></p> <p>via Bloomberg and Reuters</p>
<p><b>SAVINGS SOLUTIONS</b></p> <p>(money market investments)</p>	<p><b>FINANCING</b></p> <p>foreign markets</p>	<p><b>ONLINE BANKING</b></p> <p>access and manage bank accounts through the internet</p>



05

# Business Development

# Business Development

## Commercial Banking and Correspondent Banking Department (DCC)

After the redesign of the business areas that led to the setting up of the Commercial and Correspondent Banking Department and its three functional units – Retail Banking Unit, Corporate Banking Unit and Institutional Banking Unit, the year 2025 was considered to be a year for consolidating our market position as set out in the strategic plan for 2021-2025.

In 2025, BAIE continued to invest in its remote account opening process, introducing remote account opening for individuals using a Digital Mobile Key (*Chave Móvel Digital*) and other improvements focused on the user experience.

The Bank increased commercial drive with the introduction of systematic tools aimed at achieving greater customer orientation and proximity, leading to the strengthening of cross-selling between the 3 customer segments – Retail, Corporate, Institutional – and the creation of synergies between the Commercial Banking and Trade Finance offer, thus increasing the capture of business opportunities.

BAIE stood out for its international participation, sending joint delegations – composed of business and institutional representatives – to Gulfood, the world's leading food trade fair, held in Dubai. This event brings together some of the main players in the sector, providing national exporting companies with a platform for growing visibility. The continued presence of national companies at these fairs has contributed to strengthening BAIE's position as

a benchmark bank for Portuguese exporters. In addition to its participation in Dubai, BAIE was once again present at the Luanda International Fair. The bank also attended the VIII Portugal Angola Meeting, promoted by CCIPA, which brought together businesspeople and government representatives from both countries. These events are strategic opportunities to strengthen bilateral relations and promote the internationalization of national companies.

In 2025, we sought to consolidate the relationships established with institutional clients in the PALOP region, as well as to strengthen the link between BAI Angola and BAIE. In this respect, the role of the Commercial Department of BAI AO has been important in promoting joint visits to customers and potential customers of the Group, as well as the role of our ambassadors in identifying companies with a dominant position in the import business.

### Retail Banking Unit (UBP)

In 2025, this unit continued its strategy of expanding the Retail customer base on a transactional offer basis – current account, debit card, and term deposit-taking to guarantee the diversification of the strategy of raising stable funding to provide sustainability to the growth model in the corporate network. Additionally, the transactional offering was enhanced with the addition of MB WAY and Google Wallet, allowing for more digital and practical use of the BAI Europa debit card.

A priority approach to affluent customers (Portugal and Angola) was maintained, with greater stimulation of commercial activity through marketing emails and proactive and regular telephone contacts with the customer base, in order to increase satisfaction with BAIE and strengthen customer loyalty by offering term deposits and debit cards.

This more dynamic approach, together with the introduction of remote account opening via Digital Mobile Key (*Chave Móvel Digital*), has enabled us to continue to increase the pace of account opening and fund raising, as well as maintaining a focus on strengthening the process of updating customer documentation as part of the KYC process.

### Corporate Banking Unit (UBE)

A commercial approach to the Corporate segment was continued through a strategy of increasing the customer base by strengthening the team with a view to achieving greater sector diversification and better monitoring of the customer base.

In terms of offer, there was a strengthening of value proposition in trade finance and cash flow facilities to support resident and non-resident companies that have business and/or investment lines in Angola, Mozambique, Cape Verde and São Tomé and Príncipe.

We also continued to focus on disbursement credit facilities in the form of mutual loans, with a view to providing greater stability to the loan portfolio, broadening the sectoral scope and the maturities of the operations, which also allowed us to broaden the offer and reduce sectoral concentration.

Special attention was also paid by the business unit to the strategy of raising funds through a differentiated offer in terms of remuneration of deposits, with a view to complementing the Bank's offer, enabling funding to be raised to provide sustainability to the growth of the loan portfolio.

### Institutional Banking Unit (UBI)

BAIE continued its strategy of proactively monitor the relationship with Institutional customers, seeking to provide an excellent service, with rapid response capacity to the needs of the Bank's customers. Concurrently, important steps were taken to consolidate our position in Angola and Cape Verde, and to expand to new geographical areas centred on Portuguese-speaking African countries, namely Mozambique and São Tomé and Príncipe.

Additionally, we participated in new risk-sharing operations with major international players and began actively participating in funding operations in favour of new financial institutions, guaranteed by multilateral entities whose trade finance programs we subscribe to.

BAI Europa has also been accepted as a confirming bank under the Global Trade Finance Program, the world's largest program in this field, promoted by the IFC – World Bank.

The approach to raising funds (IMM, TDs and DDs) was also stepped up as part of the contacts established with correspondent banks.

The year ended with a total of 29 institutional clients, representing growth of 22 new clients since the start of the current strategic plan. BAIE currently has active trade finance clients in Angola, Mozambique, Cape Verde and São Tomé and Príncipe.

**The year ended with a total of 29 institutional clients, representing growth of 22 new clients since the start of the current strategic plan.**

## Treasury and Structured Credit Department (DTE)

### Treasury Management Unit (UGT)

Liquidity is a fundamental basis for BAIE's management and remained solid in 2025, as in previous years.

UGT kept to its strategy, achieving the planned goals which include efficient management of available liquidity, management of financial assets and liabilities, interest rate and exchange rate risk management.

UGT plays an important role in the BAIE's liquidity management through maintaining the defined liquidity ratios and, together with the Institutional area, maintaining a constant effort to diversify funding sources.

Since 2015, when the Basel III standards came into force, BAIE has had a Liquidity Coverage Ratio above the minimum required. As at 31 December 2025, the LCR was 141% (in December 2024 it was 276.8%).

Regarding the Net Stable Funding Ratio (NSFR), which entered into force in June 2021, BAIE was able to maintain a ratio between the available and required amount of stable funding comfortably above regulatory levels. As at 31 December 2025, the NSFR was 126% (in December 2024 it was 126.4%).

In this context, in the course of 2025, BAIE was able to increase stable funding compared to the same period last year, with customer deposits increasing by 8%.

Throughout 2025, the Bank increased its bond portfolio (approximately 27.43% compared to 2024), maintaining its conservative profile, which translates into a short duration (keeping interest rate risk at low levels) and a low credit risk (80% of the bond portfolio has an investment grade rating).

### Structured Credit Unit (UCE)

In 2025, the Structured Credit Unit (UCE) consolidated its strategic role in the Bank, standing out in the development of sophisticated financial solutions for large corporate projects and investments in priority sectors. With a focus on portfolio diversification and increased operations in emerging markets, the UCE achieved significant results, reflecting solid and sustainable growth.

### Featured Operations

- 1. Emerging Markets Financing:** UCE acted as Arranger or Mandated Lead Arranger in international transactions in Africa and other emerging countries, totalling more than EUR 124 million, including financing for financial institutions, multilateral institutions, and corporations.
- 2. Syndicated Corporate Financing:** Participation in operations on the European primary market for syndicated financing in Schuldschein format, totalling approximately Euro 33.5 million.
- 3. Portugal-Angola Convention operations:** Structuring and participation in credit operations under the Portugal-Angola Convention, to be granted to the Angolan Ministry of Finance and organized as Buyer's Credit, backed by a guarantee from the Portuguese State, resulting in the formalization of Euro 263 million – the Bank's participation was Euro 131 million.

## Key Indicators

- 1. Total Volume of Structured Credit Originated:** Euro 183 million in new credit, a 61% increase compared to 2024.
- 2. Structured Credit Portfolio:** at the end of 2025, it reached Euro 285 million, a 52% increase compared to 2024.
- 3. Default Level:** no losses due to default were recorded, demonstrating the credit quality of the credit portfolio.

## Strategic Structured Projects

- 1. Armed Forces Project:** Commercial contract between Simportex and All2IT for the implementation of a data centre and software platform with a Euro 24.4 million contribution from the Bank. This financing is already in the repayment phase.
- 2. Muxima Project:** Public works contract between the Office of Special Works and the Casais Angola Consortium and Omatapalo for the construction of infrastructure in the village of Muxima. On 5 April 2023, a loan agreement worth Euro 112.2 million was signed between the Republic of Angola, represented by the Ministry of Finance, and the Banking Syndicate, with the Bank acting as agent for the loan and with a shareholding of Euro 70.9 million.

**3. Fortaleza Penedo Project:** Commercial contract signed between the Ministry of Public Work and Territorial Planning of Angola and Mota Engil Engenharia e Construção, S.A. for the contract to restore and equip the São Francisco de Penedo Fortress in Luanda Province. On 20 April 2023, a loan agreement worth Euro 31.9 million was signed between the Republic of Angola, represented by the Ministry of Finance, and the Banking Syndicate, with the Bank contributing Euro 9.5 million.

**4. Conduril Project:** Public works contract between the Ministry of Agriculture and Forestry and Conduril Engenharia, S.A., for the supply of services for the construction of the Chicomba Water Dam. In the first phase – Drought. On 23 July 2024, the Financing Agreement was signed for a total amount of Euro 65.1 million (participating with Euro 26 million) and acting as the Agent Bank for the financing.

## Future Outlook

Despite the still uncertain macroeconomic scenario, it is expected that the UCE in 2026 will follow the same trajectory as in 2025, consolidating the Bank's presence in the structured credit market.

The pipeline of operations remains robust and diversified, reflecting a significant balance in terms of both geography and sector. The Bank will continue to focus on high value-added transactions to increase its competitiveness in the structured credit segment.





# 06

## Human Capital and Sustainability (ESG = E+S+G)

# Human Capital and Sustainability (ESG = E+S+G)

## Framework

2025 in the Portuguese banking sector was marked by a demanding context in human resources management, in a highly competitive labour market that favoured candidates. The shortage of qualified talent, particularly in the areas of control and technology, reinforced the strategic role of people management and the ability of banks to ensure their transformation, as well as adequate levels of service.

The economic and labour environment was characterized by high employment levels and historically low unemployment rates, intensifying competition for attracting and retaining talent, a context that required more differentiated approaches to recruitment, development, and employee retention.

Human Resources departments followed the main trends in the sector, strengthening initiatives in well-being, mental health, diversity, and inclusion, as well as hybrid and flexible working models.

In 2025, the Bank continued its strategy of sustained growth of its teams, in line with business needs and the strengthening of critical areas.

In the context of the Human Capital development strategy and as a result of the measures already adopted in previous years, the BAI Europa has maintained its focus on the axes of the five strategic intervention areas: **Feedback & Development; Strengthening Culture; Engagement & Retention; Recognition and Social Responsibility**, maintaining its commitment to the continuous development of internal skills, promoting technical, behavioural, and regulatory training initiatives, aligned with the demands of a rapidly changing sector.

All actions taken throughout 2025 were based on BAI Europa's values, which are **Exigence, Rigor, Agility, Respect, and Ethics**, which continued to guide management practices, reinforce corporate culture, and contribute to the consolidation of a solid, coherent organizational identity aligned with strategic objectives.

In the **Feedback & Development** area, in 2025 the Bank continued with the training initiatives already implemented, while simultaneously reinforcing new approaches geared towards the consistent development of people. Actions such as Training for Assessors, aimed at managers, continued, with the purpose of ensuring clarity, fairness, and objectivity in all phases of the performance evaluation process, as well as the training courses "Feedback for Growth" and "What our skills represent," aimed at all employees, with a view to developing feedback skills and promoting personal and professional growth. At the same time, the focus on training during onboarding was reinforced, recognizing its importance as a critical factor in integration, cultural alignment, and accelerating the learning curve of new employees. To ensure the monitoring and correct application of the performance management system, the usual individual and team sessions were held to calibrate and finalize the assessments. These sessions are essential to ensure consistency, fairness, and alignment between areas, reinforcing the institution's commitment to a robust, transparent, and continuous development-oriented assessment process.

In the area of **Strengthening Culture**, and with the aim of promoting transparent, consistent, and cross-cutting communication among all employees, ensuring alignment with the institution's objectives, values,

and strategy, an Annual Communication Plan was developed, which included 28 initiatives planned and performed in 2025. These actions were disseminated throughout the Bank through the "What's up BAIE!" section, contributing to the reinforcement of a more regular, accessible, and engaging internal communication dynamic, promoting greater proximity between the different areas of the organization. The tradition of three annual corporate events was also maintained, as key moments for strengthening team spirit and closeness among employees. At the same time, specific events were promoted for managers, with the aim of strengthening leadership skills and deepening collaborative work between teams. These initiatives included off-site activities designed to encourage strategic reflection, behavioural alignment, and the consolidation of relationships in an environment different from the usual work context.

In the area of **Engagement & Retention**, and in line with the previous year, the Career Awards were maintained in 2025 as a way of recognizing employees who have completed 5, 10, 15, 20, and 25 years of service, as well as the Invictus Awards, an annual initiative aimed at distinguishing employees who best demonstrate and incorporate BAIE's values in their daily work. In the area of recruitment, the referral program was maintained, promoting the involvement of employees as key ambassadors of the Bank's culture and contributing to the identification and attraction of potential candidates aligned with the organization's values and identity.

In the area of **Social Responsibility**, which plays an increasingly important role in the Bank's activities, several initiatives were developed in

2025 that reflect BAIE's commitment to the well being of its employees and the community. Internally, direct and specialized support for employees was maintained through the provision of psychological support by a dedicated professional. The sessions took place on a weekly or biweekly basis, adjusting to the needs identified, ensuring continuous support for the mental and emotional health of the teams. In terms of external social responsibility, the Bank strengthened its presence in the community by supporting Associação Humanus, an institution dedicated to welcoming and supporting teenage mothers and their children. This collaboration took the form of a volunteer initiative involving approximately 50 employees, focused on maintenance, repair, and painting of the infrastructure, directly contributing to improving the space and well being of the families supported. At the same time, a campaign was launched to collect basic necessities for Academia do Johnson, a non-profit association (IPSS) dedicated to social inclusion and supporting vulnerable children and young people, reinforcing BAIE's commitment to social solidarity initiatives and supporting the most vulnerable populations.

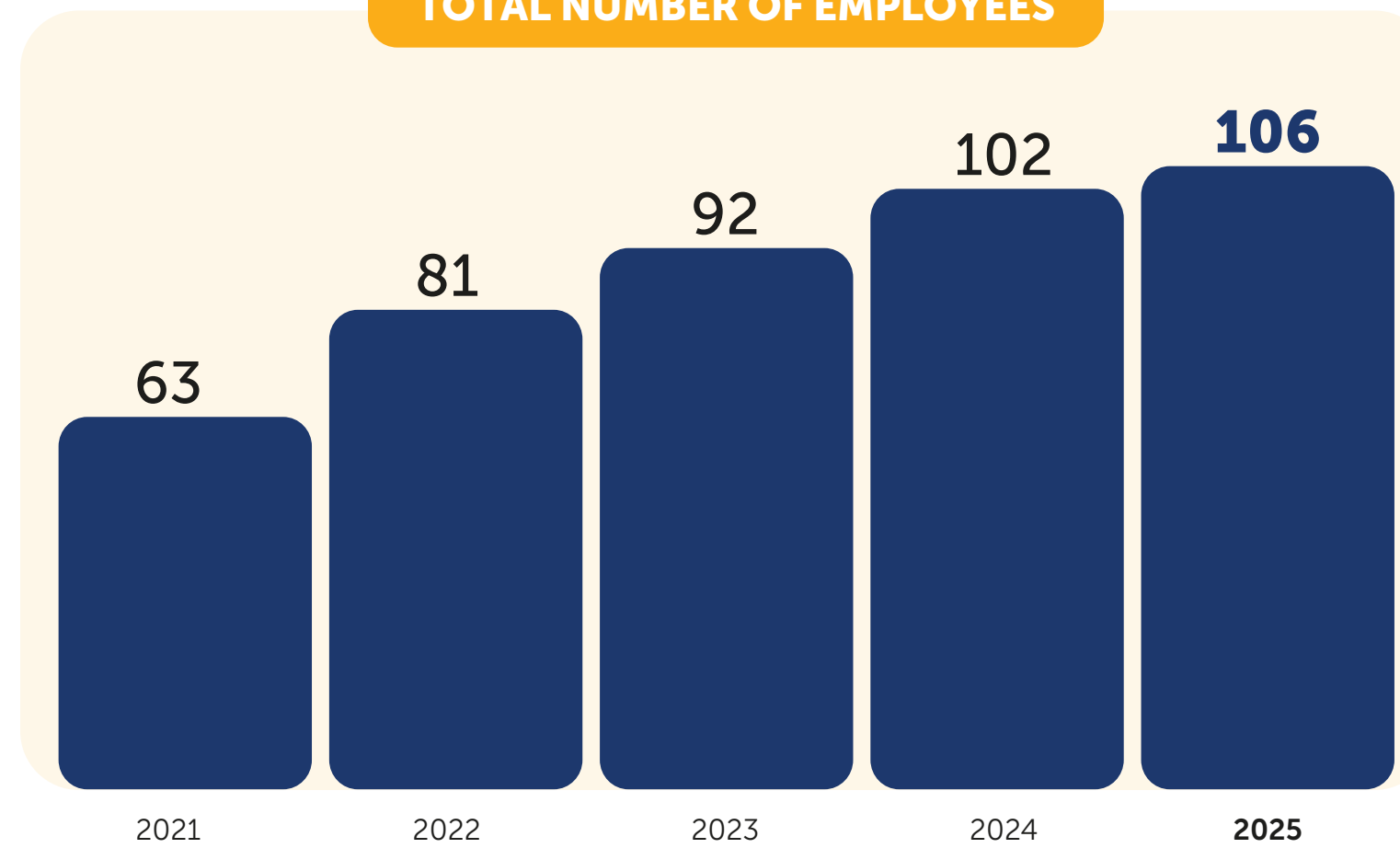
## Human capital development

BAIE ended the 2025 financial year with 106 employees, showing continuous growth in headcount over the last five years, from 63 to 106 employees.

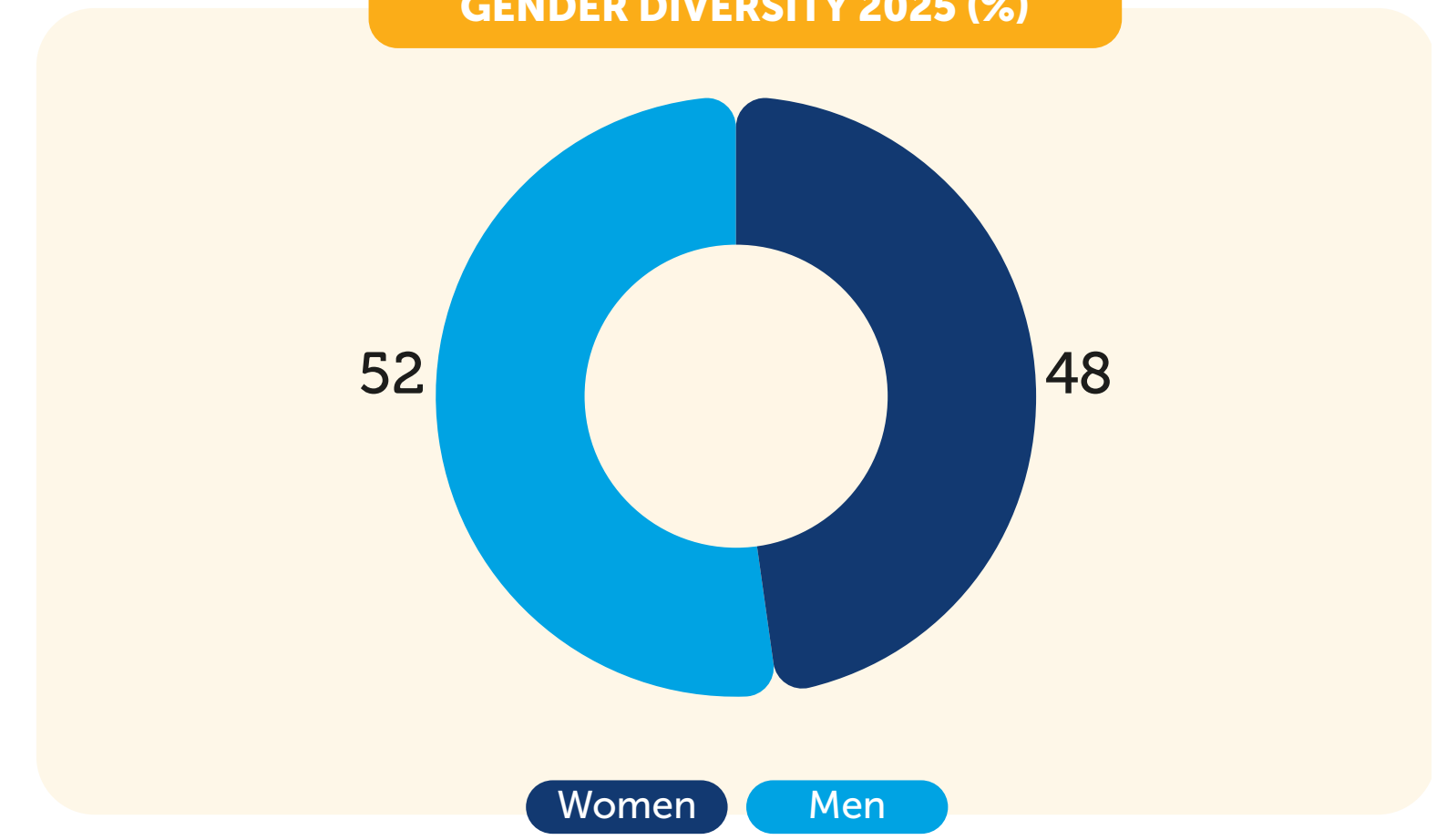
During 2025, BAIE recorded a total of 29 employees joining's and 24 leave with the majority of hires concentrated in the Control and Technology areas, representing 50% of the profiles integrated throughout the year, reflecting the need to strengthen these strategic functions for the Bank's activity.

The hiring of new resources in 2025 contributed to the continued balance of gender diversity at the Bank. With its current structure, the Bank has a composition of employees that reflects this balance, promoting a more inclusive and representative working environment.

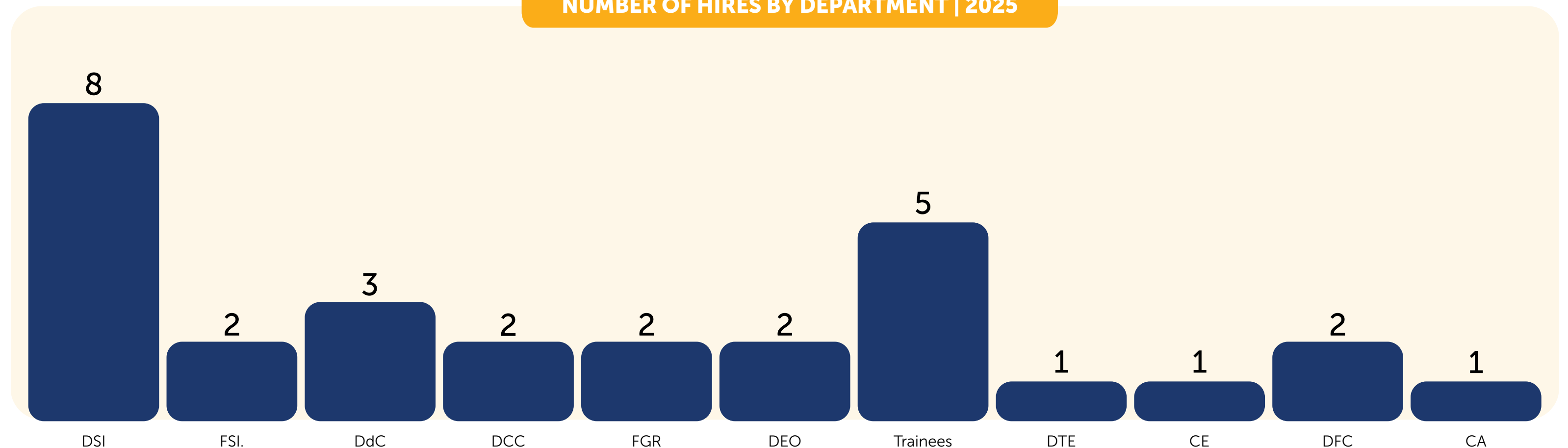
**TOTAL NUMBER OF EMPLOYEES**



**GENDER DIVERSITY 2025 (%)**

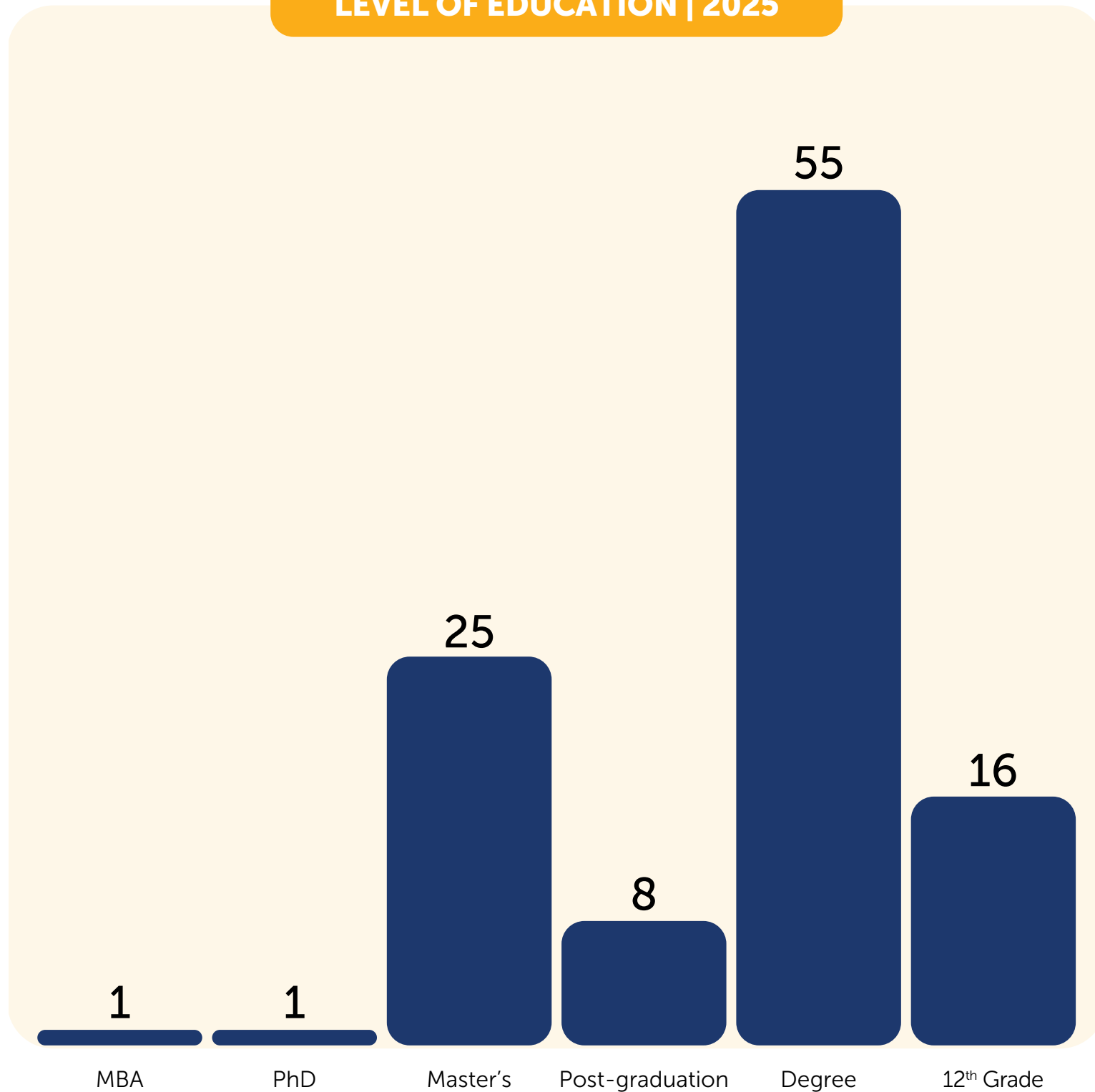


**NUMBER OF HIRES BY DEPARTMENT | 2025**



The average age of the Bank's employees stands at 37, reflecting a young and dynamic team. Of the total head count of 106 employees, 93% have a permanent labour contract (open-ended) working 100% full-time. As far as academic qualifications are concerned, the Bank will end 2025 with 85% of employees with higher education qualifications. Of these, 26% have completed a master's degree, demonstrating their alignment with the demands of a constantly evolving market.

LEVEL OF EDUCATION | 2025



## Commitment to Sustainability and Climate and Environmental Risk Management

As part of its social and environmental responsibility strategy, Banco BAIE continues to strengthen its commitment to the principles of governance, sustainability and the integration of climate and environmental issues into its business.

In line with the requirements of the European Union and the guidelines of the European Central Bank (ECB), the Bank is developing a strategic project to ensure compliance with the ECB's 13 expectations regarding the management of climate and environmental risks.

In December 2025, the Bank took significant steps to align its operation with these requirements. The governance model was developed with the aim of integrating climate risks across all areas of the Bank. Additionally, the materiality of the risks was identified and assessed, including both physical and transition risks. Physical risks refer to the direct impacts of climate change, such as rising temperatures, extreme weather events or the scarcity of natural resources, which can affect the Bank's operations, its clients and the economy in general.

On the other hand, transition risks are related to the challenges and opportunities generated by the transition to a low-carbon economy. These risks stem from stricter policies and regulations, as well as changing consumer and investor preferences towards more sustainable practices.

BAIE has implemented measures to monitor and mitigate these risks, with an approach focused on reducing the carbon footprint of its operation and promoting more responsible and sustainable business practices. To this end, the Bank has been incorporating environmental, social and governance (ESG) criteria into its investment and credit decisions, continuously assessing exposures to sectors with greater climate risks, such as the energy sector, transport or heavy industry.

In 2026, the Bank's commitment is to continue moving forward with the implementation of the ECB's remaining expectations, reinforcing our approach to climate and environmental risk management and ensuring that sustainability best practices are increasingly integrated into the institution's strategic decision-making processes. We believe that adapting to the new economic paradigm, which demands greater environmental responsibility and transparency, is essential to ensuring sustainability.

## Governance (G)

### 1. Internal governance structure

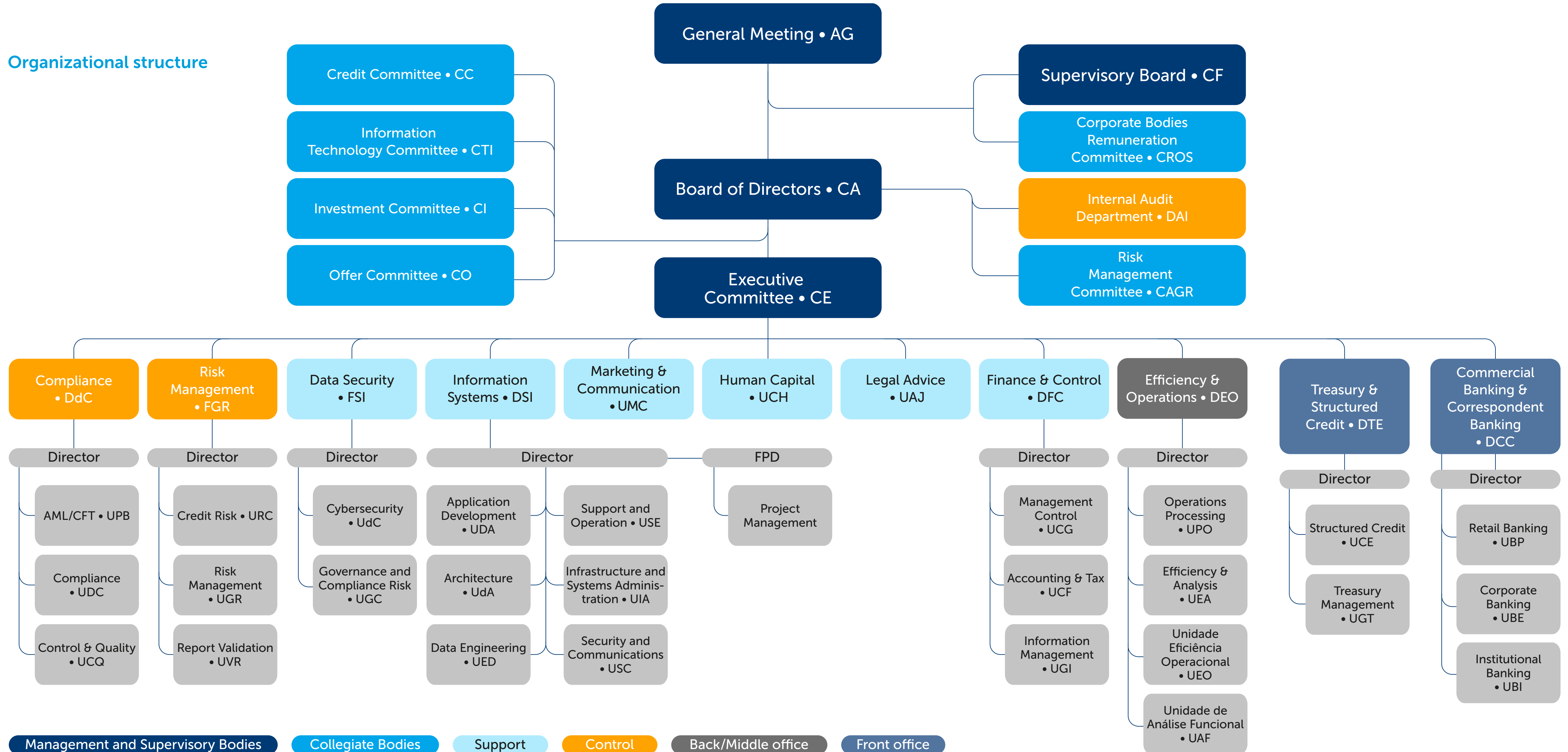
BAIE has developed its activity to combine good corporate governance criteria, including technical expertise and duties of care, loyalty and transparency, with procedures aimed at achieving the goals of good corporate governance, including the segregation of duties and the implementation of strict management, financial and risk controls and their monitoring.

BAIE's internal governance structure is outlined based on several factors, namely the environment in which the Bank operates, its business strategy, its conduct and organisational culture, as well as the size, nature and complexity of its activity.

Based on these factors, the Bank's organisational structure has been designed to ensure the existence of adequate resources for the execution of the Bank's business strategy, as well as for the identification, assessment, follow-up, control and monitoring of the financial and non-financial risks to which the Bank is exposed in the course of its activities.

The Bank's internal organisation is portrayed in the following organisational chart and described in specific regulations, called "Organisational Structure".

**Organizational structure**



## 1.1. Corporate Bodies

BAIE's corporate bodies are the General Meeting of Shareholders, the Board of Directors and the Supervisory Board, and minutes are taken of all the meetings of these bodies.

The term of office of the members of the corporate bodies is four years and they may be re-elected.

The composition of BAIE's corporate bodies elected by the General Meeting of Shareholders and approved by the Banco de Portugal is available on the BAIE website (<http://www.bancobaieuropa.pt>).

### 1.1.1. General Meeting

The board of the General Meeting consists of a Chairman, a Vice-Chairman and the company secretary.

The General Meeting is convened by its Chairman, with at least thirty days' notice, and may validly deliberate on first convening, provided that shareholders representing more than 40% of the share capital are present or represented.

Decisions at the General Meeting are taken by an absolute majority of the votes cast, except when the Articles of Association require a qualified majority of votes, in which case such decisions can only be taken after the Board of Directors has given its prior opinion.

**All actions taken throughout 2025 were based on BAI Europa's values, which are Exigence, Rigor, Agility, Respect, and Ethics.**

### 1.1.2. Board of Directors

The Board of Directors is currently composed of three executive directors and three non-executive directors, one of whom is independent.

All directors in office have adequate technical skills and professional experience to perform their duties, complying with duties of care and loyalty and strict compliance with the law, in the interest and with a view to the sustainability of BAIE.

The day-to-day management of the Bank was delegated by the Board of Directors to an Executive Committee (CE). The Executive Members have been allocated specific responsibilities for monitoring the different departments that comprise the Bank's organisational structure. The distribution of portfolios considers the different qualifications and the personal and professional experience of each of the directors.

The Board of Directors meets in accordance with the frequency set by the Board itself and at least once every quarter. Decisions are taken by majority vote, except in cases where the Law or the Articles of Association require a qualified majority of votes. In the event of a tie, or if the Board of Directors is composed of an even number of members, the Chairman of the Board of Directors has the casting vote.

The powers, composition and modus operandi of the Board of Directors are detailed in the relevant regulations approved by the General Meeting, in addition to the legal provisions and the Bank's Articles of Association.

### 1.1.3. Executive Committee

The Executive Committee is composed of three executive directors appointed by the Board of Directors from among its members, including a Chairman (CEO), all elected by the General Meeting.

The Executive Committee meets at least once a month, except in August, or whenever it is convened by its Chairman or by any of its members.

Decisions of the Executive Committee are taken by majority vote. In the event of a tied vote, the Chairman shall have a casting vote.

The directors who comprise the Executive Committee ensure that all information concerning their activity is provided to the other members of the Board of Directors, who, in turn, are responsible for the general monitoring of the former's performance.

The powers, composition and modus operandi of the Executive Committee are detailed in the relevant regulation approved by the General Meeting, in addition to the legal provisions and the Bank's Articles of Association.

### 1.1.4. Supervisory Board

The Company is supervised by a Supervisory Board elected by the General Meeting and made up of three full members and one alternate member, who took office on 24 March 2022, after being authorised by the Banco de Portugal for the 2021-2024 term, which will be renewed in 2025.

The Supervisory Board meets as often as determined by its members, with a minimum frequency of quarterly. Decisions are taken by majority vote.

The powers, composition and modus operandi of the Supervisory Board are detailed in the relevant regulation approved by the General Meeting, in addition to the legal provisions and the Bank's Articles of Association.

### 1.1.5. Statutory Auditor

BAIE's accounts are audited by a statutory auditor or a firm of statutory auditors appointed by the General Meeting.

## 1.2. Other collegiate bodies

### 1.2.1. Risk Management Committee

The Risk Management Monitoring Committee (CAGR) is composed of the executive directors, the independent non-executive member of the Board of Directors, who chairs this committee, the directors of the Risk Management Function (FGR), the Compliance Department (DdC), the Internal Audit Department (DAI) and the Information Security Function (FSI), and at least one member of the Supervisory Board.

This committee is responsible for the permanent monitoring of the financial and non-financial risk management system. As a monitoring body, this committee has no decision-making powers.

The meetings take place ordinarily every two months and extraordinarily whenever convened by its Chairman or, in his absence, by another director of the Committee.

The powers, composition and modus operandi of the Risk Management Supervisory Committee are detailed in the relevant regulation approved by the Board of Directors.

### 1.2.2. Credit Committee

The Credit Committee (CC) is a decision-making body that comprises all the directors who make up the Executive Committee, the Director of the FGR and the Coordinator of the Credit Risk Unit (URC). It is chaired by the director responsible for the FGR.

This committee has the responsibility of approving the highest level of credit operations and meets, as a rule, on a weekly basis or whenever convened by the Managing Director of the FGR or by any of the executive directors.

The decisions of this committee are approved with the favourable vote of the majority of the executive directors who are part of it and the non-opposition of the director responsible for the second-line control functions. In the event of a tied vote, the Chairman of the Executive Committee has a casting vote.

The director in charge for second-line control functions has the power of veto over the operations presented for analysis by the Credit Committee.

The powers, composition and modus operandi of the Credit Committee are detailed in the relevant regulation approved by the Board of Directors.

### 1.2.3. Information Technology Committee

The Information Technology Committee (CTI) is a collegiate decision-making and monitoring body made up of all the directors who comprise the Executive Committee and the directors of the Information Systems Department (DSI), the Information Security Function (FSI) and the Efficiency and Operations Department (DEO). It is chaired by the Chief Executive Officer, the director responsible for the information systems areas.

The Information Technologies Committee is responsible, in particular, for supervising the strategic plan for information technologies, defining and approving priorities in terms of implementing technological programmes and projects in line with the BAIE's business strategy, including those arising from legal and regulatory obligations or which support the mitigation of relevant risks, as well as monitoring and defining mitigation actions for information security and information technology risk events.

The powers, composition and modus operandi of the Information Technologies Committee are detailed in the relevant regulation approved by the Board of Directors.

### 1.2.4. Investment Committee

The Investment Committee (CI) is a collegiate decision-making and monitoring body composed of all the members of the Executive Committee, the manager of the department in which the Treasury Management Unit (UGT) is integrated and the manager of the FGR. The Chairman is the director responsible for the business areas.

The CI is responsible, namely, for analysing and approving investment strategies in accordance with future expectations in relation to macroeconomic scenarios, as well as approving/vetting new investment options in accordance with the Bank's risk profile approved by the Board of Directors.

The powers, composition and functioning of this body are detailed in the relevant regulation approved by the Board of Directors.

### 1.2.5. Offer Committee

The Offer Committee (CO) is a collegiate decision-making and monitoring body composed of all the members of the Executive Committee, the directors of the Commercial Banking and Correspondent Department (DCC), the FGR, the DdC and the heads of the Marketing and Communication Unit (UMC) and Legal Support Unit (UAJ). The Chairman is the director responsible for the business areas.

The CO is responsible for analysing and recommending to the Executive Committee the launch of new products, as well as monitoring the life cycle of the portfolio of products and services.

The powers, composition and functioning of this body are detailed in the relevant regulation approved by the Board of Directors.

## 2. Corporate governance practices

### 2.1. Internal Control and Risk Management System

The Bank's internal control system is based on the three lines of defence model, allocating powers and responsibilities for governance and risk management as follows:

- **First line of defence**, consisting of the business-generating areas and the support areas, which are primarily responsible for identifying, assessing, monitoring and controlling the risks they incur while carrying out their activities;
- **Second line of defence**, consisting of the risk management and compliance functions (FGR and DdC), which interact with the first line of defence with a view to the adequate identification, evaluation, monitoring and control of the risks inherent to the activity performed by the business and support areas;
- **Third line of defence**, consisting of the internal audit function (DAI), which is responsible for carrying out independent analyses, carried out according to the risk to the other lines of defence.

### 2.2. Remuneration

The General Meeting shall be responsible for setting the remuneration of the members of the corporate bodies, including social security arrangements and other benefits or complementary benefits.

The Board of Directors defines and approves the remuneration policy of the heads of control functions and other employees.

The Bank's remuneration policy takes into consideration, *inter alia*:

- i. the involvement of the FGR in the definition of appropriate measures for risk-adjusted performance;
- ii. the involvement of the Human Capital Unit (UCH) in defining the remuneration structure, gender neutrality, remuneration levels and incentive schemes to attract and retain employees;
- iii. the DAI's analysis of the effects of the remuneration policy on the Bank's risk profile; and
- iv. the assessment by the DdC of compliance with legislation and regulations, as well as with the Bank's internal policies and risk culture.

To this end, a joint document is drawn up annually by the FGR and DdC, which reflects the evolution of the relevant indicators over the last five years, as well as the analysis regarding the impact of the remuneration policy on the Bank's solvency and conservative risk profile.

Each year, the Supervisory Board reviews the adequacy and compliance with the remuneration policy for the Bank's corporate bodies and employees, including those with control functions. As a result of this analysis, an opinion is issued which, together with the joint document issued by the risk management and compliance functions (second line of control), accompany the proposal for the remuneration policy of the Board of Directors and the Supervisory Board, which is subject to approval at the General Meeting.

In accordance with the EBA/GL/2021/04 guidelines, we present below the Remuneration Policy for the members of the management and supervisory bodies of Banco BAI Europa applicable to 2025:

#### Policy Definition

The Bank's remuneration policy was defined with the objective of defining rules, clear and aligned with the Bank's culture, considering the specific features of the Bank's activity, in particular its small size and the nature of its business activity which is characterised by the provision of services within a narrow and traditional range resulting in an activity of little complexity and focused on pre-defined market niches.

The remuneration policy provides specific rules for the Bank's various employees, distinguishing between:

- a. Members of the management and supervisory boards;
- b. Employees who, due to the nature of their duties, are considered by Commission Delegated Regulation (EU) No. 604/2014, of 4 March 2014, to have a significant impact on the Bank's risk profile, which in the case of BAIE are considered to be those responsible for the control functions, as well as the other heads of department, who, as a whole, the Bank refers to as the Management Team;
- c. Employees who have direct contact with customers within the scope of marketing deposits and products, as well as the employees responsible for the management and supervision of these business areas;
- d. Other employees.

With respect to paragraphs a. and b., where remuneration with a variable component is payable, the following criteria for deferred payment shall apply:

- i.** If the total amount of the variable component of the remuneration awarded for a full financial year does not exceed Euro 50 thousand, it may be paid fully in cash;
- ii.** Should the variable component of the annual remuneration awarded exceed Euro 50 thousand, the following criteria for deferred payment shall also apply:
  - 1.** The amount corresponding to 40% of the variable component is deferred, and this amount is increased to 60% when it exceeds Euro 150 thousand;
  - 2.** The deferral is made over a three-year period, which is the minimum period legally established given the nature of the Bank's business and economic cycles, characterised by short and medium term operations;
  - 3.** The part of the variable component not subject to deferral is paid in the following year;
  - 4.** If there are no situations of reduction of the variable remuneration, the part of the variable remuneration subject to deferral is paid over the next 3-year period, in 3 annual instalments corresponding to 1/3 of its value;
  - 5.** Whenever the amount of the variable remuneration exceeds Euro 50 thousand, the deferred and not deferred components shall comprise, in equal proportions, financial instruments and cash.

### Policy Approval

It is the responsibility of the Board of Directors (CA) to ensure that the remuneration policy is defined, maintained and applied in accordance with the Bank's culture and governance processes, as well as the adequacy of remuneration practices to the capital structure and risk profile assumed by BAIE, in order to promote a healthy and prudent management of the risks.

Decisions concerning the remuneration of the Bank's employees are approved annually by the CA.

On an annual basis, under the terms of Article 115-C of the General Regime for Credit Institutions and Financial Companies (*Regime Geral das Instituições de Crédito e Sociedades Financeiras*), the Supervisory Board (CF) assesses the adequacy and compliance with the remuneration policy of the Bank's corporate bodies and its employees, issuing an opinion to that effect.

The remuneration of the members of the corporate bodies is approved annually at the General Meeting of shareholders (AG). For this purpose, the Board of Directors, together with the opinion of the Supervisory Board and the joint opinion of the Heads of the Audit, Compliance and Risk Management Functions, submits a statement to the shareholders, together with information enabling them to assess the overall cost of the remuneration and incentive structure and the extent to which risk-taking is encouraged and controlled.

The annual decisions of the Board of Directors regarding remunerations of employees, as well as the preparation of the statement of remuneration to be submitted to the AG, are always preceded by an assessment that considers, in particular:

- a.** If the implementation of the policy remains adequate to the Bank's risk profile;

- b.** The identification of staff members whose professional activities may have a significant impact on the Bank's risk profile, considering the qualitative and quantitative criteria set out in Commission Delegated Regulation (EU) No. 604/2014, of 4 March 2014;
- c.** If the allocation and payment of variable remuneration is compatible with the maintenance of a solid equity position.

### Executive Directors

The fixed remuneration of executive directors is determined based on the following considerations:

- i.** individual skills;
- ii.** the level of responsibilities of each director;
- iii.** the position held in the Board of Directors;
- iv.** the length of service in the Group

The variable remuneration shall depend on the following factors:

- i.** individual and Bank performance;
- ii.** economic aspects;
- iii.** extent of risks assumed;
- iv.** compliance with the standards applicable to the Bank's business activity;
- v.** the level of responsibilities of each director.

The performance evaluation of the Bank's executive directors is the responsibility of the General Meeting.

The allocation of the variable remuneration is performed annually based on that assessment and on the proposal presented by the Board of Directors. The corresponding calculation shall allow for adjustments to be made considering the different types of current and future risks, as well as the profitability and adequacy of the Bank's equity and liquidity

With the aim of maintaining a prudent balance between fixed and variable remuneration components, the amounts of fixed remuneration of executive directors should be sufficient; and the percentage that corresponds to variable remuneration over fixed annual remuneration should be relatively low, not exceeding 35%. The amount corresponding to 50% of the total variable component of the remuneration is paid in cash and the remainder in kind, whenever the respective amount exceeds Euro 50 thousand. If the total amount of the variable component of the remuneration awarded for a full financial year does not exceed Euro 50 thousand, notwithstanding the deferral procedures defined, it may be paid fully in cash. In 2021, the Bank did not pay variable remuneration in kind.

### Non-Executive Directors

The fixed remuneration of non-executive directors is determined based on the following considerations:

- i. the position held in the Board of Directors;
- ii. individual skills;
- iii. the length of service in the Group.

Fixed remuneration is paid 12 times a year.

Non-executive directors do not receive a variable remuneration.

### Supervisory Board

The members of the Supervisory Board receive a fixed remuneration, determined according to the position held in this body and considering the size and complexity of the Bank's business activity.

Fixed remuneration is paid 12 times a year. The members of the Supervisory Board do not receive a variable remuneration.

The remuneration policy for members of the corporate bodies and employees with a significant impact on the Bank's risk profile is disclosed on BAIE's website.

A General Meeting of the Bank's Shareholders will be held by March 2025 to approve the remuneration policy of the governing bodies.

### 2.3. Assessment and selection of members of the corporate bodies and employees performing key functions

The rules for selection and assessment of members of the management and supervisory bodies, as well as employees who perform key functions, are defined and approved at the General Meeting.

Whenever necessary, the DdC proposes to the Board of Directors adjustments or changes to the Policy for Selection and Assessment of Suitability of Members of the Management and Supervisory Bodies and of Employees Performing Key Functions. It is the responsibility of the Board of Directors to approve the respective proposal for revision of the Policy and, in turn, to submit it for approval to the General Meeting.

Any non-approval by the Board of Directors of the proposed revision to the Policy must be duly substantiated.

About the selection of new members for the management or supervisory body, it is the responsibility of the Board of Directors to define the necessary

competencies and skills to ensure that there is sufficient expertise in the relevant body, sufficient availability of time and independence of its members, considering, as far as possible, the principle of balanced representation of men and women.

The rules for selection and assessment of members of the management and supervisory bodies, as well as employees who perform key functions, are defined and approved at the General Meeting.

The assessment of the candidates is carried out, among several ways, through the mandatory intervention of an independent evaluator.

Regarding the selection of employees who perform key functions, it is the responsibility of the Board of Directors to define the competencies and skills required to ensure the adequate performance of the respective functions, as well as to assess the candidate(s), namely through an independent evaluator. Members of the management and supervisory bodies and those responsible for the performance of key functions (risk management, internal audit and compliance) are subject to a simplified assessment, duly documented.

The procedure for assessing the suitability of the members of the management and supervisory bodies is based on criteria of suitability, honesty and integrity, professional qualifications, independence and availability. The adequacy is reassessed by an independent evaluator every two years, or whenever facts occur that change the content of the assessment previously carried out.

The assessment of those responsible for performing key functions is carried out on an annual basis, or whenever supervening facts occur that change the content of the previously carried out assessment, and is based on criteria of technical knowledge, responsibility, availability for teamwork, communication skills, initiative (aimed at introducing improvements in the performance of functions), leadership and perception of business risks. In addition, those responsible for performing key functions are covered by the performance management system applicable to all the Bank's employees.

## 2.4. Training of the members of the governing bodies and employees performing key functions

The Bank provides the members of the Board of Directors, the members of the Supervisory Board and the holders of essential functions with access to adequate training activities relevant to the performance of their duties.

The Bank will provide the new members appointed to the governing bodies with information that is essential for the performance of their duties within a maximum of one month after they take office, as well as training activities that must be completed within six months from the date they take office.

The training plan is defined annually by the Board of Directors and includes induction and training objectives for the members of the corporate bodies. This plan is updated in line with legal and regulatory changes, changes in governance, strategic changes, new products and market developments.

## 2.5. Succession of members of the governing bodies and employees performing key functions

The succession policy for members of the management and supervisory bodies and for employees performing key functions is approved by the General Meeting. The Board of Directors is responsible for preparing and managing the succession plan at the various planning stages, namely in defining profiles, selecting high-potential employees and identifying potential candidates.

The Board of Directors is also responsible for submitting succession proposals (planned or unforeseen) to the shareholders, whenever the respective nomination falls within the competence of the General Meeting.

In drawing up the succession plan, the Board of Directors shall define the skills and competencies necessary to ensure the existence of adequate expertise to

perform the function concerned, availability and independence, considering, as far as possible, the principle of balanced representation of men and women.

The Board of Directors ensures the reassessment of the succession plan, based on a prior opinion of the Supervisory Board. The reassessment should take place once a year, preferably during the third quarter of each year and whenever justified.

## 2.6. Prevention of situations of conflicts of interest

In situations involving conflicts of interest, the Bank will always act so as to ensure that its institutional interest prevails over the personal interests of its shareholders, directors, employees or third parties. Should a situation of conflict of interest involving its customers arise, the Bank shall act so as to ensure transparent and equitable treatment for its customer, considering the duty of loyalty towards them.

The Bank has established a set of internal procedures to prevent and control potential situations of conflicts of interest, which are set out in the Policy for the Prevention of Conflicts of Interest and in the Related Party Policy.

## 2.7. Transactions with related parties

The Bank's policy on related parties establishes rules regarding the definition, identification, execution and approval of transactions with related parties, their monitoring and disclosure, as well as the powers and responsibilities of the different parties involved in related party transactions.

The conclusion of transactions with related parties depends on favourable prior opinions from the Supervisory Board and the risk management and compliance functions (FGR and DdC), as well as approval by a qualified majority of at least two thirds of the members of the Board of Directors.

## 2.8. Whistleblowing

The Bank has in place a Whistleblowing Policy that establishes specific, independent, autonomous and adequate internal procedures for the receipt, treatment and filing of reports of serious irregularities in the Bank related to its administration, accounting organisation, internal supervision and solid evidence of breaches of the duties enshrined in the applicable legislation, regulations, instructions and internal rules, namely the Legal Framework of Credit Institutions and Financial Companies and Regulation (EU) 575/2013, of the European Parliament and of the Council, of 26 June, as well as reports of irregularities related to possible violations of Law 83/2017, of 18 August, its regulations and/or policies, procedures and controls concerning the anti-money laundering and financing of terrorism.

The reporting of irregularities may be done anonymously, through the ethics portal available on the Bank's institutional website, where the right of defence of those involved, the protection of personal data and the confidentiality of the reports are always ensured.

## 2.9. Disclosure of Information

It is the responsibility of the Board of Directors to define and approve the information disclosure policy, as well as to assess the adequacy of the information to be disclosed, its verification and frequency.

In defining, implementing and reviewing the disclosure policy, the Board of Directors considers the inputs of the relevant areas, including the FGR and the DdC, in order to ensure an adequate process in terms of relevance, reserve, confidentiality and frequency in the disclosure of information.

# 07

## Risk Management and Internal Control



# Risk Management and Internal Control

## Risk Management System

BAIE's Risk Management System (SGR) comprises an integrated set of permanent processes that ensure an appropriate understanding of the nature and magnitude of the risks underlying the activity performed, thus enabling the adoption of an appropriate strategy and compliance objectives, with the Board of Directors responsible for ensuring its implementation. Accordingly, the SGR allows for the identification, assessment, control and monitoring of all material risks to which the Bank is exposed, both internally and externally, in order to ensure that they remain at the level previously defined by the Board of Directors and that they will not significantly affect the institution's financial position:



BAIE's Risk Management System was defined according to the size, nature and complexity of the Bank's activity, aiming to incorporate the strategic guidelines and the level of risk appetite defined by the Board. According to the current Bank's risk management model, the following are considered risks:

- i.** Financial risks:
  - a.** Credit Risk (Other);
  - b.** Liquidity and Financing risk;
  - c.** Interest Rate risk (IRRBB);
  - d.** Credit Spread risk (CSRBB);
  - e.** Exchange Rate risk;
  - f.** Market Risk (Other);
  - g.** Real Estate risk.
- ii.** Non-financial risks:
  - a.** Business Model risk;
  - b.** Operational risk;
  - c.** Information Security and Information Technology risk;
  - d.** Compliance risk (Others);
  - e.** Reputation risk;
  - f.** ESG risk;
  - g.** Internal Governance risk; and
  - h.** Risk of Money Laundering and Terrorist Financing.



Market risk (other) was not considered material in the context of BAIE, mainly because the entity does not have an investment strategy based on a trading portfolio, and therefore market risk is not relevant.

### Risk Profile

In defining the Bank's strategic guidelines, the Board of Directors has set as its overall objective the adoption of a conservative risk profile for the material risks assumed by the Bank, thus ensuring the continuity of the business in terms of profitability and solvency under all circumstances. This profile was defined considering, among others, the Bank's level of capital and liquidity, the macroeconomic framework in which it operates and its strategic and business objectives.

The Risk Appetite Statement (RAS) reflects the risk appetite guidelines for each of the material risks identified as part of the risk self-assessment as well as the quantitative metrics by which the Bank will monitor its risk profile.

The FGR is responsible for the follow-up and monitoring of the risk profile and the communication of the main findings and conclusions. It is also responsible for supporting the Board of Directors in the assessment of the action measures implemented whenever there is a breach of the limits defined that significantly impacts the Bank's activity, or in the periodic updating of those limits.

**SGR allows for the identification, assessment, control and monitoring of all material risks to which the Bank is exposed.**

## Financial Risk Management

As mentioned above, the financial risks considered material to the BAIE are credit risk (includes concentration risk), liquidity and financing risk (includes concentration risk), interest rate risk and exchange rate risk.

### Credit Risk (Other)

Credit risk is defined as the probability of negative impacts on profit/(or loss) or equity due to the inability of a counterparty to meet its financial commitments to the institution. An integral part of this risk is the credit concentration risk that results from borrowing or investing funds of a relevant amount in a small number of borrowers/counterparties and/or risk groups, or in a few business sectors.

The Board of Directors has defined as a goal the adoption of a low risk appetite for credit risk, ensuring for this purpose a strict management of this risk supported by the delimitation of the nature of the positions at risk and of the number of products and counterparties, the definition of conservative limits and a delegation of credit powers with the need for executive directors to intervene in credit granting operations to non-financial entities or to entities for which no limits have been defined.

#### • Credit risk management at the granting stage

No specific criteria are established for credit granting, since all credit operations are analysed on an individual basis at the time of decision making. The basic principle is that credit is only granted to companies that present an acceptable financial position and an ability to generate cash flows that can be easily foreseen and reliably measured, in order to comply with the debt service requirements. In addition, the Credit Committee meets on a weekly basis, where the highest-level operations are approved, and which involve the assumption of risk on amounts relevant to the BAIE's balance sheet. This Committee includes all the executive directors of the Board of Direc-

tors. The director responsible for controlling functions has the power to veto operations submitted for analysis by the Credit Committee.

#### • Credit risk management at the granting stage

The Risk Management Unit (UGR) incorporated in the FGR is responsible for controlling credit risk through the calculation of indicators operating within the policies and guidelines established by the Board of Directors.

The FGR monitors the credit risk exposures and checks whether they are within the established limits, as well as evaluates the adequacy and efficiency of the measures taken to correct any deficiencies in the respective credit risk management system.

### Liquidity and Financing Risk

Liquidity and financing risk is defined as the likelihood of negative impacts on profit or loss or on equity resulting from the Bank not having liquid funds to meet its financial liabilities upon maturity. An integral part of this risk is the risk of liquidity and financing concentration, which results from the concentration of sources of liquidity in a reduced number of counterparties or geographies.

The Board of Directors has defined as a goal the adoption of a low risk appetite for liquidity and financing risk, ensuring for that purpose the management of this risk based on the maintenance of a prudent net position in order to guarantee compliance with financial obligations upon maturity. Regarding the risk of liquidity and financing concentration, given the framework of the Financial Group of which BAIE is inserted, the Bank has defined as a goal the adoption of a moderate risk appetite in view of the concentration of liquidity sources in Angola. The management of liquidity risk is superimposed on the management of interest rate risk, so that the coverage between assets and liabilities with respect to maturity terms or any possible interest rate review should only be performed after the defined liquidity limits have been met.

### Interest rate risk (IRRBB) and credit spread risk (CRSBB)

Interest rate risk is defined as the current and prospective risk of a negative impact on the economic value of equity, or on net interest income, including, as appropriate, changes in market value arising from adverse changes in interest rates affecting interest rate sensitive instruments, including deviation risk, basis risk and option risk.

Credit Spread Risk in the Banking Portfolio comprises the risk resulting from changes in the market price, with regard to Credit Risk, liquidity and other characteristics of instruments with credit risk, and which is not captured by another regulatory framework (e.g. IRRBB or default risk). Consequently, it captures the risk of variation in the spread of an instrument, assuming the same level of credit quality (i.e. how the spread moves within a given range of ratings/PD).

The Bank's goal is to adopt a low-risk appetite for interest rate risk, ensuring the management of this risk in order to reduce the sensitivity of net interest income to changes in interest rates and, consequently, preserving the economic value of the balance sheet. For this purpose, in operations with variable rates, only market benchmark rates are accepted as indexing factors.

### Exchange rate risk

Exchange rate risk is defined as the probability of negative impacts on profit/(or loss) or equity due to adverse movements in the exchange rates of balance sheet items caused by changes in those rates that are used in the translation into the functional currency or by changes in the Bank's foreign currency position due to significant changes in exchange rates. An integral part of this risk is the exchange concentration risk, which results from concentrating the balance sheet in foreign currencies.

BAIE has defined as a goal the adoption of a low risk appetite for exchange rate risk, ensuring for this purpose the management of this risk so as to main-

tain the exposure to exchange rate risk within conservative limits considering the size and financial structure of the Bank. Regarding the exchange rate concentration risk, the net exchange position limit provided for in Article 351 of the CRR must be complied with on a permanent basis.

### Real Estate risk

Real Estate risk is defined as the likelihood of negative impacts on profit/(or loss) or equity, due to adverse movements in the real estate sector, that cause the devaluation of the properties given as collateral in loans granted by the Bank.

The Board of Directors set as an objective the adoption of a moderate risk appetite for real estate risk, ensuring the prudent management of this risk through:

- Setting sectoral concentration limits;
- Careful analysis of the projects presented, focusing on operations in the medium-high segment – less exposed to the effects of negative economic cycles;
- Setting prudent LTV ratios to accommodate negative impacts on the real estate sector.

## Non-Financial Risk Management

### Business Model Risk

Business model risk is defined as being associated with the organization's inability to adapt to changes in the market, customer behaviour, the regulatory framework, technological developments, or the competitive environment.

To mitigate the associated risk, the entity conducts a periodic review of its strategy, diversifies its sources of revenue, invests in innovation and digital transformation, and continuously analyses the market and customer needs.

### Operational Risk

Operational risk is defined as the risk of negative impacts on profit/(or loss) or equity arising from failures in the analysis, processing or settlement of operations, internal and external fraud, the use of resources or services under a subcontracting arrangement, inefficient internal decision-making processes, insufficient or inadequate human resources or the inoperability of infrastructures. A characteristic of operational risk is its dispersion, being present in all the Bank's activities.

BAIE has defined as a goal the adoption of a low-risk appetite for operational risk, ensuring the management of this risk so as to guarantee that adequate internal controls are in place to mitigate, to the greatest extent possible, any negative impacts on profit/(or loss) or equity.

### Information Security and Information Technology Risk

Information security and information technology risk is defined as the risk of negative impacts on profit/(or loss) or equity due to the pursuit of a maladjusted strategy in this area, namely the non-adaptability of the information systems to new needs, their inability to prevent unauthorised access, to ensure data integrity or to ensure business continuity in case of failure. In addition, the management of this risk ensures compliance with the guidelines on subcontracting, particularly cloud services.

The Bank has defined as a goal the adoption of a low-risk appetite for Information Security and IT risk, ensuring the management of this risk through the inventory of the Bank's IS/IT assets and identification of the threats to which they are exposed. Mitigation mechanisms were created in order to avoid the event of severe incidents with transversal impact in highly critical

IS/IT assets (including incidents related to cybersecurity) and guaranteeing reduced levels of unavailability of highly critical IS/IT assets, mitigating the negative impacts on profit/(or loss) or equity. For this purpose, a structural unit responsible for information security should be defined, independent from the structural unit that manages the information systems.

### Compliance Risk (others)

It is defined as the risk of negative impacts on profit/(or loss) or equity, arising from breaches or non-compliance with laws, regulations, specific provisions, contracts, rules of conduct and of relationships with customers, established practices or ethical principles, which may materialise in legal sanctions, limitation of business opportunities, reduction in the potential for expansion or in the impossibility of requiring compliance with contractual obligations.

The Bank has defined a low-risk appetite for compliance risk, ensuring the management of this risk in order to guarantee compliance with the legal and regulatory obligations to which it is exposed, including the obligations of prevention of money laundering and financing of terrorism, and to act in accordance with the code of conduct, mitigating the negative impacts on profit/(or loss) or equity.

### Reputation Risk

Reputation risk is defined as the risk of negative impacts on profit/(or loss) or equity arising from a negative perception of the institution's public image, whether substantiated or not, by customers, suppliers, financial analysts, employees, investors, the media or public opinion in general. This risk

may affect the Bank's ability to establish new relationships with its customers, business counterparties, employees or investors. It could also affect the ability to maintain currently existing relationships and could even lead not only to direct and immediate financial losses, but also to legal proceedings, deterioration of the customer portfolio, difficulty in obtaining funds or the loss of key employees from the Bank.

The Board of Directors has defined as a goal the adoption of a moderate risk appetite for reputation risk, ensuring the management of this risk by monitoring the perception of stakeholders, including customers, employees, other financial institutions, suppliers, the media and the general public.

### ESG risk

It is defined as the risk of negative impacts on profit/(or loss) or equity arising from the Bank's inability to implement and comply with the requirements defined by the EBA guidelines on ESG, as well as being exposed to entities whose activity is not considered sustainable in environmental terms (E), do not have socially equitable and fair policies (S) or do not comply with best internal governance practices (G).

The Board of Directors has set the objective of adopting a moderate risk appetite for ESG risk.

### Internal Governance risk

It is defined as the risk of failures in an organization's governance structure arising from deficiencies in decision-making processes, the definition of responsibilities, control mechanisms, and management oversight.

### Risk of Money Laundering and Terrorist Financing

This is defined as the possibility of an organization being used, intentionally or negligently, to conceal, disguise, or integrate funds of illicit origin into the legal economy, as well as to channel resources intended to support terrorist activities. This risk can materialize through the misuse of products, services, distribution channels, or business relationships, exploiting weaknesses in control mechanisms, customer identification and knowledge processes, or the monitoring of operations.

Monitoring of this type of risk is in line with Law No. 83/2017 and/or AML directives in force.



## Compliance

The Compliance Department is responsible for managing compliance risk in BAIE, acting in an unbiased, independent and extensive manner in relation to the Bank's processes and activities.

The Compliance Department has the mission of ensuring the prevention and mitigation of compliance risks, which materialise in fines, reputation and financial impacts, as a consequence of non-compliance with regulations, laws and the code of conduct.

DdC ensures the evaluation of compliance and effectiveness of the procedures adopted by the Bank, issuing opinions and producing studies at the request of the different areas and departments, where it assesses and identifies the associated risks. And prepares proposals for correction and lists potential mitigating factors for the risks identified, carrying out a permanent analysis of the control and compliance environment.

It is also the responsibility of the DdC to participate in the development of internal control procedures for the prevention of money laundering and the financing of terrorism, both for monitoring and evaluating them and for centralising information from all business areas and reporting to the relevant authorities as required by law.

In order to guarantee independence, the DdC, together with the FGR, report to the same director (who must not accumulate responsibilities in business units and support areas, with the exception of the FSI and the UAJ) and are the second line of defence of the internal governance model, interacting with the first line functions (other departments) in order to adequately identify, assess, monitor and control the risks inherent to the activity carried out by the first line functions.

## Internal Audit

The main mission of BAIE's Internal Audit Function (FAI), ensured by the Internal Audit Department (DAI), is to protect the Bank and contribute to the sustainable development of its activities and to the adequacy and effectiveness of its organisational culture, governance and internal control systems, and their individual components. To this end, the DAI carries out systematic, disciplined, independent and objective risk-based assessment aimed at identifying opportunities for improvement.

The department's responsibilities include managing the database of deficiencies, which includes not only those detected internally, but also those identified by third parties, including supervisory authorities.

It is also the responsibility of the DAI to ensure compliance with the established procedures and control mechanisms and to guarantee the maintenance of the processes for which it is responsible during changes in activity.

The annual and multi-annual internal audit plan is prepared according to an approach based on the risks to which the Bank is exposed. This plan is approved by the Board of Directors and the Supervisory Board and is monitored by these bodies so as to observe its implementation status.

The DAI represents the third line of defence in the Bank's internal governance model, carrying out independent and risk-focused analysis. Their actions and related findings are directly reported to the Board of Directors, and to the Supervisory Board. The ordinary meetings of the Board of Directors have their own agenda item for the DAI to make presentations it deems relevant.

It should also be noted that the DAI is governed by the international standards for the professional practice of internal auditing issued by The Institute of Internal Auditors (IIA).





# 08

## Financial Analysis

# Financial Analysis

A brief financial analysis of BAIE's activity in 2025 is provided below.

## Income Statement

(Amounts expressed in Euro)

	31 Dec. 25	31 Dec. 24	YoY change
Interest and similar income	37,786,019	42,736,794	-11.6%
Interest and similar expense	(19,919,172)	(23,354,087)	-14.7%
<b>Net Interest Income (NII)</b>	<b>17,866,847</b>	<b>19,382,707</b>	<b>-7.8%</b>
Financial Operations (FO)	1,748,681	937,716	+86.5%
<b>Gross Profit (NII+FO)</b>	<b>19,615,528</b>	<b>20,320,423</b>	<b>-3.5%</b>
Net fee and commission income/(expense) (NFCIE)	3,223,835	2,221,311	+45.1%
Other Operating Income/(expense) (OPIE)	(525,716)	(2,027,308)	-74.1%
<b>Net Operating Income (NOI=NII+NFCIE+OPIE)</b>	<b>22,313,647</b>	<b>20,514,426</b>	<b>+8.8%</b>
Fixed Costs (FC)	(15,425,216)	(14,125,215)	+9.2%
<b>EBITDA (NOI-FC)</b>	<b>6,888,431</b>	<b>6,389,211</b>	<b>+7.8%</b>
Depreciation for the period (D)	(2,598,912)	(1,933,621)	+34.4%
Net provisions and impairment	1,541,152	130,346	+1,082.4%
<b>Profit/(loss) before tax</b>	<b>5,830,671</b>	<b>4,585,937</b>	<b>+27.1%</b>
Taxes	(1,813,046)	(1,015,462)	+78.5%
<b>Profit/(loss) for the period</b>	<b>4,017,626</b>	<b>3,570,475</b>	<b>+12.5%</b>
Cost to income [(FC+D)/NOI]	80.7%	79.7%	+1.0 p.p.

In 2025, following the favourable performance observed in 2024, the Portuguese economy maintained a moderate growth trajectory, with signs of some acceleration, driven mainly by strong domestic demand, particularly private consumption and investment. BAIE's pre-tax profit totalled Euro 5,830 thousand, representing an increase of 27.1% compared to the pre-tax profit for 2024, as did the net profit for the year, which reached Euro 4,017 thousand, representing an increase of around 12.5% compared to the same period last year.

Net interest income totalled Euro 17,866 thousand, a decrease of -7.8% compared to 2024, which was helped by the higher volume of credit assets, which partially offset the effect of lower interest rates. From an economic point of view, Portugal continues to show significant levels of indebtedness, both in the corporate and household segments, with a prevalence of loans at variable rates. Therefore, compared to other countries in the Euro Zone (officially known as the Euro Area), the Portuguese economy is more exposed to the impact of rapidly falling interest rates.

In turn, the passive margin showed a variation of -14.7% compared to the same period last year, mainly due to the decrease in costs related to interest and charges on deposits from other credit institutions (-21%) and interest on deposits from customers (-8%), which in the case of interest paid on deposits from customers, in line with the increase in the respective portfolio, indicates greater funding at lower pricing.

*Net gains/(losses) on financial operations* increased by +86.5% year-on-year, mainly due to the increase in net gains/(losses) arising from foreign exchange transactions (+ Euro 811 thousand compared to 2024), as the improvement in the foreign exchange market in Angola contributed to a positive performance throughout the year.

*Net commissions* reached Euro 3,223 thousand, reflecting an increase of approximately +45% compared to 2024. This was mainly explained by an increase in all commission components of its Trade Finance activity which, as previously indicated, performed better than in the same period last year.

In 2025, *Other Operating Income/(expense)* showed an improvement compared to the net expense incurred in the previous year (-74.1%), explained by the following effects: i) reversal of surplus variable remuneration accrual from previous years ii) reversal of additional contribution to the banking sector.

Operating costs in 2025, when compared to the same period last year, show an increase of 9.2%, explained by the variation in the following items:

- i. General and administrative expenses (+3%), due to an increase in project costs and external consultancy (including recruitment and selection processes). Additionally, there was an increase in advertising costs in order to continue the process of growth and implementation of the BAIE brand, and an increase in IT costs in order to continue the process of digitalising the bank and strengthening the structure for a more sustainable institution;
- ii. Staff costs (+15%), due to the growth in the Bank's human capital structure during the year, as defined in the Bank's strategic plan (106 employees at the end of 2025, compared to 104 employees at the end of 2024).

Regarding net provisions and impairment, this item shows a considerable reduction in 2025, mainly explained by the review of the entity's impairment calculation methodologies.

Despite the increase in the cost structure (+ Euro 1,965 thousand compared to 2024), reflecting BAIE's investment in the strategic and business plan that has now ended, there was an increase in banking income (approximately Euro 1,799 thousand compared to 2024) due to improved business performance and the mitigation of the decline in interest rates through an increase in its portfolios and pricing practices. It is worth highlighting the increase in BAIE's credit assets (+ Euro 99,417 thousand compared to 2024) and BAIE's customer funding in 2025 (+ Euro 32,030 compared to 2024), which proves the Bank's commitment to growing its portfolio and funding, thus strengthening its position in the market and the trust of its customers.

**It is worth highlighting the increase in BAIE's credit assets (+ Euro 99,417 thousand compared to 2024) and BAIE's customer funding in 2025 (+ Euro 32,030 compared to 2024).**



## Statement of Financial Position

	(Amounts expressed in Euro)		
	31 Dec. 25	31 Dec. 24	YoY change
<b>Financial Assets:</b>			
Cash and cash equivalents	87.458.333	112.508.079	-22.3%
Other loans and advances to credit institutions	272.713.956	377.755.448	-25.5%
Loans and advances to customers	287.246.386	228.523.597	+25.7%
Financial assets not held for trading mandatorily measured at fair value through profit or loss	-	124.413	-100.0%
Financial assets at fair value through other comprehensive income	90.699.419	62.557.150	+45.0%
Other financial assets at amortised cost	125.465.988	152.184.942	-17.6%
Other financial assets at fair value through profit or loss	-	-	0.0%
<b>Total Financial Assets</b>	<b>863.584.081</b>	<b>933.653.629</b>	<b>-7.5%</b>
Non-financial assets	10.070.635	9.799.936	+2.8%
<b>Total Assets</b>	<b>873.654.716</b>	<b>943.453.564</b>	<b>-7.4%</b>

(continues)

	(Amounts expressed in Euro)		
	31 Dec. 25	31 Dec. 24	YoY change
<b>Financial Liabilities:</b>			
Deposits from credit institutions	316.959.676.	425.455.519.	-25.5%
Deposits from customers	440.872.539	408.842.794	+7.8%
Other financial liabilities	-	-	0.0%
<b>Total Financial Liabilities</b>	<b>757.832.215</b>	<b>834.298.313</b>	<b>-9.2%</b>
Other non-financial liabilities	9.277.561	7.187.394	+29.1%
<b>Total Liabilities</b>	<b>767.109.776</b>	<b>841.485.707</b>	<b>-8.8%</b>
Share capital	42.000.000	42.000.000	0.0%
Revaluation reserves	(1.568.058)	(1.753.648)	-10.6%
Other reserves and retained earnings	62.095.372	58.151.030	+6.8%
Profit/(loss) for the period	4.017.626	3.570.475	+12.5%
<b>Total Equity</b>	<b>106.544.940</b>	<b>101.967.856</b>	<b>+4.5%</b>
<b>Total Liabilities and Equity</b>	<b>873.654.716</b>	<b>943.453.564</b>	<b>-7.4%</b>

In 2025, BAIE's balance sheet decreased (-7.4%), driven by the value of the following items: i) portfolio of *loans and advances to customers* (+ Euro 58,723 thousand compared to 2024); ii) portfolio of *loans and advances to credit institutions* (+ Euro 40,425 thousand compared to 2024); and iii) portfolio of *other loans and advances to credit institutions* (- Euro 105,041 thousand compared to 2024).

In line with the increase in the volume of BAIE's *loan portfolios*, aligned with the guidelines of the strategic and business plan, together with an increase in fundraising in 2025, this was reflected in an increase in the Bank's overall transformation ratio, from 36.7% in 2024 to 53.5% in 2025, reflecting greater sustainability and robustness of the entity's business in attracting and transforming funding. This increase was mainly due to the Credit Institution transformation ratio (+19 p.p. compared to 2024), while the customer transformation ratio also increased (+9.3 p.p. compared to the same period last year).

In 2025, the profile of BAIE's *bond portfolio* did not change significantly compared to the same period last year, presenting a trade-off between both portfolios. There was an increase in the portfolio of *financial assets at fair value through other comprehensive income* (+ Euro 28,142 thousand compared to 2024) due to the portfolio of *other financial assets at amortized cost* (- Euro 26,719 thousand compared to 2024).

As for the liability structure, in 2025 there was a decrease in the volume of deposits from credit institutions (-25.5%) in line with the asset structure with other loans and advances to credit institutions also showing a decrease in 2025 (-25.5%). Additionally, there was an increase in deposits from customers (+7.8%), reflecting BAIE's growth strategy in relation to deposit-taking. The evolution of these items is very significant, since the transformation of this liquidity into financial assets (in line with the Bank's risk profile) allows for the sustainable growth of the Bank's net operating income. Additionally, in the prudential sphere, as mentioned above, increased resources are a key aspect for BAIE to maintain stable funding levels in line with regulatory requirements (NSFR).

The solvency indicator stood at 19.1%, slightly below the 20.5% recorded in the previous year. This variation is explained by the fact that no significant changes in BAIE activity were observed. However, the solvency ratio remains comfortably above the regulatory minimum limit.

Furthermore, ROE showed growth, increasing by 3 p.p. (3.8% in 2025, compared with 3.5% in 2024). This reflects BAIE's efforts throughout this financial year to manage its resources more efficiently and, consequently, to increase the return on its equity.

**ROE showed an increase by 3 p.p. to 3.8% in 2025. This reflects BAIE's efforts to manage its resources more efficiently and, consequently, to increase the return on its equity.**

## Proposal for the appropriation of net profits

In accordance with the legal and statutory provisions, the Board of Directors proposes that the net profit in the amount of Euro 4,017,626 for 2025 be applied as follows:

Transfer to Retained Earnings	EUR 3,615,863
Transfer to Legal Reserves	EUR 401,763



## Other Information

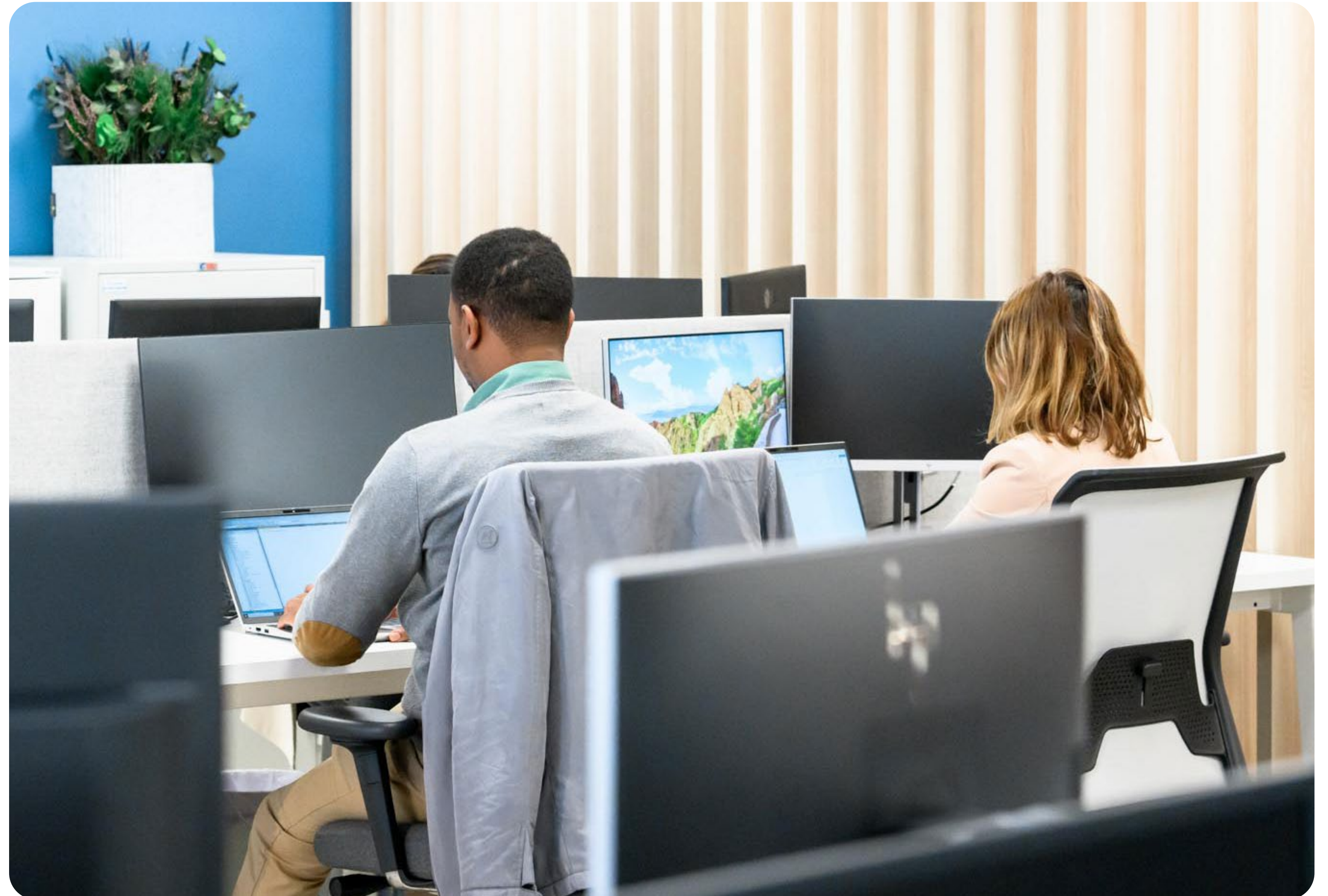
### i. Subsequent events

Subsequent events are disclosed in the Notes to the Financial Statements, namely in Note 35 (Subsequent events).

### ii. In compliance with legal regulations, the Board of Directors expressly confirms that:

- The Bank does not hold and has not disposed of or acquired treasury shares;
- There were no transactions between the Bank and its directors;
- The Bank has no branches; and
- The Bank has no overdue debts to the State, namely to Social Security and the Portuguese Tax Authorities.

### iii. The structures of the Board of Directors and the Executive Committee underwent changes in 2021, as disclosed in Note 25 (Staff costs – Annual remuneration paid to members of the corporate bodies).



## Notes to the Management Report

1. In compliance with Article 447 of the Portuguese Commercial Companies Code (*Código das Sociedades Comerciais*), it is hereby declared that the Chairman of the Board of Directors Luís Lélis, the Chairman of the Executive Committee Omar Guerra and the non-executive director and member of the Board of Directors Inokcelina dos Santos are each holder of one (1) share. None of the other members of the Management and Supervisory bodies holds any shares of the Bank's share capital.
2. As at 31 December 2025 and in accordance with Article 448 of the Portuguese Commercial Companies Code (*Código das Sociedades Comerciais*), the following shareholders hold more than one-tenth of the share capital of the Bank:

	No. of Shares	%
Banco Angolano de Investimentos, S.A.	7,999,996	99.99995

Lisbon, 20 February 2026

### The Board of Directors

**Luís Lélis**  
Chairman  
of the Board of Directors

**Omar Guerra**  
Chairman  
of the Executive  
Committee - CEO

**Inokcelina dos Santos**  
Member  
of the Board of Directors

**Irisolange Azulay Verdades**  
Member  
of the Board of Directors

**César Gonçalves**  
Member  
of the Board of Directors

**Henrique Gonçalves**  
Member  
of the Executive Committee

**Miguel Costa Santos**  
Member  
of the Executive Committee



09

# Financial Statements as at 31 December 2025



**STATEMENTS OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2025**

(Amounts expressed in Euro)

	Notes	31 Dec. 25		Net value	31 Dec. 24
		Amount before impairment and amortisation	Impairment and amortisation		
<b>Assets</b>					
Cash and deposits at central banks	3	<b>8,581,989</b>	-	<b>8,581,989</b>	2,416,717
Loans and advances to credit institutions repayable on demand	4	<b>78,878,487</b>	<b>(2,144)</b>	<b>78,876,343</b>	110,091,362
Financial assets not held for trading mandatorily at fair value through profit or loss	5	-	-	-	124,413
Financial assets at fair value through other comprehensive income	6, 18	<b>90,699,419</b>	-	<b>90,699,419</b>	62,557,150
Financial assets at amortised cost					
Other loans and advances to credit institutions	7	<b>273,075,143</b>	<b>(361,187)</b>	<b>272,713,956</b>	377,755,448
Loans and advances to customers	8	<b>290,414,878</b>	<b>(3,168,492)</b>	<b>287,246,386</b>	228,523,597
Other financial assets at amortised cost	9	<b>125,751,293</b>	<b>(285,305)</b>	<b>125,465,988</b>	152,184,942
Other property, plant and equipment and right-of-use assets	10	<b>7,261,290</b>	<b>(4,571,918)</b>	<b>2,689,373</b>	2,294,555
Intangible assets	11	<b>6,436,334</b>	<b>(4,178,146)</b>	<b>2,258,188</b>	2,728,935
Current tax assets	12, 27	-	-	-	710,562
Deferred tax assets	12, 27	<b>895,238</b>	-	<b>895,238</b>	1,218,574
Others assets	13	<b>5,511,668</b>	<b>(1,283,832)</b>	<b>4,227,836</b>	2,847,310
<b>Total Assets</b>		<b>887,505,738</b>	<b>(13,851,025)</b>	<b>873,654,716</b>	<b>943,453,564</b>

(Amounts expressed in Euro)

	Net value	31 Dec. 25	31 Dec. 24
Deposits from other credit institutions	14	<b>316,959,676</b>	425,455,519
Deposits from customers and other loans	15	<b>440,872,539</b>	408,842,794
Provisions	16	<b>1,826,472</b>	2,033,448
Current tax liabilities	12, 27	<b>426,714</b>	-
Other liabilities	17	<b>7,024,375</b>	5,153,946
<b>Total Liabilities</b>		<b>767,109,776</b>	<b>841,485,706</b>
<b>Equity</b>			
Share capital	18	<b>42,000,000</b>	42,000,000
Revaluation reserves	18	<b>(1,568,058)</b>	(1,753,648)
Legal reserves	18	<b>10,275,039</b>	9,917,992
Retained earnings	18	<b>51,820,333</b>	48,233,038
Net profit/(loss) for the period	18	<b>4,017,626</b>	3,570,475
<b>Total Equity</b>		<b>106,544,940</b>	<b>101,967,857</b>
<b>Total Liabilities + Total Equity</b>		<b>873,654,716</b>	<b>943,453,564</b>

The following notes form an integral part of these financial statements

**INCOME STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2025**

(Amounts expressed in Euro)

	Notes	31 Dec. 25	31 Dec. 24
Interest and similiar income – effective rate	19	37,786,019	42,736,794
Interest and similiar expense	19	(19,919,172)	(23,354,086)
<b>Net interest income</b>		<b>17,866,847</b>	<b>19,382,708</b>
Fees and comission income	20	3,792,413	3,405,313
Fees and comission expense	20	(568,578)	(1,184,002)
Net gains/(losses) arising from financial assets at fair value through other comprehensive income	21	121,151	(63,242)
Net gains/(losses) arising from other assets and liabilities measured at fair value through profit or loss	22	-	(46,853)
Net gains/(losses) from financial assets at amortised cost	23	122,958	65,847
Net gains/(losses) arising from foreign exchange differences	2.3	1,748,681	937,717
Other operating income/(expense)	24	(769,824)	(1,983,060)
<b>Net operating income</b>		<b>22,313,647</b>	<b>20,514,428</b>
Staff costs	25	(8,314,474)	(7,204,658)
General administrative expenses	26	(7,110,743)	(6,920,557)
Depreciation for the period	10, 11	(2,598,912)	(1,933,621)
Provisions net of reversals and recoveries	16	206,975	(164,452)
Impairment on financial assets not measured at fair value through profit or loss			
Financial assets at fair value through other comprehensive income	16	166,721	64,398
Financial assets at amortised cost			
Impairment on loans and advances net of reversals and recoveries	16	546,257	624,262
Impairment on other financial assets net of reversals and recoveries	16	621,199	(393,862)
<b>Profit before tax</b>		<b>5,830,671</b>	<b>4,585,937</b>
Taxes	27	(1,813,046)	(1,015,462)
Current	27	(1,646,386)	(935,327)
Deferred	12, 27	(166,660)	(80,135)
<b>Profit after tax</b>		<b>4,017,626</b>	<b>3,570,475</b>
<b>Net profit/(loss) for the period</b>		<b>4,017,626</b>	<b>3,570,475</b>
<b>Earnings per share</b>		<b>0.48</b>	<b>0.43</b>

The following notes form na integral part of these financial statements



**STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2025**

(Amounts expressed in Euro)

	Notes	31 Dec. 25	31 Dec. 24
<b>Profit/(loss) for the period</b>		<b>4,017,626</b>	<b>3,570,475</b>
Items that will not be reclassified into the income statement			
Accumulated actuarial gains and losses on long-term benefits	18	<b>373,868</b>	(90,330)
Items that may be reclassified into the income statement			
Changes in fair value of debt instruments at fair value through other comprehensive income			
Changes in fair value	18	<b>508,986</b>	1,332,696
Impairment	18	<b>(166,721)</b>	(64,398)
Tax effect	12, 18	<b>(156,675)</b>	(298,621)
<b>Profit/(loss) not included in the income statement</b>		<b>559,458</b>	<b>879,347</b>
<b>Comprehensive income for the period</b>		<b>4,577,084</b>	<b>4,449,822</b>

The following notes form an integral part of these financial statements



**CASH FLOW STATEMENT  
FOR THE PERIOD ENDED 31 DECEMBER 2025**

	Notes	31 Dec. 25	31 Dec. 24
(Amounts expressed in Euro)			
<b>Operating activities</b>			
Interest, commissions and other income received	19 and 20	<b>42,867,476</b>	46,198,772
Interest, commissions and other expense paid	19 and 20	<b>(20,939,910)</b>	(24,717,642)
Income from foreign exchange and other financial operations	2.3	<b>1,748,681</b>	937,717
Payments to employees and suppliers	25 and 26	<b>(15,425,215)</b>	(14,125,215)
<b>Net cash flow arising from operating activities before changes in assets and liabilities</b>		<b>8,251,031</b>	<b>8,293,633</b>
<b>Decreases/(increases) in:</b>			
Other financial assets at amortised cost	9	<b>27,109,756</b>	(62,333,226)
Other loans and advances to credit institutions	7	<b>104,827,575</b>	(134,704,245)
Loans and advances to customers	8	<b>(57,981,901)</b>	(36,380,954)
Other assets	13	<b>(677,669)</b>	269,780
<b>Net cash flows arising from operating assets</b>		<b>73,277,761</b>	<b>(233,148,645)</b>
<b>Increases/(decreases) in:</b>			
Deposits from other credit institutions and central banks	14	<b>(108,495,843)</b>	134,136,610
Deposits from customers	15	<b>32,029,746</b>	119,366,103
Other liabilities	17	<b>2,458,158</b>	(1,981,031)
<b>Net cash flows arising from operating liabilities</b>		<b>(74,007,940)</b>	<b>251,521,682</b>
Income tax payment	12 and 27	<b>(185,774)</b>	(2,582,958)
Other taxes and contributions paid	24	<b>(1,549,262)</b>	(1,815,685)
<b>Gross cash flows from operating activities</b>		<b>(1,735,036)</b>	<b>(4,398,643)</b>

(continues)

	Notes	31 Dec. 25	31 Dec. 24
(Amounts expressed in Euro)			
<b>Investing activities</b>			
Income arising from financial assets at amortised cost	23	<b>197,450</b>	65,847
Income arising from financial assets at fair value through other comprehensive income	21	<b>46,659</b>	(63,242)
Income arising from financial assets at fair value through profit or loss	22	-	(46,853)
Acquisitions of financial assets at fair value through other comprehensive income, net of disposals	6	<b>(28,142,230)</b>	25,902,410
Acquisitions of other financial assets at fair value through other comprehensive income, net of disposals	5	<b>124,413</b>	99,699
Acquisition of tangible and intangible assets, net of disposals	10 and 11	<b>(2,426,545)</b>	(2,447,380)
<b>Net cash flows from investing activities</b>		<b>(30,200,254)</b>	<b>17,837,323</b>
<b>Financing activities</b>			
Payments on lease liabilities	17	<b>(640,030)</b>	(499,131)
<b>Net cash flows arising from investing activities</b>		<b>(640,030)</b>	<b>(499,131)</b>
Net changes in cash and cash equivalents		<b>(25,054,468)</b>	39,606,218
Cash and cash equivalents at the beginning of the period	3 and 4	<b>112,514,944</b>	72,908,726
<b>Cash and cash equivalents at the end of the period</b>	3 and 4	<b>87,460,476</b>	<b>112,514,944</b>

The following notes form an integral part of these financial statements

**STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 DECEMBER 2025**

(Amounts expressed in Euro)

	Notes	Share capital	Retained earnings	Legal reserve	Revaluation reserves	Net profit/(loss) for the period	Total Equity
<b>Balance as at 31 December 2023</b>		<b>42,000,000</b>	<b>42,431,076</b>	<b>9,263,293</b>	<b>(2,723,325)</b>	<b>6,546,990</b>	<b>97,518,034</b>
Appropriation of 2023 profits into retained earnings and legal reserve		-	5,892,291	654,699	-	(6,546,990)	-
Revaluation reserves	18	-	-	-	969,677	-	969,677
Accumulated actuarial gains and losses on long-term benefits	18	-	(90,329)	-	-	-	(90,329)
Net profit/(loss) for 2024		-	-	-	-	3,570,475	3,570,475
<b>Comprehensive income</b>		<b>-</b>	<b>(90,329)</b>	<b>-</b>	<b>969,677</b>	<b>3,570,475</b>	<b>4,449,822</b>
<b>Balance as at 31 December 2024</b>		<b>42,000,000</b>	<b>48,233,038</b>	<b>9,917,992</b>	<b>(1,753,648)</b>	<b>3,570,475</b>	<b>101,967,857</b>
Appropriation of 2024 profits into retained earnings and legal reserve		-	3,213,428	357,047	-	(3,570,475)	-
Revaluation reserves	18	-	-	-	185,590	-	185,590
Accumulated actuarial gains and losses on long-term benefits	18	-	373,868	-	-	-	373,868
Net profit/(loss) for 2025	18	-	-	-	-	4,017,626	4,017,626
<b>Comprehensive income</b>		<b>-</b>	<b>373,868</b>	<b>-</b>	<b>185,590</b>	<b>4,017,626</b>	<b>4,577,084</b>
<b>Balance as at 31 December 2025</b>		<b>42,000,000</b>	<b>51,820,333</b>	<b>10,275,039</b>	<b>(1,568,058)</b>	<b>4,017,626</b>	<b>106,544,940</b>

The following notes form an integral part of these financial statements

BAIE's pre-tax profit totalled Euro 5,830 thousand, representing an increase of 27.1% compared to the pre-tax profit for 2024.



**10**

Notes to  
the Financial  
Statements as  
at 31 December  
2025

# Notes to the Financial Statements as at 31 December 2025

## 1. Introduction

Banco BAI Europa, S.A. (hereinafter referred to as BAIE or Bank) was incorporated on 26 August 2002 under authorisation granted by Ministerial Order of the Minister of State and Finances, of 10 May 2002, succeeding to the Portuguese branch, Banco Angolano de Investimentos, S.A. (BAI). The company has its head office in Lisbon and its corporate object is the performance of banking activities.

BAI's branch in Portugal was incorporated in Lisbon under Decree-Law No. 298/92, of 31 December (General Regime for Credit Institutions and Financial Companies – RGICSF), and had its establishment authorised by the Minister of Finance through Ordinance 4/97, of 7 January, with a share capital of Euro 17,457,926, fully subscribed through capital originated from BAI.

BAI is a private capital bank with head office in Luanda, Angola. BAI was incorporated on 13 November 1996 with the corporate object of performing banking activities, in accordance with the terms defined by Banco Nacional de Angola (BNA). Its business activity started on 4 November 1997. On 4 May 2008, BAI changed the abbreviation of its legal entity name from Limited Liability Company (S.A.R.L) to Limited Company (S.A.). On 11 January 2011, BAI changed its corporate name from Banco Africano de Investimentos, S.A. to Banco Angolano de Investimentos, S.A. BAIE is part of BAI Group.

On 9 June 2022, BAI became the first bank to join the Angola Stock Exchange. The Bank currently operates through its head office and a branch in Lisbon and an office in Oporto.

BAIE's activity is subject to the supervision of Banco de Portugal, and it is considered a financial institution in accordance with RGICSF.

## 2. Basis of presentation and main accounting policies

These financial statements were prepared in order to comply with the legislation in force.

### 2.1. Basis of presentation

In accordance with Regulation (EC) No. 1606/2002 from the European Parliament and of the Council, of 19 July 2002 and Regulation No. 5/2015 of the Banco de Portugal, of 7 December, BAIE's financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU). IFRS comprise standards issued by the International Accounting Standards Board (IASB) as well as interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and their predecessor bodies.

These financial statements relate to the period ended at 31 December 2025 and were prepared in accordance with the principle of going concern, as well as with the IFRS in force, as adopted in the European Union, up to that date.

The Bank has adopted the IFRS and interpretations of mandatory application for periods beginning on or after 1 January 2025. The accounting policies adopted are consistent with those followed in the preparation of the financial statements for the previous period.

These financial statements were approved by the Board of Directors of the Bank on 20 February 2026 and are pending approval from the General Meeting of Shareholders. However, the Board of Directors believes that these will be approved without amendments.

### 2.2. Use of estimates in the preparation of the financial statements

The preparation of financial statements requires that the Bank's management establishes assumptions and perform estimates that affect assets, liabilities, income and expenses, which will be analysed below.

#### Classification of financial assets

The classification and measurement of financial assets depend on the results of the SPPI test and the definition of the business model. The Bank determines the business model based on how it wants to manage financial assets and business objectives. This assessment requires judgment insofar as it must consider, among other things, how asset performance is evaluated, the risks affecting asset performance, and how those risks are managed.

The Bank monitors financial assets measured at amortized cost and fair value through other comprehensive income that are derecognized before maturity, in order to understand the reasons underlying their disposal and determine whether they are consistent with the objective of the business model defined for those assets. This monitoring is part of the Bank's ongoing assessment of the business model for financial assets that remain in the portfolio, to determine whether it is appropriate and, if not, whether there has been a change in the business model and, consequently, a prospective change in the classification of those financial assets (Notes 5, 6, and 9).

#### Impairment losses on financial instruments at amortized cost and at fair value through other comprehensive income

The Bank periodically reviews financial instruments to assess the existence of expected impairment losses, as referred to in the accounting policy described in Note 2.4. – Financial instruments.

The Bank determines the existence of impairment losses in their debt instruments at fair value through other comprehensive income considering all the reasonable, reliable and duly supported information available at each reporting date, including forward looking information.

The assessment process to determine whether an expected impairment loss on financial instruments at amortized cost should be recognized is subject to several estimates and judgments. This process includes factors such as probability of default (PD), loss given default (LGD), the credit ratings, the value of the collaterals associated to each operation (individual analysis), recovery rates and the cash flow estimates, either from future cash flows or the time of their receipt.

The determination of impairment losses for financial instruments involves judgments and estimates regarding the following aspects, among others:

- Significant increase in credit risk: as mentioned in Note 2.4. – Financial instruments, the determination of the transfer of an asset from stage 1 to stage 2 for the purposes of determining its impairment is based on a significant increase in its credit risk since its initial recognition, and IFRS 9 does not objectively define what constitutes a significant increase in credit risk;
- Fair value of collateral: the calculation of credit impairment is based on the valuation of collateral for credit operations, such as real estate mortgages (individual analysis). These were performed on the assumption that all real estate market conditions would remain unchanged during the life of the transactions, corresponding to the best estimate of the fair value of the collateral at the balance sheet date;
- Definition of assets with similar credit risk characteristics: when expected credit losses are measured in a collective model, financial instruments are grouped based on the same risk characteristics. The Bank monitors the adequacy of credit risk characteristics to ensure that as-

sets are reclassified appropriately in the event of a change in credit risk characteristics;

- Probability of default: the probability of default is a determining factor in measuring expected credit losses. The probability of default corresponds to an estimate of the probability of default over a given period of time, calculated on the basis of historical data, assumptions, and expectations about future conditions;
- Loss given default: corresponds to an expected loss in a default scenario, calculated as the difference between contractual cash flows and those the Bank expects to receive through cash flows generated by the customer's business or credit collateral. The calculation of the estimated loss given default is based, among other aspects, on different recovery scenarios, historical information, the costs involved in the recovery process, and the estimated value of the collateral associated with credit operations;
- Models and assumptions used: the Bank uses several models and assumptions in measuring the estimated expected credit losses. Judgment is applied in identifying the most appropriate model for each type of asset, as well as in determining the assumptions used in these models.

Alternative methodologies and the use of different assumptions and estimates could result in different levels of expected impairment losses recognised and presented in Notes 4, 6, 7, 8, and 9, with a consequent impact in the income statement of the Bank.

### Fair value of financial assets and liabilities

Fair value is based on market prices, when available, and, in the absence of a figure, is determined based on the use of prices from recent similar transactions performed under market conditions, or based on valuations obtained through market prices (mark-to-market) or valuation models (mark-

-to-model), which require the use of certain assumptions or judgment in establishing fair value estimates.

The Bank's assets and liabilities fair value is measured according to the following hierarchy, in accordance with IFRS 13 – Fair Value:

### Listed market prices (Level 1)

This category includes Financial Instruments with listed market price available in official markets and entities that regularly disclose transaction prices for these instruments traded in liquid markets.

The priority in prices used is given to those observed in official markets, and where there is more than one official market the option falls on the main market where these financial instruments are traded.

The Bank considers as market prices those disclosed by independent entities (namely Bloomberg and Reuters), assuming they act in their own economic interest and that such prices are representative of an active market, using, whenever possible, prices provided by more than one entity (for a given asset and/or liability). In the revaluation process of financial instruments, the Bank reviews the different prices in order to select the one that is most representative for the instrument under analysis.

Under this category are included, among others, the following financial instruments:

- i. Derivatives traded on an organised market;
- ii. Shares listed on the stock exchange market;
- iii. Open-end securities funds listed on the stock exchange market;

- iv. Closed-end funds whose underlying assets are only financial instruments listed on the stock exchange market;
- v. Bond securities with more than one provider whose instruments are listed on the stock exchange market.

#### Valuation methods with observable prices/parameters in the market (Level 2)

In this category, financial instruments valued using internal models are considered, such as discounted cash flow models and option valuation models, which involve the use of estimates and require judgments that vary according to the complexity of the products being valued. Nevertheless, the Bank uses as inputs in its models' observable variables in active markets, such as interest rate curves, credit spreads, volatility and indexes on prices.

Under this category are included, among others, the following financial instruments:

- i. Bonds not listed on stock exchange market;
- ii. Over-the counter (OTC) derivatives; and
- iii. Commercial paper in which there are observable inputs in the market, namely yield curves and credit spread, applicable to the issuing entity.

#### Valuation methods with parameters not observable in the market (Level 3)

This level includes valuations determined through the use of internal valuation models or quotes provided by third parties but whose parameters are not observable in the market. The basis and assumptions for the calculation of fair value are in accordance with the IFRS 13 principles.

Under this category are included, among others, the following financial instruments:

- i. Debt securities valued using inputs not observable in the market;
- ii. Shares not listed on the stock exchange market;
- iii. Closed-end real estate funds;
- iv. Hedge Funds;
- v. Private equities; and
- vi. Restructuring Funds.

Alternative methodologies and the use of different assumptions and estimates could result in a different level of impairment losses recognised with a consequent impact in the income statement of the Bank.

Consequently, the use of different methodologies or different assumptions or judgments in applying a particular model could result in financial results that differ from those reported in Notes 5 and 6.

#### Income taxes

In order to determine the total amount of income taxes, the Bank makes certain interpretations and estimates. Additionally, the Bank recognises deferred tax assets based on the assumption that future taxable income will exist and based on tax legislation in force or legislation already published for future application, as well as the requirements set in IAS 12. Other interpretations or probable future amendments to tax legislation may influence the amounts expressed in the financial statements relating to income taxes (Note 12).

#### Employee benefits and other

Liabilities arising from retirement and survival pensions and the income generated by the Pensions Funds to cover those liabilities are estimated using actuarial boards, pensions and wages growing assumptions and pension future income assumptions (Note 29). These assumptions are based on BAIE's expectations at the balance sheet date and for the period over which liabilities will be settled.

#### Provisions

The measurement of provisions is based on the principles defined in IAS 37 – Provisions and Contingent Liabilities, regarding the best estimate of the expected cost, the most probable outcome of the actions in progress and considering the risks and uncertainties inherent to the process.

Provisions are reviewed at each balance sheet date and adjusted to reflect the best estimate, being reverted through profit and loss in the proportion of the payments that are not probable. Provisions are derecognised through their use for the obligations for which they were initially recognised or for the cases that the situations were no longer observed (Note 16).

#### 2.3. Transactions in foreign currency (IAS 21)

These financial statements are expressed in the functional currency, Euro, since it is the currency used in the main business environment where the bank operates.

The assets and liabilities denominated in foreign currency are accounted on the basis of the multi-currency system, in other words, in their respective denomination currency.

Assets and liabilities denominated in foreign currency are translated into Euro based on the following:

- i.** Monetary assets and liabilities expressed in foreign currency are translated into the functional currency at the exchange rate published at the balance sheet date;
- ii.** Non-monetary assets and liabilities expressed in foreign currency and recorded at historical cost are translated to the functional currency at the exchange rate published on the date of the transaction; and
- iii.** Non-monetary assets and liabilities recorded at fair value are translated into the functional currency at the exchange rate published on the date when the fair value is determined.

Exchange rate differences resulting from translation of the net positions are recognised in the income statement, under the balance Net gains/(losses) arising from foreign exchange differences.

The spot position in a given currency corresponds to the net balance of assets and liabilities expressed in that currency, plus the amounts of spot operations pending settlement and forward operations maturing in the following two business days.

The forward position in a given currency corresponds to the net balance of forward operations pending settlement, except for those maturing in the following two business days.

The translation of income and expense in foreign currency is performed on a monthly basis at the exchange rate prevailing at the end of each month.

The foreign exchange rates used in the functional currency translation process of assets, liabilities, income and expenses expressed in foreign currency, are the exchange rates disclosed by the European Central bank, designated as fixing rates.

## 2.4. Financial instruments (IFRS 9)

Financial assets are recognised on the settlement date, *i.e.*, on the date on which the Bank settles the asset that is committed to the trade date, and are classified by considering its underlying purpose, under the categories described below.

On initial recognition, financial assets are classified in one of the following categories:

- i.** Financial assets at amortised cost;
- ii.** Financial assets at fair value through other comprehensive income; or
- iii.** Financial assets at fair value through profit or loss.

The classification is made considering the following aspects:

- i.** The Bank's business model for financial asset management; and
- ii.** The contractual cash flow characteristics of the financial asset.

### 2.4.1. Loans and advances to customers (Financial assets at amortised cost)

#### 2.4.1.1. Measurement, initial and subsequent recognition

Loans and other receivables includes all financial assets corresponding to the supply of cash, goods or services to a debtor. This concept includes the typical credit granting to customers, as well as the creditor positions resulting from operations with third parties under the institution's business activities except operations with credit institutions.

Loans and advances to customers are initially recognised at fair value plus any directly attributable transaction costs and fees and are subsequently

measured at amortised cost using the effective interest method, less impairment losses.

In summary, revenue arising from fees for services rendered that are directly associated with loan operations is recognised on straight-line basis over their term.

The Bank writes-off credits to the assets of operations whenever it considers then to be irrecoverable and whose impairment is registered by the total amount of the operation.

#### 2.4.1.2. Derecognition

Loans and advances to customers are derecognised from the balance sheet when: (i) the contractual rights of the Bank to their respective cash flows have expired; or (ii) the Bank transferred substantially all the associated risks and rewards of ownership; or (iii) notwithstanding the fact that the Bank may have retained part, but not substantially all the associated risks and rewards of ownership, control over the assets was transferred; and (iv) the changes to the contractual conditions of a financial asset originated a substantial variation in the present value of the cash flows, *i.e.*, the new contractual conditions discounted using the initial contract interest rate resulted in a change of, at least 10%, of the remaining present value of cash flows of the original financial asset.

#### 2.4.1.3. Impairment losses

Impairment losses identified are recorded in the income statement being subsequently reversed, if there is a reduction of the estimated impairment loss, in a subsequent period.

IFRS 9 establishes a new asset impairment model based on expected credit losses, which replaces the incurred loss model followed by IAS 39, which considers the expected losses throughout the life of financial instruments. Thus, macroeconomic factors are considered when determining ECL, as well as other forward-looking information, whose changes have impact in expected losses.

### Collective analysis

Instruments that are subject to impairment calculations are divided in three stages considering its credit risk level, as follows:

- Stage 1: no significant increase in credit risk since its initial recognition. In this case, impairment losses will correspond to expected credit losses resulting from default events that may occur within 12 months after the reporting date;
- Stage 2: instruments in which there is a significant increase in credit risk since its initial recognition, however no objective evidence of impairment exists. In this case, impairment losses will correspond to expected credit losses resulting from default events that may occur over the expected residual life of the instrument;
- Stage 3: instruments for which there is objective evidence of impairment losses as a consequence of events that resulted in losses. In this case, impairment losses will correspond to expected credit losses over the expected residual life of the instrument.

It should be noted that BAIE also considered the following assumptions for the purpose of calculating impairment losses on loans and advances to customers:

- Default contamination: the contamination is performed by customer number, being considered in default all the operations of a customer for which one of the operations is considered in default;
- Cure period: a cure period of 6 months is considered for contracts that were in default and a period of 12 months is considered for contracts that were forborne.

The calculation of impairment losses in accordance with IFRS 9 is complex and requires decisions from Management, estimates and assumptions, particularly in the following areas:

- Assessment of the existence of a significant increase in credit risk since the initial recognition; and
- Incorporation of forward-looking information in ECL calculation.

### ECL Calculation

ECL correspond to unbiased weighted estimates of credit losses that will be determined as follows:

- Financial assets without signs of impairment at the reporting date: the actual value of the difference between the contractual cash flows and the cash flows that BAIE expects to receive;
- Financial assets with signs of impairment at the reporting date: difference between the gross book value and the actual value of the estimated cash flows;
- Unused credit commitments: the actual value of the difference between the contractual cash flows that would result if the commitment is used and the cash flows that BAIE expects to receive;
- Financial guarantees: the actual value of expected reimbursement payments deducted from the amounts that BAIE expects to recover.

### Definition of default

Under IFRS 9, the Bank considered the recommendations of EBA "Final Report on Guidelines on default definition (EBA-GL-2016-07)", issued on 28 September 2016.

### Significant increase in credit risk

Under IFRS 9, in order to determine if a significant increase in credit risk has occurred (risk of default) since the financial instrument's initial recognition, BAIE considers as relevant information all the information available and wi-

thout costs and/or excessive effort, including either quantitative and qualitative information or an analysis based in BAI Europa's history, expert judgement and forward looking.

Accordingly, considering the Bank's activity, it was defined that a significant increase in credit risk takes place when any of the following situations occurs since initial recognition: i) default between 30 and 90 days; ii) more than 1 non-performing payment in the last 12 months; iii) credit overdue in the Central Credit Register (CRC) between 2 and 3 months; iv) debts to the Tax Authorities; v) credit overdue for more than 3 months and/or written-off at the CRC in the last 3 reporting periods; vi) credit renegotiated in CRC; vii) credit forborne due to financial difficulties; viii) PERSI (Retail); and ix) Deceased (Retail).

In addition, in the process of monitoring a significant increase in credit risk, as part of the individual credit analysis, the Bank also considers the following qualitative factors: i) management problems; ii) high investments; iii) high competition/low margins; iv) concentration of turnover on a small number of customers; v) loss of concessions or representations; vi) economic group with difficulties; vii) evidence of forbearance in the financial system; viii) problems with suppliers; ix) worsening of the economic and financial situation; x) high concentration in a market; xi) employer company (Retail); and xii) divorce (Retail).

BAI Europa monitors the effectiveness of the criteria used for the identification of significant increase in credit risk through regular assessments in order to confirm that:

- The criteria allow to identify significant increases in credit risk before the exposure enters in default;
- The criteria is not in line with the moment where the customer is 30 days overdue;
- The average time between the identification of the significant increase in credit risk and the default is reasonable;

- The exposures usually do not change directly from the calculation of the 12-month ECL for a situation where they show signs of impairment;
- There is no unjustified volatility in the impairment value of transfers between the 12-month ECL value and the lifetime ECL value.

#### Inputs for the measurement of ECL

The main inputs used for measuring ECLs in a collective basis include the following parameters:

- Probability of Default – PD;
- Loss Given Default – LGD; and
- Exposure at Default – EAD.

These parameters are obtained using market references adjusted in order to reflect the forward-looking information, when applicable.

The EAD represents the expected exposure if the exposure and/or customer go into default. BAIE obtains the EAD values from the counterparty's current exposure and potential changes to its current value in accordance with the contractual conditions, including amortisation and prepayments. For commitments and financial guarantees, the value of EAD includes both the amount of credit used and the expectation of the future potential value that may be used in accordance with the contract.

The EAD calculation is performed differently per Stage:

- Stage 1 and 3: corresponds to the sum of outstanding loans, overdue loans, accrued interest and any off-balance sheet loans (to which, as mentioned above, and depending on the product segment considered, a credit conversion factor is applied), after deducting any existing financial collateral associated with the credit operation (pledges of deposits made with BAI Europe and credit insurance guaranteed by the Portuguese Government);

- Stage 2: corresponds to the expected projection over the residual maturity of the contract, *i.e.*, the sum of outstanding loans, overdue loans, accrued interest and any off-balance sheet loans (to which a credit conversion factor is applied, depending on the product segment considered), after deducting any existing financial collateral associated with the credit operation (pledges of deposits made with BAI Europe and credit insurance guaranteed by the Portuguese Government). Given the need to calculate the expected loss for the lifetime of the contract, future amortisations are deducted from the exposure considering the financial plan of each contract, in 12-month buckets.

#### Forward-looking information

Under IFRS 9, BAIE includes forward-looking information both in the assessment of the significant increase in credit risk and in the measurement of the ECL, namely for probability of default calculation purposes. The Bank includes projections of relevant macroeconomic variables with statistical adherence to history in the measurement of ECL (e.g., GDP, Inflation, Unemployment Rate, 3M Euribor). These external data are obtained from highly reputable sources, namely data aggregated by the Portuguese Public Finance Council, which includes, among others, projections from the Banco de Portugal, the International Monetary Fund or the Portuguese Public Finance Council itself, and data from Bloomberg, for the index benchmarks. For credit portfolio exposures subject to Angola risk, due to the absence of a history of defaults and the unavailability of historical information on defaults in the corporate and retail segments, the Bank uses a historical series associated with the Angola sovereign 5-year credit default swap (5Y CDS) to calculate the forward-looking adjustment factor.

The forward-looking methodology aims to strengthen the impairment model and represents a forecast of what is most likely to occur, considering three different scenarios – base, adverse and optimistic. This methodology is aligned with other analyses carried out by BAIE, such as strategic planning and budgeting.

#### Individual analysis

The individual analysis corresponds to the impairment calculation of individual contracts, instead of the one used in the collective analysis. The contracts eligible for this analysis have the following individual analysis criteria: i) clients/economic groups with stage downgrades, with exposure exceeding Euro 500 thousand; ii) clients/economic groups with exposure of Euro 1 million or above; iii) stage 3 clients and those restructured due to financial difficulties, irrespective of the amount of exposure. All contracts that have the following characteristics are removed from the segments to which they are aggregated, and an individual impairment rate is applied, depending on the internal considerations regarding the associated risk.

The determination of the impairment loss estimates results from the difference between the book value and the estimated recoverable amount of the credit, considering the recovery expectation of the amounts owed, the existing guarantees and, if possible, the recovery costs. For the customers to whom no impairment is attributed in the individual analysis, the Bank applies the impairment calculated through the collective model.

#### POCI Assets

Purchased or originated credit impaired (POCI) are assets in default at the initial recognition, which can be originated according to one of the following criteria: (i) new financial assets originated after changes in the contractual conditions that result in the derecognition of the original asset and in the recognition of a new asset; (ii) New customer contracts in default.

The calculation of the ECL for assets classified as POCI is based in the following principles:

- Impairment at initial recognition (inception): on inception, POCI assets are not impaired. The gross book value of POCI assets at inception corresponds to the net book value before its recognition as POCI. Therefore, at inception, the ECL of a POCI asset should be zero and the respective fair value is determined in accordance with a proxy of

Net Carrying Amount (*i.e.*, gross carrying amount deducted from the initial ECL);

- Impairment in subsequent periods: the ECL for POCI assets is always calculated in a lifetime perspective (from the moment an asset is recognised as POCI, can never be allocated to stage 1). Considering that the ECL, at inception, is incorporated in the value of the POCI asset, the amount recognised as ECL corresponds only to the amounts related to the ECL changes since the initial recognition.

In 2025 and 2024, there were no assets classified as POCI.

## 2.4.2. Other financial assets at amortised cost

### 2.4.2.1. Measurement and recognition

The Bank measures a financial asset at amortised cost if it meets, simultaneously, the following requirements and is not recorded at fair value through profit or loss (FVTPL) by choice (use of the Fair Value Option):

- The financial asset is held in a business model whose main purpose is to hold the asset to collect its contractual cash flows (HTC – Held to collect); and
- Its contractual cash flows occur on specific dates and correspond solely to payments of principal and interest on the principal amount outstanding (SPPI – Solely Payments of Principal and Interest).

These financial assets are initially recorded at fair value and subsequently measured at amortised cost. Interest is calculated based on the effective interest rate method and recognised in Net Interest Income. Impairment losses are recognised in the income statement when identified.

### 2.4.2.2. Impairment losses

IFRS 9 introduced the calculation of expected impairment losses for all financial assets. BAIE's policy is to regularly assess the objective existence of impairment of its Financial Assets. Impairment losses identified are recorded in the income statement being subsequently reversed, if there is a reduction of the estimated impairment loss, in a subsequent period.

#### Inputs for the measurement of ECL

The inputs for the measurement of ECL of these assets are:

- Probability of Default – PD;
- Loss Given Default – LGD; and
- Exposure at Default – EAD.

These parameters are also obtained using market references. In the calculation of the ECL, the PDs made available by a rating agency are used, and its maturity is adjusted to the residual maturity of each asset, in the case of Loans and advances to credit institutions repayable on demand. In case of Other financial assets its maturity is adjusted through the allocation of a 12-month PD.

The EAD represents the accumulated balance of the financial asset (deposits or other debtors) or the sum of the nominal value of the security, the amount of accrued interest and the premium to be amortised (premium paid on the acquisition of the security less the amount already amortised), less the discount to be amortised (the total value of the discount obtained on the acquisition of the security less the amount already amortised).

#### Allocation to Stages

The inputs for the measurement of ECL of these assets are:

- Stage 1: assets that do not meet the criteria to be considered in Stages 2 and 3;
- Stage 2: assets which simultaneously meet 2 or more criteria indicative of deterioration in the quality of the asset;
- Stage 3: assets with a "D" rating (default) assigned by a rating agency.

BAI Europa does not have an internal rating scale, *i.e.*, it does not have a scale of internal risk grades to apply to its assets in order to ascertain the deterioration of their quality. Thus, it is considered as evidence of deterioration of the quality of a financial asset, the simultaneous occurrence of two or more conditions described below:

- Failure to pay coupons or capital repayments on the established dates (only for debt securities);
- Downgrade of the consolidated external rating of the counterparty *vis-à-vis* the rating at origination if: i) it changes from investment grade to non-investment grade; ii) as investment grade, it shows a downgrade greater than two notches; or iii) originated in non-investment grade, it shows a downgrade;
- The absence of quotation evidence for the security, in the active market (in case of being a listed asset);
- Unfavourable market information.

### 2.4.3. Financial assets at fair value through other comprehensive income

#### 2.4.3.1. Valuation and recognition

A financial asset is measured at fair value through other comprehensive income (FVOCI) if both of the following conditions are met and if it is not designated at fair value through profit or loss (FVTPL) by option (use of Fair Value Option):

- The financial asset is held within a business model whose objective is to both collect contractual cash flows and the sale of that financial asset (HTC and Sell – Held to collect and Sell); and
- The contractual cash flows occur on specified dates and correspond solely to payments of principal and interest on the principal amount outstanding (SPPI).

The financial assets at fair value through other comprehensive income are initially accounted at fair value, including all expenses or income associated with the transactions and subsequently measured at fair value. The changes in fair value are accounted for against Fair value reserves.

#### a) Debt instruments

On the sale, or if impairment is determined, the accumulated gains or losses recognised in fair value reserves are recognised in the income statement under “Net gains/(losses) arising from assets at fair value through other comprehensive income” or under “Impairment losses from other financial assets net of reversals and recoveries”, respectively. Interest income from debt instruments is recognised in Net interest income based on the effective interest rate, including a premium or discount when applicable.

#### b) Equity instruments

At the initial recognition of an equity instrument that is not held for trading, the Bank may irrevocably choose to classify it as at fair value through other

comprehensive income (FVOCI). This option is exercised on a case-by-case basis, instrument by instrument. This option is only available for financial instruments that comply with the definition of equity instruments provided for in IAS 32 and cannot be used for financial instruments whose classification as an equity instrument under the scope of the issuer is made under the exceptions provided for in paragraphs 16A and 16D of IAS 32.

In accordance with IFRS 9, no impairment is recognised in equity instruments recorded at fair value through other comprehensive income, being the corresponding accumulated gains or losses recognised in the fair value reserve transferred into Retained earnings when its sale occurs.

Dividends are recognised in the income statement when the right to receive the dividends is attributed.

### 2.4.4. Financial assets and liabilities at fair value through profit or loss

All financial assets that are not measured according to the criteria described above, at amortised cost or at fair value through other comprehensive income (FVOCI), are measured at fair value through profit or loss (FVTPL).

Additionally, at initial recognition, the Bank may irrevocably designate a financial asset, which otherwise meets the requirements to be measured at amortised cost or FVOCI, such as FVTPL, if the designation significantly eliminates the accounting mismatch that would otherwise exist (Fair Value Option).

#### a) Financial assets and liabilities held for trading

The financial assets and liabilities acquired or issued with the purpose of sale or re-acquisition on the short term, namely bonds, treasury bills or shares, or that are part of a financial instruments portfolio and for which there is evidence of a recent pattern of short-term profit taking, or that can be included in the definition of derivative (except in the case of a derivative classified as hedging) are classified as trading. The dividends associated to these portfolios are accounted in Gains arising from trading and hedging operations. The interest from debt instruments is recognised as Net interest income.

Trading derivatives with a positive fair value are included in the financial assets held for trading and the trading derivatives with negative fair value are included in the Financial liabilities held for trading.

In 2025 and 2024, the Bank had no financial assets and/or liabilities held for trading.

#### b) Financial assets not held for trading mandatorily at fair value through profit or loss

This category includes assets for which the main purpose of the business model is to hold the assets to collect their contractual cash flows and debt instruments that are mandatorily classified at fair value through profit or loss due to non-compliance with the SPPI criteria.

At inception, IFRS 9 allows that an entity makes an irrevocably selection (instrument by instrument) in order to present as comprehensive income, the subsequent fair value changes from an equity instrument. This option only applies to instruments not held for trading.

#### c) Other financial assets and liabilities at fair value through profit and loss (Fair Value Option)

The designation of other financial assets and liabilities at fair value through profit and loss (Fair Value Option) is performed whenever at least one of the following requirements is fulfilled:

- The financial assets and liabilities are managed, evaluated and reported internally at its fair value;
- The designation eliminates or significantly reduces the accounting mismatch of the transactions; and
- The financial assets and liabilities include embedded derivatives that significantly change the cash flows of the original contracts (host contracts).

Considering that the transactions performed by the bank in the normal course of business are fulfilled at market prices, the financial assets and liabilities at fair value through profit or loss are initially accounted at their fair value, with the expenses or income related to the transactions being recognised in profit or loss at the initial moment and subsequent fair value changes under IFRS 9, according to the following:

- The amount related to the fair value change attributable to changes in the credit risk of the liability is presented in OCI; and
- The remaining amount of the fair value change is presented in the income statement.

The accrual of interest and the premium/discount (when applicable) is recognised in Net Interest Income based on the effective interest rate of each transaction, as well as the accrual of interest on the derivatives associated to financial instruments classified in this category.

#### 2.4.5. Other financial liabilities

This category includes all financial liabilities that are not recognised as financial liabilities at fair value through profit and loss, namely deposits from other financial institutions (Note 14) and from customers (Note 15).

These financial liabilities are initially recognised at fair value, accrued of possible commissions included in the effective interest rate and accrued of all incremental expenses directly attributable to the transaction. Subsequently, these financial assets are measured at amortised cost using the effective interest rate method.

### 2.5. Guarantees provided and irrevocable commitments

Liabilities with guarantees provided and irrevocable commitments are recorded in off-balance sheet accounts by its value at risk. Interest, commissions and other income are recorded in the income statement over the useful life of the operations (Note 28).

Impairment losses on guarantees provided and irrevocable commitments are calculated in accordance with IFRS 9 (similarly to the underlying assets – Note 2.4.1.3.), and are recorded against profit or loss, being subsequently reversed through profit or loss if the amount of the estimated impairment loss decreases in a later period.

### 2.6. Other tangible assets (IAS 16)

The Bank's other tangible assets are recorded at acquisition cost less accumulated depreciation and impairment losses. Depreciation is calculated through the straight-line method, according to the useful life expected by the Bank, as shown below:

	Number of years
Rented buildings	5 to 10
Equipment	3 to 5
Other property, plant and equipment	4 to 12

The acquisition cost includes expenses which are directly attributable to the acquisition of assets. Repairs and maintenance expenses are recognised as costs as they are incurred under the balance General and administrative expenses.

According to IAS 16, these assets are subjected to impairment tests whenever there is an indication that its net book value exceeds its recoverable amount, being the difference, if exists, recognised in the income statement. The recoverable amount is determined as the highest between the fair value less costs to sell and its value in use.

The accounting policy concerning the right-of-use is disclosed in Note 2.13. IFRS 16 – Leases.

Impairment losses on property, plant and equipment are recognised in profit or loss for the period, with no objective signs of impairment identified in 2025.

### 2.7. Intangible assets (IAS 38)

This balance includes the costs incurred with the acquisition, development and implementation of software to be used in the Bank's activity (Note 11).

Intangible assets are booked at acquisition cost less accumulated amortisation and impairment losses. Depreciations are calculated on a straight-line basis over the expected useful life of the asset, usually three years.

Software maintenance costs are charged to the income statement when incurred.

The bank does not recognise internally developed intangible assets.

Any impairment losses are recognised in profit or loss for the period, with no objective signs of impairment identified in 2025.

### 2.8. Income taxes (IAS 12)

BAIE is subject to the tax regime of the Corporate Income Tax Code (CIRC) and Tax Benefits Code (EBF).

Income tax recognised in profit or loss comprises current and deferred tax. Income tax is recognised in profit or loss, except to the extent that it relates to items recognised directly to reserves in which case it is recognised in reserves. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

According to Law No. 98/2019, of 4 September, which established the tax regime of credit impairment and provisions for guarantees for tax periods beginning on or after 1 January 2019, the Bank joined the definitive regime provided in Articles 2 and 3 of the Law under review, hence the new regime has already been considered in the estimation of current and deferred taxes.

Deferred taxes are calculated under the liability method based on the balance sheet date, in respect of temporary differences between the accounting values of assets and liabilities and its tax base, using the rates of tax approved or substantially approved at the balance sheet date. Tax credits and tax losses carried forward are also recorded as deferred tax assets.

In accordance with IAS 12, deferred tax liabilities are recognised for all taxable temporary differences, except for differences related to goodwill not deductible for tax purposes, differences resulting from the initial recognition of assets and liabilities that do not affect accounting and tax profit, differences that do not result from business combinations and differences related to investments in subsidiaries, which are not expected to be reversed. Under the same standard, deferred tax assets are recognised only to the extent when it is probable that future taxable profits will be available to absorb deductible temporary differences for taxation purposes or tax losses carried forward.

It should be noted that the taxable profit or tax loss calculated by the Bank may be subject to adjustments by the tax authorities within four years. In years in which there are deductions or use of tax credits, the period for the tax authorities to make adjustments depends on the exercise of such right, particularly five or twelve years, according to the year, in the case of tax losses.

At this date, in accordance with Article 52(2) of the Corporate Income Tax Code, as well as the State Budget approved for the year 2024, tax losses carried forward, once incurred, may be deducted up to a limit of 65% of tax income generated during that period.

Deferred taxes relating to temporary differences arising on the initial recognition of assets and liabilities are not recorded on transactions that do not affect the accounting result or taxable profit.

The main situations that originate temporary differences on BAIE are related to provisions/temporary non-deductible impairments, financial assets at fair value through other comprehensive income and long-term employee benefits.

Deferred taxes are calculated, using the tax rates enacted or substantively enacted at the balance sheet date and that are expected to be applied when the temporary difference is reversed.

## 2.9. Employee benefits (IAS 19)

Liabilities with employee benefits are recognised in accordance with IAS 19 – Employee benefits. The main employee benefits are retirement and survival pensions, post-employment health charges, other long-term and short-term benefits.

### 2.9.1. Retirement and survival pensions and post-employment health charges

In accordance with the Pension Plan attached to the subscription contract to the *Fundo de Pensões da Ocidental – Sociedade Gestora de Fundos de Pensões, S.A.*, BAIE acknowledges the responsibility to pay to its employees covered by the Vertical Collective Labour Agreement for the Portuguese Banking Sector (ACTV) or to their families, cash benefits for old age or disability retirement, early retirement or survival. These benefits currently consist of an increasing percentage of the employee's years of service in the Bank, applied to his/her salaries. To this extent, the plan is classified as a defined benefit plan.

With the publishing of Decree-Law 1-A/2011, of 3 January, under the Vertical Collective Labour Agreement (ACTV) for the banking sector, the employees in active age on 4 January 2011 began to be covered, as from that date, by the Social Security General Regime (SSGR) only for old age retirement benefit and in cases of maternity, paternity and adoption, whose charges the Bank no longer bears. Considering the complementarity character predicted in the ACTV rules, the bank continues to guarantee the difference between the amounts paid under the Social Security General Regime and those estimated under the referred Agreement.

BAIE determines, on an annual basis, the total amount of these responsibilities, through calculations performed by independent actuaries, using the "Unit Credit Projected" method and actuarial assumptions considered appropriate (Note 29). The amount of liabilities includes benefits with post-employment medical care (*Serviços de Assistência Médico-social – SAMS*), besides the benefits with retirement and survival pensions.

The actuarial assumptions consider the pensions and salaries growth expectations and are based in mortality tables used by other institutions operating in the Portuguese financial market. The discount rate used to update the liability is determined by reference to interest rates associated with high quality corporate bonds, in the currency in which the liabilities are settled, and with a similar maturity to the average date of termination of liabilities.

In terms of sensitivity analysis of changes in the discount rate and their impact on total past service liabilities, the methodology of using assumptions remained stable, without changes in the method used.

Until 4 January 2011, the liabilities were exclusively financed by one pension fund, being the amount corresponding to the difference between the actual amount of liabilities and the fair value of the fund's assets at the balance sheet date, if applicable, adjusted by the deferred actuarial gains

and losses, either positive or negative, recognised under Other liabilities or Other assets, respectively. The value of the pension fund corresponds to the fair value of its assets at the balance sheet date. Concerning the application of the above-mentioned Decree-Law No. 1-A/2011, the defined benefit plan for employees covered by the ACTV regarding old age retirement, become to be financed by the pension fund in the part regarding past service cost until 4 January 2011, and by the Social Security in the remaining part regarding past services cost after that date. Thus, from 2011 onwards, the current service cost and the annual increase of liabilities for past services have reduced and the bank, since the beginning of that year started to support an additional charge corresponding to a fee (*Taxa Social Única* – TSU) of 23.75% over the generality of retributions paid to its employees covered by the ACTV.

Actuarial gains and losses are recognised in equity under the balance Retained Earnings and disclosed in Other Comprehensive Income Statement.

Accruals with past service responsibilities, namely the ones related to the passage of employees to early retirement, are recognised as expenses in the income statement in the period to which they occur.

In addition, Notice 12/2001 from Banco de Portugal requires a full financing of pension liabilities in payment and a level of financing of 95% of past services liabilities of active employees.

The costs with Bank employees include the following costs regarding liabilities with retirement pensions:

- current service cost (cost for the period);
- interest regarding all liabilities; and
- expected return of the pension fund.

### 2.9.2. Other long-term benefits

Pursuant to clause No. 74 of the ACTV, the Bank has taken the responsibility of granting to its employees who are covered by this scheme and in active service, an end-of-career bonus corresponding to 1.5 times their effective monthly remuneration, on the date of their retirement due to disability or alleged disability.

The Bank determines, on an annual basis, the present value of past liabilities with end-of-career bonuses through evaluations performed by independent qualified actuaries using the Project Unit Credit method. The actuarial assumptions used (demographic and financial) consider expectations, at the balance sheet date, for the salary growth and a mortality table suitable to the bank's population. The discount rate is determined by reference to interest rates associated with low-risk corporate bonds with a similar maturity to the date of termination of liabilities. These assumptions are equal to the ones used in the retirement pension's liability calculation.

Accordingly, the Bank records the amount of the liabilities calculated as a charge payable (Note 17) against the income statement. Payments made to employee are deducted from the provision recorded.

The Bank's staff costs include the following costs relating to liabilities for end-of-career bonuses:

- Current service cost (cost for the period); and
- Interest expense.

### 2.9.3. Short-term benefits

Short-term benefits (retribution and charges with retributions) are recorded by the undiscounted amount under Staff costs (Note 25) in the period to which they relate in accordance with the accrual principle.

### 2.10. Provisions and contingent liabilities (IAS 37)

Provisions are recognised when: (i) the Bank has a present obligation (legal or constructive); (ii) it is probable that an outflow of economic benefits will be required to settle a present legal or constructive obligation; (iii) as a result of past events; and (iv) a reliable estimate can be made of the amount of the obligation.

When the probability of an outflow of resources or the estimation on the amount of the obligation cannot be reliably estimated, we are in the presence of a contingent liability which should only be subject to disclosure, unless the probability of occurrence is remote.

Provisions are reviewed at the end of each reporting date and adjusted to reflect the best estimate, being reversed against the income statement in proportion to the payments that are not likely. Provisions cease from being recognised when they are used for settling the liabilities for which they were initially set up or reversed in cases where those liabilities are no longer observed (Note 16)

As there were no Contingent Liabilities in 2025 and 2024, these are not disclosed.

### 2.11. Recognition of revenue from services and commissions (IFRS 15)

IFRS 15 redefines revenue recognition principles and is applicable to all contracts with customers that are not contracts under other standards.

IFRS 15 establishes a five-step model (identifying the contract with a customer, identifying performance obligations in the contract, determining the transaction price, allocating the transaction price and recognising revenue) to depict the revenue arising from contracts with customers and requires the recognition of such revenue in an amount that reflects the consideration to which the entity expects to be entitled in exchange for services rendered to the customer.

Revenue from services and commissions is recognised in accordance with the following criteria:

- When obtained as services are rendered, they are recognised in the income statement in the period to which they relate;
- When they result from services rendered, they are recognised in the income statement when the service is completed; and
- When they form an integral part of the effective interest rate of a financial instrument, the income resulting from services and commissions is recorded in Net interest income.

Many of the Bank's sources of revenue (for example, interest income, gains and losses on financial instruments) are outside the scope of IFRS 15, and therefore the recognition of these flows has not changed with the adoption of IFRS 15. The revenue of the Bank generated under IFRS 15 refer to income from services and commissions (Note 20).

## 2.12. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months maturity from the trade date, including cash and deposits with banks.

## 2.13. IFRS 16 – Leases

IFRS 16 introduced a single lease accounting model in the Balance Sheet. Accordingly, the Bank, as a lessee, is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease

liability representing its obligation to make lease payments. Accounting as a lessor remains unchanged due to the accounting policies already in place, and the Bank did not carry out leasing operations as a lessor in 2025 and 2024.

### A. Lease definition

The new lease definition entails a focus on control of the identified asset, *i.e.*, a contract is, or contains a lease, if it gives the right to control the use of an identified asset (underlying asset) for a certain period of time in exchange of consideration. Control is conveyed where the customer has both the right to direct the identified asset's use and to obtain substantially all the economic benefits from that use.

### B. Lessee accounting

From the lessee's perspective, the Bank previously classified leases as operating or finance leases based on an overall assessment of whether the lease transfers substantially all the risks and rewards of ownership of the underlying assets. Currently, in accordance with IFRS 16, the Bank recognises right-of-use assets and lease liabilities for some classes of assets – *i.e.*, these leases are recognised in the Bank's balance sheet.

The Bank recognises a right-of-use asset and a lease liability at the inception of the lease.

#### Right-of-use assets

The right-of-use asset is initially measured at cost and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities.

The Bank records right-of-use assets under Other tangible assets, *i.e.*, on the same item line as the underlying assets of the same nature that are its property.

#### Lease liabilities

The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined, at the Bank's incremental borrowing rate. The Bank generally uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and reduced by the lease payments made. It is remeasured (remeasurements are treated as adjustments to the right-of-use assets) to reflect changes in future lease payments resulting from a change in an index or rate, in the amounts expected to be payable under residual value guarantees, or, if appropriate, in the assessment of whether a call or put option is reasonably certain to be exercised or an exit option is reasonably certain not to be exercised.

The Bank records lease liabilities under Other liabilities in the statement of financial position.

#### Judgement used in determining the lease term

The Bank has used judgement to determine the lease term of some contracts in which it is the lessee, which include put and exit options. The Bank determines the lease term as the non-cancellable period during which it has the right to use an underlying asset together with both periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. The assessment of whether the Bank will exercise such options will have an impact on the lease term, which will significantly affect the amount of the lease liabilities and the right-of-use assets recognised.

The Bank has the option to lease the assets for additional periods, particularly in property lease agreements. The Bank uses judgement when assessing whether it is reasonably certain to exercise the renewal option, *i.e.*, it considers all relevant factors that create an economic incentive to exercise it or not.

Currently, right-of-use assets are measured at the amount equivalent to the lease liability, adjusted for the amount of any prepaid or accrued lease payments – the Bank has adopted this approach for all other leases.

### C. Lessor accounting

In accordance with IFRS 16, lessors will continue to classify leases as finance or operating.

### 2.15. Subsequent Events

The Bank analyses events occurring after the statement of financial position, *i.e.*, favourable and/or unfavourable events occurring between the balance sheet date and the date on which the financial statements were authorised for issue. Within this context, two types of events can be identified:

- Those that provide evidence of conditions existing at the balance sheet date (adjusting events after the balance sheet date); and
- Those that provide information on conditions arising after the balance sheet date (non-adjusting events after the balance sheet date).



### 3. Cash and deposits at central banks

This balance is analysed as follows:

(Amounts expressed in Euro)

	31 Dec. 25	31 Dec. 24
Cash	118,747	215,433
Deposits repayable on demand at the Banco de Portugal	8,463,242	2,201,284
	<b>8,581,989</b>	<b>2,416,717</b>

The balance Deposits repayable on demand at Banco de Portugal includes mandatory deposits set up to meet the requirements of the Minimum Reserve System of the European System of Central Banks (SBCE) and overnight deposits made through the Eurosystem's standing deposit facility.

As at 31 December 2025 and 2024, the funds available to meet minimum reserves are not remunerated and correspond to 1% of deposits and debt securities with a maturity of less than two years, excluding liabilities to other institutions subject to the minimum reserve regime of the European System of Central Banks (SBCE).

Throughout 2025, the Governing Council of the European Central Bank changed key interest rates, and on 11 June 2025, the reference rate for Main Refinancing Operations (MRO) – Main Refinancing Operations and the Standing Deposit Facility was set at 2.15% and 2%, respectively, which remained unchanged until 31 December 2025. For comparison purposes, on 18 December 2024, the MRO rate and the Standing Deposit Facility rate were set at 3.15% and 3%, respectively.

### 4. Loans and advances to credit institutions repayable on demand

This balance is analysed as follows:

(Amounts expressed in Euro)

	31 Dec. 25	31 Dec. 24
<b>Loans and advances to credit institutions in Portugal</b>		
Deposits repayable on demand	19,262,523	32,183,593
<b>Loans and advances to credit institutions abroad</b>		
Deposits repayable on demand	59,615,964	77,914,634
Impairment losses (Note 16)	(2,144)	(6,865)
	<b>78,876,343</b>	<b>110,091,362</b>



## 5. Financial assets not held for trading mandatorily measured at fair value through profit or loss

This balance is analysed as follows:

(Amounts expressed in Euro)

	31 Dec. 25	31 Dec. 24
<b>Debt instruments</b>		
Issued by foreign private entities	-	124,413
	<b>-</b>	<b>124,413</b>

As mentioned in Note 2.4.4., as from 1 January 2018, through the adoption of IFRS 9, financial assets that are not measured at amortised cost or at fair value through other comprehensive income are measured at fair value through profit or loss.

In 2025, the security classified under fair value through profit or loss matured, with no position remaining in the portfolio at the end of the reporting period.

## 6. Financial assets at fair value through other comprehensive income (FVOCI)

Financial assets at fair value through other comprehensive income are analysed as follows:

(Amounts expressed in Euro)

	31 Dec. 25	31 Dec. 24
<b>Financial assets at fair value through other comprehensive income (IFRS 9)</b>		
<b>Debt instruments</b>		
Issued by national public entities	<b>5,985,292</b>	5,942,853
Issued by national private entities	<b>17,444,570</b>	23,053,519
Issued by foreign public entities	<b>26,563,970</b>	7,572,322
Issued by foreign private entities	<b>39,936,389</b>	25,573,271
Interest receivable	<b>769,198</b>	415,185
<b>Total gross amount</b>	<b>90,699,419</b>	<b>62,557,150</b>
<b>Total net of impairment and provisions</b>	<b>90,699,419</b>	<b>62,557,150</b>

In 2025, the Bank has no financial instruments in the pool of eligible assets for Eurosystem operations. However, in 2024, part of the debt instruments (Euro 7,896,966), namely Portuguese public debt, were included in the pool of assets eligible to guarantee Eurosystem monetary policy operations, recourse to contingency liquidity facilities or intraday credit (Note 28).

As at 31 December 2025 and 2024, the Bank has no equity instruments accounted for under Financial assets at fair value through other comprehensive income.

Impairment related to financial assets at fair value through other comprehensive income is recognised in equity, similarly to what happens with the fair value reserve of those assets, in accordance with the requirements of IFRS 9 (Note 18).

## 7. Financial assets at amortised cost – Loans and advances to credit institutions

This balance is analysed as follows:

(Amounts expressed in Euro)

	31 Dec. 25	31 Dec. 24
<b>Loans and advances to credit institutions in Portugal</b>		
Very-short-term loans and advances	110,297,872	284,055,203
Subordinated loans and advances	10,853,191	4,187,670
Interest receivable	74,070	54,408
<b>Loans and advances to credit institutions abroad</b>		
Loans and advances	117,916,160	77,490,899
Discounts	34,518,852	12,092,021
Interest receivable	483,706	524,729
Deferred commissions	(254,727)	(185,071)
Discount Interest	(813,980)	(82,845)
<b>Total gross amount</b>	<b>273,075,143</b>	<b>378,137,014</b>
Impairment (Note 16)	(361,187)	(381,566)
<b>Total net of impairment</b>	<b>272,713,956</b>	<b>377,755,448</b>

The amount corresponding to Subordinated loans and advances is a set of collateral deposits (Note 28), which refers to the indirect representation of

another institution in the SEPA credit transfer payments and SEPA direct debit systems, both STEP2.

Very short-term loans and advances have a maximum maturity of two business days.

The amount under Loans and advances relates to two loans granted to two South African banks, three loans to two British banks, three loans to a Mauritian bank, two loans to two Nigerian banks, three loans to three Turkish banks, two loans to two Egyptian banks, and one loan to a Paraguayan bank. In 2024, the amount under Loans and advances related to a loan granted to a South African bank, three loans to three British banks, four loans to three Mauritian banks, one loan to a Nigerian bank and one loan to a Turkish bank.

In the notes to the financial statements for the year ended 31 December 2024, the Bank presented, under Other assets (Note 13), the balance corresponding to discounts on letters of credit, totalling Euro 11,918,584, relating to the respective principal, interest, and impairment. In 2025, this balance was reclassified to Financial assets at amortized cost – Loans and advances to credit institutions (Note 7), given the nature of the transactions, the characteristics of the counterparties (credit institutions) and compliance with the criteria established in IFRS 9 for classification in the category of financial assets at amortized cost.

This reclassification had no impact on equity, on the Net profit/(loss) for the period, or at the prudential level, given that these transactions were already reported as financial assets at amortized cost for regulatory purposes.

As this was merely an improvement in the aggregation of balances, based on the nature of the counterparties, the change was made retrospectively in order to ensure a more consistent and comparable presentation of the balances between the two financial years.

Changes in impairment during 2025 and 2024 are disclosed in Note 16.

## 8. Financial assets at amortised cost – Loans and advances to customers

This balance is analysed as follows:

(Amounts expressed in Euro)

	31 Dec. 25	31 Dec. 24
<b>Loans not represented by securities</b>		
Domestic loans		
Loans and advances	78,143,512,	102,002,208,
Current account loans	5,218,700,	6,394,000,
Foreign loans		
Loans and advances	204,549,602,	123,047,626,
Overdue loans and interest	1,793,441	480,126
<b>Subtotal of capital</b>	<b>289,705,255</b>	<b>231,923,960</b>
Interest receivable	2,400,390,	2,072,569,
Prepaid interest	(73,456)	(105,941)
Monthly commissions	(1,617,313),	(1,691,907),
<b>Subtotal of interest and commissions</b>	<b>709,621</b>	<b>274,721</b>
	<b>290,414,878,</b>	<b>232,198,681,</b>
Impairment for credit risk	(3,168,492)	(3,675,084)
	<b>287,246,386</b>	<b>228,523,597</b>

Changes in impairment for loans and advances to customers during 2025 and 2024 are disclosed in Note 16.

As at 31 December 2025 and 2024, this balance has the following structure by business sector:

	(Amounts expressed in Euro)			
	31 Dec. 25		31 Dec. 24	
Public administration (regional and local)	<b>81,215,411</b>	<b>28.0%</b>	56,418,653	24.3%
Construction	<b>48,311,137</b>	<b>16.7%</b>	46,461,042	20.0%
Real Estate activities	<b>7,014,893</b>	<b>2.4%</b>	22,073,634	9.5%
Trade and repair	<b>53,081,042</b>	<b>18.3%</b>	21,322,083	9.2%
Manufacturing industries	<b>9,909,410</b>	<b>3.4%</b>	19,873,585	8.6%
Financial and insurance activities	<b>19,978,459</b>	<b>6.9%</b>	19,511,339	8.5%
Other business services	<b>18,904,614</b>	<b>6.5%</b>	17,768,199	7.7%
Accommodation, catering and similar activities	<b>8,134,545</b>	<b>2.8%</b>	9,495,771	4.1%
Manufacture of transportation equipment	<b>11,000,000</b>	<b>3.8%</b>	7,000,000	3.0%
Other activities and Retail	<b>8,576,172</b>	<b>3.0%</b>	6,137,985	2.6%
Information and communication activities	<b>8,500,016</b>	<b>2.9%</b>	2,500,000	1.1%
Repair and maintenance of aircraft and spacecraft	<b>2,500,000</b>	<b>0.9%</b>	2,500,000	1.1%
Transportation and storage	<b>12,519,558</b>	<b>4.3%</b>	792,056	0.3%
Food, beverage and tobacco industries	<b>60,000</b>	<b>0.0%</b>	69,613	0.0%
	<b>289,705,255</b>	<b>100%</b>	<b>231,923,960</b>	<b>100%</b>

## 9. Other financial assets at amortised cost

Other financial assets at amortised cost are analysed as follows:

	(Amounts expressed in Euro)	
	31 Dec. 25	31 Dec. 24
Securities issued by residents		
Debt instruments		
Issued by other national public entities	<b>6,535,235</b>	2,057,000
Other residents		
Non-subordinated debt	<b>23,201,053</b>	24,115,414
Securities issued by non-residents		
Other non-residents		
Non-subordinated debt	<b>93,757,576</b>	123,213,232
Interest receivable	<b>1,626,686</b>	1,189,720
Prepaid interest	<b>886,684</b>	2,426,374
Deferred charges expenses	<b>(255,941)</b>	(140,654)
	<b>125,751,293</b>	<b>152,861,086</b>
Impairment of other financial assets at amortised cost	<b>(285,305)</b>	(676,144)
	<b>125,465,988</b>	<b>152,184,942</b>

As at 31 December 2025 and 2024, Debt instruments – Issued by other national public entities refers to a bond issue of Portuguese public debt.

As at 31 December 2025 and 2024, Debt instruments – From other residents refers to investments in commercial paper and other debt issues issued by resident entities, which the Bank subscribed to in the primary market.

As at 31 December 2025 and 2024, Securities issued by non-residents – other non-residents – Non-subordinated debt refers to bond issues.

## 10. Other tangible assets and right-of-use assets

The changes in these balances during 2025 were as follows:

(Amounts expressed in Euro)

	31 Dec. 24			Acquisitions	Amortisation for the period	Transfers (Net amount)	Write-offs		31 Dec. 25		
	Gross amount	Accumulated amortisation and impairment	Net amount				Accumulated amortisation and impairment	Write-offs	Gross amount	Accumulated amortisation and impairment	Net amount
<b>Properties in use</b>											
Leasehold improvements	1,121,410	(586,506)	534,904	37,756	(119,104)	-	-	-	<b>1,159,166</b>	<b>(705,610)</b>	<b>453,556</b>
<b>Equipment</b>				-	-						
Furniture and material	286,944	(161,521)	125,423	24,483	(36,411)	107	-	(129)	<b>311,299</b>	<b>(197,826)</b>	<b>113,473</b>
Machinery and tools	28,439	(17,053)	11,386	2,573	(2,771)	-	-	-	<b>31,011</b>	<b>(19,823)</b>	<b>11,188</b>
IT equipment	1,395,503	(1,042,417)	353,086	511,643	(235,427)	-	-	(12,007)	<b>1,895,139</b>	<b>(1,277,845)</b>	<b>617,294</b>
Indoor facilities	9,906	(6,403)	3,503	-	(990)	-	-	-	<b>9,906</b>	<b>(7,393)</b>	<b>2,513</b>
Safety equipment	10,369	(7,904)	2,465	-	(983)	-	-	-	<b>10,369</b>	<b>(8,887)</b>	<b>1,482</b>
Other equipment	11,169	(174)	10,995	-	-	-	-	-	<b>11,169</b>	<b>(174)</b>	<b>10,995</b>
<b>Right-of-use assets</b>											
Real Estate	2,692,697	(1,679,589)	1,013,108	357,484	(430,262)	46,867	-	(110,126)	<b>2,940,055</b>	<b>(2,062,984)</b>	<b>877,071</b>
Vehicles	408,587	(168,901)	239,686	582,128	(171,937)	49,462	-	(97,538)	<b>893,177</b>	<b>(291,376)</b>	<b>601,801</b>
<b>Assets under construction</b>	-	-	-	-	-	-	-	-	<b>-</b>	<b>-</b>	<b>-</b>
	<b>5,965,024</b>	<b>(3,670,469)</b>	<b>2,294,555</b>	<b>1,516,067</b>	<b>(997,886)</b>	<b>96,436</b>	<b>-</b>	<b>(219,801)</b>	<b>7,261,290</b>	<b>(4,571,918)</b>	<b>2,689,373</b>

Right-of-use assets corresponds essentially to leased properties, namely the Bank's head office in Lisbon (2 floors), a representative office in Oporto, and a residual number of vehicles. These assets are amortised according to the lease term of each agreement, as described in the accounting policy of Note 2.13.

The changes in these balances during 2024 were as follows:

(Amounts expressed in Euro)

	31 Dec. 23			Acquisitions	Amortisation for the period	Transfers (Net amount)	Write-offs		31 Dec. 24		
	Gross amount	Accumulated amortisation and impairment	Net amount				Accumulated amortisation and impairment	Write-offs	Gross amount	Accumulated amortisation and impairment	Net amount
<b>Properties in use</b>											
Leasehold improvements	1,123,201	(469,979)	653,222	6,330	(116,527)	-	-	(8,121)	1,121,410	(586,506)	534,904
<b>Equipment</b>											
Furniture and material	285,205	(126,751)	158,454	11,434	(34,770)	-	-	(9,695)	286,944	(161,521)	125,423
Machinery and tools	24,793	(12,280)	12,513	3,646	(4,773)	-	-	-	28,439	(17,053)	11,386
IT equipment	1,059,927	(809,378)	250,549	335,577	(233,039)	-	-	-	1,395,503	(1,042,417)	353,086
Indoor facilities	9,906	(5,413)	4,493	-	(990)	-	-	-	9,906	(6,403)	3,503
Safety equipment	10,369	(6,921)	3,448	-	(983)	-	-	-	10,369	(7,904)	2,465
Other equipment	11,168	(174)	10,995	-	-	-	-	-	11,169	(174)	10,995
<b>Right-of-use assets</b>											
Real Estate	2,690,741	(1,389,611)	1,301,129	1,957	(345,088)	55,110	-	-	2,692,697	(1,679,589)	1,013,108
Vehicles	341,359	(175,011)	166,349	110,879	(75,377)	81,487	-	(43,651)	408,587	(168,901)	239,686
<b>Assets under construction</b>											
	-	-	-	-	-	-	-	-	-	-	-
	<b>5,556,669</b>	<b>(2,995,518)</b>	<b>2,561,152</b>	<b>469,823</b>	<b>(811,547)</b>	<b>136,597</b>	<b>-</b>	<b>(61,467)</b>	<b>5,965,024</b>	<b>(3,670,469)</b>	<b>2,294,555</b>

## 11. Intangible assets

The changes in these balances during 2025 were as follows:

(Amounts expressed in Euro)

	31 Dec. 24			Acquisitions	Amortisation for the period	Write-offs		Sales			31 Dec. 25		
	Gross amount	Accumulated amortisation and impairment	Net amount			Gross amount	Accumulated amortisation and impairment	Gross amount	Accumulated amortisation and impairment	Net amount	Gross amount	Accumulated amortisation and impairment	Net amount
Automatic data processing systems (software)	5,306,056	(2,577,121)	2,728,935	1,130,278	(1,601,025)	-	-	-	-	-	6,436,334	(4,178,146)	2,258,188
	<b>5,306,056</b>	<b>(2,577,121)</b>	<b>2,728,935</b>	<b>1,130,278</b>	<b>(1,601,025)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,436,334</b>	<b>(4,178,146)</b>	<b>2,258,188</b>

In 2025, the amount of acquisitions is essentially due to the investment made under the BAIE's strategic plan.

The changes in these balances during 2024 were as follows:

(Amounts expressed in Euro)

	31 Dec. 23			Acquisitions	Amortisation for the period	Write-offs		Sales			31 Dec. 24		
	Gross amount	Accumulated amortisation and impairment	Net amount			Gross amount	Accumulated amortisation and impairment	Gross amount	Accumulated amortisation and impairment	Net amount	Gross amount	Accumulated amortisation and impairment	Net amount
Automatic data processing systems (software)	3,267,032	(1,455,048)	1,811,984	2,039,023	(1,122,073)	-	-	-	-	-	5,306,056	(2,577,121)	2,728,935
	<b>3,267,032</b>	<b>(1,455,048)</b>	<b>1,811,984</b>	<b>2,039,023</b>	<b>(1,122,073)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,306,056</b>	<b>(2,577,121)</b>	<b>2,728,935</b>

## 12. Tax assets and liabilities

This balance is analysed as follows:

(Amounts expressed in Euro)

	31 Dec. 25	31 Dec. 24
<b>Current tax assets</b>		
Income tax receivable (IRC)	-	710,562
<b>Deferred tax assets</b>		
By temporary differences		
in assets	419,408	576,084
in liabilities	475,830	642,490
	<b>895,238</b>	<b>1,929,136</b>
<b>Current tax liabilities</b>		
Income tax payable (IRC)	(426,714)	-
	<b>(426,714)</b>	<b>-</b>

The amount of income tax payable (IRC) for 2025 and 2024 is presented as follows:

(Amounts expressed in Euro)

	31 Dec. 25	31 Dec. 24
Corporate Income Tax (IRC)	(1,408,549)	(1,253,405)
Payments on account	1,106,517	1,866,978
Additional payments on account	101,163	233,625
	<b>(200,869)</b>	<b>847,198</b>
Surcharge	(97,096)	(83,055)
Autonomous taxation	(128,750)	(53,581)
<b>Income tax payable (IRC)</b>	<b>(426,714)</b>	<b>-</b>
<b>Income tax receivable (IRC)</b>	<b>-</b>	<b>710,562</b>

During 2025, the changes in deferred taxes were as follows:

(Amounts expressed in Euro)

	31 Dec. 24			31 Dec. 25
	Opening balance	Reserves/ Retained earnings	Profit/ (or loss)	Closing balance
<b>Deferred tax assets</b>				
Financial assets at fair value through other comprehensive income	576,084	(156,675)	-	419,408
Financial assets mandatorily measured at fair value through profit or loss	-	-	-	-
Impairment for loans and advances	611,298	-	(165,302)	445,996
Provisions for other risks	-	-	-	-
ACTV end-of-career bonus	7,088	-	(1,138)	5,950
Pension funds and post-employment benefits	24,104	-	(220)	23,884
Tax losses carried forward	-	-	-	-
	<b>1,218,574</b>	<b>(156,675)</b>	<b>(166,660)</b>	<b>895,238</b>
<b>Deferred tax liabilities</b>				
Financial assets at fair value through other comprehensive income	-	-	-	-
Pension funds and post-employment benefits	-	-	-	-
	<b>1,218,574</b>	<b>(156,675)</b>	<b>(166,660)</b>	<b>895,238</b>

As at 31 December 2025, the amount of the item Deferred tax assets – Financial assets at fair value through other comprehensive income of Euro 419,408 relates to the impact of potential capital losses underlying the portfolio of Financial assets at fair value through other comprehensive income which, as at 31 December 2024, amounted to Euro 576,084 (Note 18).

The expected recovery periods for deferred tax assets and liabilities are as follows:

(Amounts expressed in Euro)

	31 Dec. 25	31 Dec. 24
<b>Deferred tax assets</b>		
For more than 12 months	895,238	1,218,574
	<b>895,238</b>	<b>1,218,574</b>



## 13. Other assets

This balance is analysed as follows:

(Amounts expressed in Euro)

	31 Dec. 25	31 Dec. 24
FCGT Contributions	15,051	15,051
Government sector		
Value added taxes (VAT) receivable	1,155,400	621,639
Other <b>a)</b>	425,000	425,000
Other sundry debtors <b>b)</b>	939,247	1,038,364
Other income receivable		
Documentary credits	515,757	192,671
Insurance	68,922	87,973
Other administrative costs <b>c)</b>	683,649	685,657
Other deferred charges expenses	719,725	697,234
Other deferred charges expenses – Loans and advances to customers	(36,076)	(11,577)
Pension liabilities and other benefits (Notes 2.9., 17 and 29)		
Retirement pensions		
Past service liabilities	(1,653,147)	(1,893,258)
Pension fund assets	3,552,188	3,416,167
Actuarial deviations		
Post-employment benefits	(116,505)	(107,127)
Interbank transactions	(73,894)	(125,355)
<b>Total gross amount</b>	<b>5,511,668</b>	<b>4,356,782</b>
Impairment	(1,283,832)	(1,509,473)
<b>Total net of impairment</b>	<b>4,227,836</b>	<b>2,847,309</b>

**a)** The balance Government sector – Other relates mainly to an amount receivable from the Portuguese Tax Authorities resulting from an auctioning procedure for the acquisition of a property purchased as payment for a credit transaction to a customer following a tax foreclosure process for the payment of Municipal Property Tax (IMI) relating to that same property. The balance of Euro 425,000 corresponds to the property's acquisition value net of IMI payable and its default interest and estimated fines. Impairment recognised in the amount of Euro 425,000 (2024: Euro 425,000) was set up for a possible loss on the collection of this asset.

**b)** Other sundry debtors includes the amount of Euro 939,247 (2024: Euro 1,038,364), which essentially relates to a receivable in the form of an advance payment made in connection with ongoing legal proceedings. This amount also includes a request for reimbursement in a case relating to municipal surtax already approved by the Tax Authority but not yet received.

**c)** The balance of Other administrative costs refers to deferred invoices from suppliers.

As at 31 December 2025, the amount corresponding to the equity value of the pension fund exceeds the liability assumed by the Bank for past services in Euro 1,893,258.

In the notes to the financial statements for the year ended 31 December 2024, the Bank presented, under Other assets (Note 13), the balance corresponding to discounts on letters of credit, totalling Euro 11,918,584, relating to the respective principal, interest, and impairment. In 2025, this balance was reclassified to Financial assets at amortized cost – Loans and advances to credit institutions (Note 7), given the nature of the transactions, the characteristics of the counterparties (credit institutions) and compliance with the criteria established in IFRS 9 for classification in the category of financial assets at amortized cost.

This reclassification had no impact on equity, on the Net profit/(loss) for the period, or at the prudential level, given that these transactions were already reported as financial assets at amortized cost for regulatory purposes.

As this was merely an improvement in the aggregation of balances, based on the nature of the counterparties, the change was made retrospectively in order to ensure a more consistent and comparable presentation of the balances between the two financial years.



## 14. Deposits from central banks and other credit institutions

This balance is analysed as follows:

(Amounts expressed in Euro)

	31 Dec. 25	31 Dec. 24
Deposits from national credit institutions		
Repayable on demand	40,782	40,189
Deposits from credit institutions abroad		
Repayable on demand	52,094,770	140,217,421
Very short-term	17,021,277	-
Term deposits	244,689,274	281,961,486
Interest payable	3,113,573	3,236,423
	<b>316,959,676</b>	<b>425,455,519</b>

The amount of Euro 28,397,571 included in the item Deposits from credit institutions abroad – term deposits (2024: Euro 50,801,543) is collateralising liabilities with loans and advances to customers, other loans and advances to credit institutions, open documentary credits and irrevocable credit facilities (Note 28).

## 15. Deposits from customers

This balance is analysed as follows:

(Amounts expressed in Euro)

	31 Dec. 25	31 Dec. 24
Deposits repayable on demand		
from other residents	27,734,278	22,461,690
from non-residents	50,325,552	67,406,729
Term deposits		
from other residents	284,191,617	154,416,753
from non-residents	73,640,404	158,071,098
Interest payable	4,980,688	6,486,524
	<b>440,872,539</b>	<b>408,842,794</b>

As at 31 December 2025, the amount of Euro 15,481,828 (2024: Euro 11,930,907) included in the balance Deposits from customers and other loans is collateralising liabilities with loans and advances to customers and irrevocable credit facilities (Note 28).



## 16. Provisions and impairment

The changes in these balances during 2025 were as follows:

(Amounts expressed in Euro)

	31 Dec. 24		Adjustments/ (Reversals)	Recoveries/ (Charge-off)	31 Dec. 25
	Opening balance	Charge for the period			Closing balance
<b>Impairment</b>					
Loans and advances to credit institutions repayable on demand (Note 4)	6,865	62,566	(67,286)	-	<b>2,144</b>
Financial assets at fair value through other comprehensive income (Notes 6 and 18)	225,148	21,402	(188,123)	-	<b>58,427</b>
Other financial assets at amortised cost (Note 9)	676,144	1,332,008	(1,722,846)	-	<b>285,305</b>
Other loans and advances to credit institutions (Note 7)	381,566	1,830,012	(1,850,392)	-	<b>361,187</b>
Loans and advances to customers (Note 8)	3,675,084	3,378,119	(3,903,996)	19,284	<b>3,168,492</b>
Impairment on other assets (Note 13)	1,509,473	-	(225,641)	-	<b>1,283,832</b>
<b>Total impairment</b>	<b>6,474,280</b>	<b>6,624,107</b>	<b>(7,958,284)</b>	<b>19,284</b>	<b>5,159,387</b>
<b>Provisions</b>					
Bank guarantees and letters of credit	431,032	577,101	(713,251)	-	<b>294,882</b>
Off-balance sheet liabilities	220,026	533,164	(653,182)	-	<b>100,008</b>
<b>Subtotal provisions resulting from the impairment model</b>	<b>651,058</b>	<b>1,110,265</b>	<b>(1,366,434)</b>	<b>-</b>	<b>394,890</b>
Other	1,382,390	101,091	(51,898)	-	<b>1,431,582</b>
<b>Subtotal other provisions</b>	<b>1,382,390</b>	<b>101,091</b>	<b>(51,898)</b>	<b>-</b>	<b>1,431,582</b>
<b>Total provisions</b>	<b>2,033,448</b>	<b>1,211,356</b>	<b>(1,418,332)</b>	<b>-</b>	<b>1,826,472</b>
<b>Total provisions and impairment</b>	<b>8,507,728</b>	<b>7,835,463</b>	<b>(9,376,617)</b>	<b>19,284</b>	<b>6,985,859</b>

The changes in these balances during 2024 were as follows:

(Amounts expressed in Euro)

	31 Dec. 23		Adjustments/ (Reversals)	Recoveries/ (Charge-off)	31 Dec. 24
	Opening balance	Charge for the period			Closing balance
<b>Impairment</b>					
Loans and advances to credit institutions repayable on demand (Note 4)	11,481	91,630	(96,247)	-	6,865
Financial assets at fair value through other comprehensive income (Notes 6 and 18)	289,546	499,995	(564,393)	-	225,148
Other financial assets at amortised cost (Note 9)	98,501	1,048,548	(470,905)	-	676,144
Other loans and advances to credit institutions (Note 7)	359,502	691,078	(669,015)	-	381,566
Loans and advances to customers (Note 8)	4,304,657	10,234,968	(10,881,292)	16,751	3,675,084
Impairment on other assets (Note 13)	1,688,637	-	(179,164)	-	1,509,473
<b>Total impairment</b>	<b>6,752,324</b>	<b>12,566,219</b>	<b>(12,861,016)</b>	<b>16,751</b>	<b>6,474,280</b>
<b>Provisions</b>					
Bank guarantees and letters of credit	348,909	1,417,490	(1,335,366)	-	431,032
Off-balance sheet liabilities	70,815	932,059	(782,847)	-	220,026
<b>Subtotal provisions resulting from the impairment model</b>	<b>419,724</b>	<b>2,349,549</b>	<b>(2,118,213)</b>	<b>-</b>	<b>651,058</b>
Other	1,449,273	718,905	(785,789)	-	1,382,390
<b>Subtotal other provisions</b>	<b>1,449,273</b>	<b>718,905</b>	<b>(785,789)</b>	<b>-</b>	<b>1,382,390</b>
<b>Total provisions</b>	<b>1,868,997</b>	<b>3,068,454</b>	<b>(2,904,002)</b>	<b>-</b>	<b>2,033,448</b>
<b>Total provisions and impairment</b>	<b>8,621,321</b>	<b>15,634,673</b>	<b>(15,765,019)</b>	<b>16,751</b>	<b>8,507,728</b>

The charge for the period and reversals of impairment and provisions occurred in 2025 and 2024 result from the Bank's normal course of business.

The balance Provisions – Off-balance sheet liabilities refers to provisions for bank guarantees, letters of credit and irrevocable credit facilities.

The item Provisions – Other provisions essentially refers to provisions for contingencies associated with the challenges inherent in implementing the Bank's structural and regulatory projects.

## 17. Other liabilities

This balance is analysed as follows:

(Amounts expressed in Euro)

	31 Dec. 25	31 Dec. 24
<b>Creditors and other contributions</b>		
Government sector		
Tax withholding	334,254	359,093
Social security contributions	139,135	112,902
Third-party collections	2,708	2,548
Other health services contributions (SAMS)	29,355	26,213
Sundry creditors <b>a)</b>	120,543	93,084
<b>Expenses payable</b>		
Staff costs		
Holiday allowance and other allowances <b>b)</b>	426,885	391,917
Charges with deferred variable remuneration <b>c)</b>	1,490,847	1,577,736
Other expenses payable	774,859	485,281
Rents payable <b>d)</b>	1,465,395	1,177,008
<b>Pension liabilities and other benefits (Notes 13 and 29)</b>		
Long-term benefits – end-of-career bonuses	29,025	31,503
Outstanding transactions pending settlement <b>e)</b>	2,211,369	896,661
	<b>7,024,375</b>	<b>5,153,946</b>

- a)** As at 31 December 2025, the amount disclosed under Sundry creditors concerns essentially to amounts payable to suppliers, without seniority.
- b)** In accordance with the Portuguese legislation in force, employees are entitled to one month's holiday and one month's holiday allowance each year, acquired in the year preceding payment. Therefore, this liability is recorded in the period during which the employees acquire that right, irrespective of the date of its payment.
- c)** The item Charges with deferred variable remuneration includes the amounts of variable remuneration payable to members of the Board of Directors and the Management Team, as defined in the Bank's Remuneration Policy (Note 25).
- d)** As at 31 December 2025, Rents payable refers to the amount of lease liabilities recognised under IFRS 16 and as described in accounting policy of Note 2.13.
- e)** As at 31 December 2025, the amount of operations pending settlement relates essentially to balances in the interbank clearing system, which are settled on the first following working day.



Lease liabilities, presented by residual term, in 2025 are as follows:

	(Amounts expressed in Euro)		
	Real Estate	Vehicles	Total
<b>Maturity of lease liabilities</b>			
Below 1 year	-	18,156	18,156
1 to 5 years	840,295	606,944	1,447,239
<b>Total Lease Liabilities in the Balance sheet as at 31 December 2025</b>	<b>840,295</b>	<b>625,100</b>	<b>1,465,395</b>

Lease liabilities, presented by residual term, in 2024 were as follows:

	(Amounts expressed in Euro)		
	Real Estate	Vehicles	Total
<b>Maturity of lease liabilities</b>			
1 to 5 years	967,508	209,500	1,177,008
<b>Total Lease Liabilities in the Balance sheet as at 31 December 2024</b>	<b>967,508</b>	<b>209,500</b>	<b>1,177,008</b>

During 2025, the changes in lease liabilities were as follows:

	(Amounts expressed in Euro)
<b>31 December 2024</b>	<b>1,177,008</b>
Additions	1,136,081
Disposals	(207,664)
Payments	(640,030)
<b>31 December 2025</b>	<b>1,465,395</b>

During 2024, the changes in lease liabilities were as follows:

	(Amounts expressed in Euro)
<b>31 December 2023</b>	<b>1,534,016</b>
Additions	185,775
Disposals	(43,652)
Payments	(499,131)
<b>31 December 2024</b>	<b>1,177,008</b>

## 18. Equity

(Amounts expressed in Euro)

	31 Dec. 25	31 Dec. 24
<b>Share capital</b>	<b>42,000,000</b>	<b>42,000,000</b>
Revaluation reserves		
Financial assets measured at fair value through other comprehensive income		
Debt instruments (Note 6)	(2,045,894)	(2,554,880)
Credit risk adjustment of financial assets at fair value through other comprehensive income (IFRS 9) (Note 6)	58,427	225,148
Deferred tax reserves (Note 12)		
By temporary differences		
Financial assets measured at fair value through other comprehensive income	419,409	576,084
<b>Revaluation reserves</b>	<b>(1,568,058)</b>	<b>(1,753,648)</b>
Other reserves and retained earnings		
Legal reserves	10,275,039	9,917,992
Retained earnings		
Approved	47,445,932	44,232,505
Changes in accounting policies		
IFRS1 Transition adjustments – NCA (in 2006)	830,264	830,264
Elimination of corridor rule IAS 19 (in 2011)	14,503	14,503
Survivor and disability liability	(749,709)	(749,709)
Entry into force of Notice 5/2015 of Banco de Portugal (in 2016)	1,057,409	1,057,409
IFRS9 Transition adjustments	(627,117)	(627,117)
IFRS9 Transition adjustments – Tax impact	141,657	141,657
Accumulated actuarial gains and losses (Notes 2.10.1. and 29)	1,458,280	1,084,412
Adjustment of accounting errors (in 2012)	2,249,114	2,249,114
	<b>62,095,372</b>	<b>58,151,030</b>
<b>Profit/(loss) for the period</b>	<b>4,017,626</b>	<b>3,570,475</b>
	<b>106,544,940</b>	<b>101,967,857</b>



As at 31 December 2025, the item Revaluation reserves – Financial assets measured at fair value through other comprehensive income presents a positive change of Euro 508,986 explained by the valuation of the portfolio of Assets at fair value through other comprehensive income compared to the previous year (Note 6).

The share capital, fully subscribed and paid up, is represented by 8,400,000 ordinary shares, with a nominal value of Euro 5 each. As at 31 December 2025, Banco Angolano de Investimentos, S.A., a credit institution resident in Angola, holds 99.9997% of the Bank's capital.

In accordance with Article 97 of the General Regime for Credit Institutions and Financial Companies (*Regime Geral das Instituições de Crédito e Sociedades Financeiras – RGICSF*), approved by the Decree-Law No. 298/92, of 31 December and subsequent amendments, the Bank must allocate no less than 10% of net profits for each financial year to a legal reserve, up to a limit equal to the value of the share capital or the sum of free reserves established and retained earnings, if higher.

As decided at the General Shareholders' Meeting held on 14 March 2025, from the net income calculated for the 2024 financial year, the amount of Euro 3,213,427 was transferred to retained earnings and the amount of Euro 357,048 to legal reserves.

In 2025, the change in revaluation reserves was as follows:

(Amounts expressed in Euro)	
<b>31 Dec. 25</b>	
<b>Opening balance as at 1 January 2025</b>	<b>(1,753,648)</b>
Changes in fair value	508,986
Disposals	-
Deferred taxes recorded in the period in reserves	(156,675)
Credit risk adjustment of financial assets at fair value through other comprehensive income (Note 16)	(166,721)
<b>Closing balance as at 31 December 2025</b>	<b>(1,568,058)</b>

In 2024, the change in revaluation reserves was as follows:

(Amounts expressed in Euro)	
<b>31 Dec. 24</b>	
<b>Opening balance as at 1 January 2024</b>	<b>(2,723,325)</b>
Changes in fair value	1,395,938
Disposals	63,242
Deferred taxes recorded in the period in reserves	(298,621)
Credit risk adjustment of financial assets at fair value through other comprehensive income (Note 16)	(64,398)
<b>Closing balance as at 31 December 2024</b>	<b>(1,753,648)</b>



## 19. Net interest income

Net interest income is detailed as follows:

	(Amounts expressed in Euro)	
	31 Dec. 25	31 Dec. 24
<b>Interest and similar income from</b>		
Financial assets at amortised cost		
Other loans and advances to credit institutions	13,937,027	18,118,397
Of which: interest on assets <b>a)</b>	68,098	17,333
Loans and advances to customers	14,609,537	14,861,286
Of which: commissions received at amortised cost	1,201,348	1,036,496
Other financial assets at amortised cost	3,216,689	3,329,677
Financial assets at fair value through other comprehensive income	6,022,766	6,427,434
	<b>37,786,019</b>	<b>42,736,794</b>
<b>Interest and similar expense from</b>		
Financial liabilities measured at amortised cost		
Deposits from other credit institutions	(10,467,701)	(13,139,009)
Deposits from customers	(9,402,776)	(10,179,294)
Interest on leases <b>b)</b>	(57,424)	(44,488)
Commissions paid at amortised cost from: Loans and advances to customers	8,729	8,705
	<b>(19,919,172)</b>	<b>(23,354,086)</b>
<b>Net interest income</b>	<b>17,866,847</b>	<b>19,382,708</b>

**a)** Balance regarding interest from bank deposits repayable on demand with Banco de Portugal that exceed the requirements of Minimum Reserves. This remainder is remunerated at the rate defined by the ECB for the permanent deposit facility (Note 3).

**b)** The balance Interest on leases refers to interest expense related to lease liabilities recognised under IFRS 16, as mentioned in accounting policy (Note 2.13.).

## 20. Fees and commissions income/expense

This balance is analysed as follows:

	(Amounts expressed in Euro)	
	31 Dec. 25	31 Dec. 24
<b>Fees and commissions income:</b>		
On guarantees provided	2,250,309	1,753,027
On commitments assumed with third parties	6,607	13,308
On services rendered	1,535,497	1,238,978
Other income received	-	400,000
	<b>3,792,413</b>	<b>3,405,313</b>
<b>Fees and commissions expense:</b>		
On services rendered by third parties	(568,578)	(1,182,114)
On transactions performed by third parties	-	(388)
Other commissions paid	-	(1,500)
	<b>(568,578)</b>	<b>(1,184,002)</b>
	<b>3,223,835</b>	<b>2,221,311</b>

The balance on guarantees provided includes income from services and commissions associated with guarantees and securities provided and open documentary credits (Note 28).

## 21. Net gains/(losses) arising from financial assets at fair value through other comprehensive income

Net gains/(losses) arising from financial assets at fair value through other comprehensive income is analysed as follows:

(Amounts expressed in Euro)

	31 Dec. 25	31 Dec. 24
<b>Net gains/(losses) arising from financial assets measured at fair value through other comprehensive income</b>		
Debt instruments		
Resident	<b>33,766</b>	(52,868)
Non-resident	<b>87,385</b>	(10,374)
	<b>121,151</b>	<b>(63,242)</b>

In 2025, Net gains/(losses) arising from financial assets at fair value through other comprehensive income are primarily explained by gains on early repayments of debt instruments.

## 22. Net gains/(losses) arising from financial assets at fair value through profit or loss

This balance is analysed as follows:

(Amounts expressed in Euro)

	31 Dec. 25	31 Dec. 24
<b>Net gains/(losses) arising from financial assets measured at fair value through profit or loss</b>		
Equity instruments		
Resident	-	(52,363)
Debt instruments		
Non-resident	-	4,682
Other – investment funds		
Non-resident	-	828
	-	<b>(46,853)</b>

In 2025, the Bank did not earn dividends on financial assets mandatorily measured at fair value through profit or loss, and it should be noted that, to date, it does not have any balance in the respective item.

## 23. Net gains/(losses) arising from financial assets at amortised cost

This balance is analysed as follows:

(Amounts expressed in Euro)

	31 Dec. 25	31 Dec. 24
<b>Net gains/(losses) arising from financial assets measured at amortised cost</b>		
Debt instruments		
Resident	<b>60,368</b>	-
Non-resident	<b>62,590</b>	65,847
	<b>122,958</b>	<b>65,847</b>

The item Net gains/(losses) arising from financial assets at amortised cost amounts to Euro 122,958,, justified by early redemptions of securities that occurred in 2025.

## 24. Other operating income/(expense)

This balance is analysed as follows:

(Amounts expressed in Euro)

	31 Dec. 25	31 Dec. 24
<b>Other operating income</b>		
Income from services rendered	83,135	55,242
Other operating income	1,274,007	18,757
	<b>1,357,142</b>	<b>73,999</b>
<b>Other operating expense</b>		
Contributions	(17,527)	(9,715)
Contributions to the Deposit Guarantee Fund	(1,556)	(929)
Contributions to the Single Resolution Fund	(219,203)	(128,057)
<b>Indirect taxes and fees</b>		
Value added tax (VAT)	(988,372)	(1,071,027)
Extraordinary contribution over the banking sector	(423,673)	(635,875)
Other indirect taxes and fees	(137,217)	(108,783)
Other charges and operating expenses	(339,418)	(102,673)
	<b>(2,126,966)</b>	<b>(2,057,059)</b>
	<b>(769,824)</b>	<b>(1,983,060)</b>

As at 31 December 2025, the Bank does not hold any investments in subsidiaries and associates.

Expenses incurred under Contributions to the Resolution Fund (CFR), to the Single Resolution Fund (CFUR) and Extraordinary contribution over the banking sector are recognised in expenses at the moment the liability is generated (application of IFRIC 21 – Levies).

The caption Extraordinary contribution over the banking Sector is estimated according to the terms of the Decree-Law No. 55-A/2010. The determination of the amount payable is based on:

- i. the annual average liability recorded in the balance sheet deducted from core capital (Tier 1) and supplementary capital (Tier 2) and deposits covered by the Deposit Guarantee Fund; and
- ii. the notional amount of derivative financial instruments.

The item Contribution to the Resolution Fund corresponds to the mandatory periodic contributions paid to the Fund, in accordance with Decree-Law No. 24/2013. The periodic contributions are determined using a base rate, established by the Banco de Portugal, to be applied in each year and which may be adjusted to the credit institution's risk profile. The periodic contributions are levied on the liabilities of the member credit institutions, in accordance with Article 10 of the aforementioned Decree-Law, deducted from the liabili-

ty elements that are part of the Tier 1 and Tier 2 capital and from the deposits covered by the Deposit Guarantee Fund.

Contributions to the Single Resolution Fund corresponds to the annual ex-ante contribution made by the Bank to support the implementation of resolution measures at European Union level. The Single Resolution Fund was established by Regulation (EU) No. 806/2014 (the Fund Regulation) and is financed by *ex-ante* contributions made annually and individually by all credit institutions within the Banking Union system.

Contributions to the Single Resolution Fund consider the annual target level as well as the size and risk profile of the institutions. The Single Resolution Fund applies the methodology set out in the Commission Delegated Regulation (EU) No. 2015/63 and Regulation (EU) No. 806/2014 of the European Parliament and of the Council, for determining *ex-ante* contributions.

The annual contribution to the Fund is based on the liabilities of the institutions, excluding own funds and hedged deposits and considering adjustments arising from derivatives and intra-group liabilities, and on a risk adjustment factor that depends on the institution's risk profile. In accordance with Article 67 (4) of the Fund Regulation and the intergovernmental agreement on the transfer and pooling of contributions to the Single Resolution Fund, *ex-ante* contributions are collected by the national resolution authorities and transferred to the Single Resolution Fund until 30 June of each year. In 2025, the Bank, on the recommendation of the Banco de Portugal, made the annual contribution.

## 25. Staff costs

This balance is analysed as follows:

(Amounts expressed in Euro)

	31 Dec. 25	31 Dec. 24
Remunerations of the Management and supervisory boards	1,231,093	1,169,928
Remunerations of the employees	5,064,029	4,185,140
Mandatory social security charges	1,834,064	1,574,036
Obligations with pension plans		
ACTV Pension Plan	(2,165)	(5,770)
Other staff costs	187,453	281,324
	<b>8,314,474</b>	<b>7,204,658</b>

The number of Bank employees is detailed as follows:

	31 Dec. 25		31 Dec. 24	
	Average for the period	End of the period	Average for the period	End of the period
Executive directors	3	3	3	3
Non-executive directors	3	4	3	3
Senior management	9	8	8	9
Other middle management and employees	104	98	89	95
	<b>119</b>	<b>113</b>	<b>103</b>	<b>110</b>



## Annual remuneration paid to members of the Corporate Bodies

In accordance with the provisions of Article 47 of the Banco de Portugal Notice 3/2020 and Article 450 of Regulation (EU) No. 575/2013, of the European Parliament and of the Council, of 26 June, the individual remuneration of members of the corporate bodies is presented below:

(Amounts expressed in Euro)

	2025						2024					
	Gross remunerations paid			Remuneration expenses			Gross remunerations paid			Remuneration expenses		
	Fixed	Variable	Total	Fixed	Variable*	Total	Fixed	Variable	Total	Fixed	Variable	Total
<b>Executive Directors</b>												
Omar José Mascarenhas de Morais Guerra (a) (b) (e) (Chairman of the Executive Committee)	235,200	86,240	321,440	235,200	86,240	321,440	235,200	70,560	305,760	235,200	70,560	305,760
Henrique José Camejo Gonçalves (b) (e) (Member)	170,660	65,707	236,367	170,660	65,707	236,367	179,200	53,760	232,960	179,200	53,760	232,960
Nuno Alexandre de Almeida Leal (b) (f) (Member)	56,000	71,867	127,867	56,000	71,867	127,867	196,000	58,800	254,800	196,000	58,800	254,800
Miguel Alexandre de Figueiredo Felgueira Costa Santos (g) (Member)	183,140	-	183,140	183,140	-	183,140	-	-	-	-	-	-
<b>Non-Executive Directors</b>												
Luís Filipe Rodrigues Lelís (b) (e) (Chairman of the Board of Directors)	75,000	-	75,000	75,000	-	75,000	75,000	-	75,000	75,000	-	75,000
César Abel Rodrigues Gonçalves (c) (e) (Independent member)	60,000	-	60,000	60,000	-	60,000	60,000	-	60,000	60,000	-	60,000
Inokcelina Ben` África Correia dos Santos (b) (e) (Member)	60,000	-	60,000	60,000	-	60,000	60,000	-	60,000	60,000	-	60,000
Irisolange Azulay Soares de Menezes Verdades (h) (Member)	3,500	-	3,500	3,500	-	3,500	-	-	-	-	-	-
<b>Supervisory Board</b>												
João Augusto (a) (b) (e) (Chairman)	60,000	-	60,000	60,000	-	60,000	57,000	-	57,000	57,000	-	57,000
Pedro Cabrita (a) (b) (e) (Member)	42,000	-	42,000	42,000	-	42,000	41,250	-	41,250	41,250	-	41,250
Ana Gomes (b) (d) (e) (Member)	42,000	-	42,000	42,000	-	42,000	41,250	-	41,250	41,250	-	41,250
	<b>989,525</b>	<b>223,813</b>	<b>1,211,313</b>	<b>987,500</b>	<b>223,813</b>	<b>1,211,313</b>	<b>944,900</b>	<b>183,120</b>	<b>1,128,020</b>	<b>944,900</b>	<b>183,120</b>	<b>1,128,020</b>

(a) Mandate 2017/2020 (appointed on 16 May 2017)

(b) Mandate 2021/2024 (appointed on 5 April 2021, beginning on 8 October 2021)

(c) Mandate 2021/2024 (appointed on 23 June 2021, beginning on 8 October 2021)

(d) Mandate 2017/2020 (appointed on 16 May 2017, beginning on 1 April 2022)

(e) Mandate 2025/2028 (appointed on 28 January 2025)

(f) Mandate 2025/2028 (appointed on 28 January 2025, left office on 31 March 2025)

(g) Mandate 2025/2028 (appointed on 28 January 2025, beginning on 1 April 2025)

(h) Mandate 2025/2028 (appointed on 28 January 2025, beginning on 11 December 2025)

\* The Variable Remuneration awaits approval at the General Meeting of Shareholders to be held in March 2026

In 2025, additional cash remuneration not included in the remuneration disclosed above was also paid to director Omar Guerra in the amount of Euro 21,403 (Euro 20,188 in 2024) relating to a supplementary retirement plan under a defined contribution scheme, under the terms indicated below, in the form of acquisition, on behalf of the beneficiary, of participation units of a pension fund.

Remuneration expenses presented above do not include the mandatory social security charges paid by the Bank, which generally correspond to amounts resulting from rates ranging from 16.4% to 23.75%, applied over remuneration paid to corporate bodies.

With exception of two members of the Board of Directors, the Bank does not undertake any commitments regarding retirement or disability pensions, early retirement or survival, advances, loans or guarantees of any sort to the members of the Boards of Directors and Supervisory Board. The Bank undertakes the commitment for retirement or disability, early retirement or survival of Omar Guerra and Nuno Leal, under the terms agreed in the scope of the ACTV (Note 29).

After 2015, executive directors with an employment agreement suspended with the Bank and who, by virtue of this quality, benefit from the pension plan applicable to most of the Bank's employees covered by social security by ACTV (Note 29), are entitled to a supplementary pension benefit under a defined contribution plan for which the Bank contributes with 7% of the total amount of remuneration paid in the previous year. These contributions are made through the acquisition, on behalf of the beneficiary, of investment units of the pension fund that finances the retirement pension liabilities of the Bank's employees, under the terms agreed within the terms of the ACTV, or of another open pension fund available in the market.

In accordance with Article 47 of Banco de Portugal Notice No. 3/2020 and Article 450 of Regulation (EU) No. 575/2013, of the European Parliament and of the Council, of 26 June, the aggregate remuneration of employees performing control functions, namely, the risk management function, compliance and internal audit, is presented as follows:

(Amounts expressed in Euro)

	2025						2024					
	Gross remunerations paid			Remuneration expenses			Gross remunerations paid			Remuneration expenses		
	Fixed	Variable	Total	Fixed	Variable	Total	Fixed	Variable	Total	Fixed	Variable	Total
Aggregate remuneration of employees carrying out control functions as provided for in Notice 3/2020.	213,851	49,265	263,116	213,851	49,265	263,116	215,959	48,000	263,959	215,959	48,000	263,959

In accordance with Article 47 of Banco de Portugal Notice 3/2020 and Article 450 of Regulation (EU) 575/2013, of the European Parliament and of the Council, of 26 June, below is the aggregate remuneration of employees performing senior management functions, excluding those responsible for control functions (listed above), and who are indicated in BAIE's remuneration policy as having a significant impact on the Bank's risk profile.

(Amounts expressed in Euro)

	2025						2024					
	Gross remunerations paid			Remuneration expenses			Gross remunerations paid			Remuneration expenses		
	Fixed	Variable	Total	Fixed	Variable	Total	Fixed	Variable	Total	Fixed	Variable	Total
Aggregate remuneration of senior management employees who do <b>not</b> perform control functions but have a significant impact on the Bank's risk profile	466,725	121,000	587,725	466,725	121,000	587,725	432,818	135,000	567,818	432,818	135,000	567,818

As at 31 December 2025, charges with deferred variable remuneration are disclosed in Note 17.

## 26. General and administrative expenses

This balance is analysed as follows:

(Amounts expressed in Euro)

	31 Dec. 25	31 Dec. 24
Specialised services	5,574,279	5,376,511
Advertising	652,122	698,223
Communication	232,951	179,043
Travel, hotel and representation costs	178,252	219,892
Training	164,440	164,232
Insurance	106,237	126,473
Water, energy and fuel	69,933	66,123
Rental costs	81,653	53,810
Maintenance and repair	38,673	26,182
Consumables	9,747	7,633
Other	2,456	2,435
	<b>7,110,743</b>	<b>6,920,557</b>

In 2025 and 2024, "Specialized services" includes charges for consulting services and IT support tools for the implementation of new products and other legal and regulatory projects.

In compliance with Article 66-A (1)(b) of the Portuguese Commercial Companies Code, the total fees invoiced in 2025 by the Statutory Auditors Firm, Pricewaterhousecoopers & Associados – SROC, Lda., are detailed as follows:

(Amounts expressed in Euro)

	31 Dec. 25	31 Dec. 24
Statutory Audit of Annual Accounts	120,000	111,750
Limited Review	32,500	27,500
Reliability Assurance Services (ISAE 300)	35,000	21,000
Assessment IAS 1 Policies	-	29,970
	<b>187,500</b>	<b>190,220</b>

As at 31 December 2025 and 2024, in addition to the Statutory Audit, the audit services include (i) the review of the interim financial statements (June), (ii) the Process of Quantification of Impairment of the Loan Portfolio as at 30 June and 31 December (Instruction No. 18/2018 of the Banco de Portugal which revokes Instruction No. 5/2013 of the Banco de Portugal)(ISAE 300) and (iii) the review of the financial reporting for the purposes of the Statutory Audit of BAIE's parent company.

Costs incurred for these services are recorded under Specialised services.



## 27. Income taxes

The nominal tax rate is detailed as follows:

	31 Dec. 25	31 Dec. 24
Corporate Income Tax (IRC)	20.0%	21.0%
Municipal Surcharge	1.5%	1.5%
State Surcharge	3% to 9%	3% to 9%

The amount of current taxes refers to the sum of tax related to the taxable profit for the period, if applicable, the tax rate in force on the balance sheet date, municipal and state surcharges (if applicable) and autonomous taxes.

The State Surcharge is an additional rate only applicable to the taxable income exceeding Euro 1,500,000. Pursuant to Article 87-A of CIRCE, as amended by Law No. 114/2017 29/12, in 2025 and 2024, taxable income exceeding Euro 1,500,000 and up to Euro 7,500,000 is levied at an additional rate of 3% and taxable income exceeding Euro 7,500,000 and up to Euro 35,000,000 is levied at an additional rate of 5%, taxable income exceeding Euro 35,000,000 is levied at a rate of 9%.

The Municipal Surcharge is a tax established under Law 73/2013, of 3 September, which is levied on taxable profit subject to and not exempt, and the rates for 2025 financial year were disclosed through Circular Letter 20288/2026 of 2 January.

During 2025 and 2024, costs with income taxes recognised in profit or loss, as well as the tax burden, measured by the ratio between tax credits and profit for the period before that charge, are presented below:

	(Amounts expressed in Euro)	
	31 Dec. 25	31 Dec. 24
<b>Current taxes</b>		
For the period	(1,634,394)	(1,390,041)
Changes related to previous periods	(11,992)	454,714
<b>Deferred taxes</b>		
Record and reversal of temporary differences	(166,660)	(80,135)
<b>Total income tax expense</b>	<b>(1,813,046)</b>	<b>(1,015,462)</b>
Profit/(loss) before tax	5,830,672	4,585,937
<b>Tax burden</b>	<b>31.1%</b>	<b>22.1%</b>



The reconciliation between the nominal tax rate and the effective tax rate in 2025 and 2024 is presented as follows:

	31 Dec. 25		31 Dec. 24	
	Rate	Tax	Rate	Tax
<b>Profit before tax</b>		<b>5,530,672</b>		<b>4,585,937</b>
Tax based on the nominal rate – Tax bracket above	-20.0%	(1,165,773)	-21.0%	(953,147)
Changes in equity not reflected on net profit	0.0%	-	0.0%	-
Extraordinary contribution over the banking sector	-1.5%	(84,751)	-1.7%	(133,872)
Provisions and adjustments of asset values	-3.7%	(213,689)	-1.6%	(633,463)
Other taxable income and expenses	-2.1%	(122,655)	-0.7%	(72,713)
Pension funds and other benefits	0.0%	(1,362)	0.0%	(1,430)
Taxable provisions in previous taxable periods	4.5%	265,139	3.1%	609,840
Tax benefits	0.5%	28,483	0.3%	32,127
Elimination of international double taxation	0.6%	35,250	0.2%	20,577
Autonomous taxation and surcharges	-6.4%	(375,037)	-5.4%	(257,746)
Tax adjustments of previous periods	-0.2%	(11,991)	-0.1%	454,715
Deferred taxes:				
Financial assets mandatorily measured at fair value through profit or loss	0.0%	-	0.0%	(109,619)
Provision for non-deductible loans and write-offs	-2.8%	(165,302)	-1.1%	52,001
Provisions for other risks	0.0%	-	0.3%	(27,000)
ACTV end-of-career bonus	0.0%	(1,138)	0.0%	1,074
Pension funds and post-employment benefits	0.0%	(220)	0.0%	3,410
	<b>-31.1%</b>	<b>(1,813,046)</b>	<b>-27.7%</b>	<b>(1,015,462)</b>

(Amounts expressed in Euro)



## 28. Off-balance sheet items

This balance is analysed as follows:

	(Amounts expressed in Euro)	
	31 Dec. 25	31 Dec. 24
Contingent liabilities		
Guarantees and commitments <b>a)</b>	8,142,229	6,321,831
Open documentary credits <b>a)</b>	59,835,368	31,361,611
Assets provided as collateral (Notes 7 and 9) <b>b)</b>	10,853,191	4,187,670
Securities	-	500
Import documentary credits	458,625	1,047,222
Commitments to third parties		
Irrevocable credit facilities <b>a)</b>	62,927,322	94,175,723
Commitments from third parties		
Irrevocable credit facilities	29,787,234	33,689,479
Assets and guarantees received as collateral (Notes 14 and 15)	294,530,383	426,478,739
Foreign exchange transactions	21,001,632	42,324,546
	<b>487,535,984</b>	<b>639,587,321</b>

**a)** Items identified are subject to the accounting of impairment, calculated in accordance with the disclosed in Note 2.5

**b)** The item is a set of collateral deposits which refers to the indirect representation of another institution in the SEPA credit transfer payments and SEPA direct debit systems, both STEP2.

Commitments to third parties – Irrevocable credit facilities refer to credit facilities granted irrevocably to customers, which are not being drawn.

The amount disclosed under Commitments from third parties – Irrevocable credit facilities refer to credit facilities granted to the Bank.

As at 31 December 2025 and 2024, Assets and guarantees received as collateral is analysed as follows:

	(Amounts expressed in Euro)	
	31 Dec. 25	31 Dec. 24
Collaterals (Notes 14 and 15)	43,879,399	62,732,451
Mortgages (Real estate and land)	40,120,207	81,182,256
Commitments and other personal guarantees	210,530,777	282,564,032
	<b>294,530,383</b>	<b>426,478,739</b>

Collaterals received relate to term deposits made with the Bank and are valued by the respective amounts presented in the balance sheet. Mortgages on real estate and land are recorded at the value of the valuations carried out by independent specialised technicians, in compliance with the requirements of the Banco de Portugal Circular Letter No. 6/2018, which replaced the revoked Circular Letter No. 2/2014 /DSP, regarding the seniority of the valuations. Pledges and security deposits of equity and debt securities relate to guarantees received to cover the risk of credit transactions to customers, which are valued at net book value. Commitments and other personal guarantees also relate to guarantees received to cover the risk of credit transactions to customers and are valued at the value of the liability to be covered, which is outstanding on the reference date.

## 29. Employee benefits

As described in Note 2.9., the Bank grants to its employees covered by the ACTV or to their families, cash benefits for old age retirement or disability, early retirement or survival, under the terms agreed within the ACTV attached to the subscription contract to the Pension Fund of *Ocidental – Sociedade Gestora de Fundos de Pensões, S.A.*

With the release of Decree-Law No. 1-A/2011, of 3 January, the employees covered by the ACTV who were active on 4 January 2011, are now covered by the General Social Security System (RGSS), for the benefit of old age retirement and in cases of maternity, paternity and adoption leaves, whose costs the Bank no longer must bear. Accordingly, the defined benefit plan for the employees covered by the ACTV relating to the old age retirement benefit, is now financed by the Pension Fund, for the liabilities for services rendered up to that date, and by the Social Security, for the responsibilities for services rendered after that date. However, as of 4 January 2011, liabilities for death and disability, survival, as well as for old-age supplementary pension remain as liabilities of the Pension fund, with the purpose to match the retirement of the participants in the Pension Fund to the values of the current pension plan.

With the release of Decree-Law No. 167-E/2013 and Ordinance No. 378-G /2013, the normal retirement age in the RGSS was changed, becoming variable and depending now on the evolution of the average life expectancy (65 years). This amendment means that the retirement pension to be paid by BAIE, between the age of 65 (in case of disability) and the new normal retirement age by the Social Security, will not be deducted from the Social Security pension.

The calculation of the amount of liabilities for past services of Bank employees is made in accordance with IAS 19.

*Ocidental – Sociedade Gestora de Fundos de Pensões, S.A.*, is the entity responsible for preparing the actuarial valuations necessary for the calculation of pension and retirement pension liabilities, as well as for managing the pension fund.

The actuarial valuation method used is the Projected unit credit.

As at 31 December 2025 and 2024, employees and pensioners who benefit from pension plans financed by the pension fund are:

	31 Dec. 25	31 Dec. 24
Employees – workforce	7	7
Pensioners	-	1
Old age retirement pensioners	5	3
Former employees	19	21

As at 31 December 2025 and 2024, the main actuarial and financial assumptions used for calculating pension liabilities are:

	Assumptions		Verified	
	31 Dec. 25	31 Dec. 24	31 Dec. 25	31 Dec. 24
Verified financial assumptions:				
Fund income rate	4.57%	3.42%	4.57%	3.42%
Wage growth rate	2.50%	2.50%	2.50%	2.50%
Technical interest rate	4.57%	3.42%	4.57%	3.42%
Pension growth rate	2.00%	2.00%	2.00%	2.00%
Verified demographic assumption:				
Mortality table	TV99/01-2 years	TV88/90	-	-
Disability table	SuisseRe 2001	SuisseRe 2001	-	-
Normal retirement age	65 years	65 years	-	-
Percentage of married couples	80.00%	80.00%	-	-

Under the ACTV Pension Plan, the actuarial study that was the basis for the accounting records, as at 31 December 2025 and 2024, includes the total service period in the banking sector of all BAIE's employees on those dates. For the population consisting of the Fund's former employees, the period considered for the purpose of calculating liabilities was the service period in BAIE. The duration of the fund's liabilities in December 2025 is 20 years.

In addition, the Bank recognises liabilities for post-employment medical care (SAMS) and long-term employee benefits (ACTV end-of career bonus). The amount of liabilities with SAMS and end-of-career bonuses is as follows:

	(Amounts expressed in Euro)	
	31 Dec. 25	31 Dec. 24
Past service liabilities with medical care – SAMS (Notes 13 and 18)	116,505	107,127
Changes in loss/(gains) for the period	9,378	15,156
Past service liabilities with end-of-career bonus – ACTV (Note 18)	29,025	31,503
Changes in loss/(gains) for the period	(2,478)	4,772

The financial coverage of past service liabilities is as follows:

	(Amounts expressed in Euro)	
	31 Dec. 25	31 Dec. 24
Total past liabilities		
Liabilities with payment of pensions	250,009	232,726
Liabilities with past services of active employees	1,403,138	1,660,532
	<b>1,653,147</b>	<b>1,893,258</b>

As at 31 December 2025, the sensitivity analysis to changes in the technical interest rate and its impact in terms of past total liabilities under IAS 19 is as follows:

	(Amounts expressed in Euro)	
	- 0.25%	+ 0.25%
Impact on liabilities of the change in the discount rate	(83,175)	77,880
	<b>(83,175)</b>	<b>77,880</b>

Pension fund assets are as follows:

	(Amounts expressed in Euro)	
	31 Dec. 25	31 Dec. 24
<b>Pension fund assets</b>		
Opening balance	3,416,167	3,255,885
Adjustment to opening balance		
Net income from pension funds	167,154	186,306
Pension fund contributions		
Retirement pensions paid by the pension fund	(20,565)	(11,590)
Survival pensions paid by the pension fund	(10,568)	(14,434)
<b>Closing balance</b>	<b>3,552,188</b>	<b>3,416,167</b>
Coverage level according to actuarial report	214.9%	180.4%
Minimum liability level to be covered [95% of (b) + 100% of (a)]	1,582,990	1,810,231

In addition to the ACTV Pension Plan, BAIE granted to its employees a supplementary pension until 30 June 2005, provided for in the Complementary Plan to ACTV. Under this plan, workers bound on that date are entitled to a supplementary retirement and survival's pension, calculated based on the length of service provided in BAIE and the salary received up to that date. Considering that according to the Collective Membership Agreement these liabilities should be transferred to an individual membership or to another pension fund that complies with the legislation in force, in 2010 the respective individual memberships were transferred in the amount corresponding to Euro 93,633.

As at 31 December 2025 and 2024, the financial statements included the following items related to the coverage of pension liabilities:

	(Amounts expressed in Euro)	
	31 Dec. 25	31 Dec. 24
<b>Total liabilities</b>		
Total liabilities for pensions payable	250,009	232,726
Total liabilities for past services	1,403,138	1,660,532
	<b>1,653,147</b>	<b>1,893,258</b>
Pension fund assets (Note 17)	3,552,188	3,416,167
Provision for liabilities with retirement pensions (Note 17)	1,653,147	1,893,258
Actuarial gains/(losses) recognised in retained earnings (Note 18)		
Annual change	(373,867)	90,332
Accumulated amount	1,458,280	1,084,412

In the composition of the pension fund assets there are no: i) assets being used by the Bank; and ii) securities issued by the Bank.

The amounts reflected in Staff costs (Note 25) with the Bank's retirement pensions liabilities in 2025 and 2024 are as follows:

	(Amounts expressed in Euro)	
	31 Dec. 25	31 Dec. 24
<b>Net financial costs:</b>		
Current service expense	18,080	16,080
Interest expense	64,193	58,883
Expected income from pension fund assets	84,537	87,855
<b>Total</b>	<b>166,811</b>	<b>162,819</b>

The changes during 2025 and 2024, in the present value of liabilities for past services, were as follows:

	(Amounts expressed in Euro)	
	31 Dec. 25	31 Dec. 24
<b>Liabilities at the beginning of the period</b>	<b>1,893,259</b>	<b>1,655,538</b>
Current service expense	18,080	16,080
Interest expense	64,193	58,883
Expected income from pension fund assets	(84,537)	(87,855)
Actuarial gains/(losses) recognised under retained earnings (Note 18)	(373,867)	90,332
Retirement pensions paid by the pension fund	(20,565)	(11,590)
Survival pensions paid by the pension fund	(10,568)	(14,434)
Net income of the Fund	167,154	186,304
<b>Liabilities at the end of the period</b>	<b>1,653,150</b>	<b>1,893,258</b>

The actuarial deviations occurred in 2025 and 2024 were recorded as follows:

	(Amounts expressed in Euro)	
	31 Dec. 25	31 Dec. 24
<b>Actuarial gains/(losses)</b>		
Related to differences between assumptions and realised values	(373,867)	90,332
<b>Total</b>	<b>(373,867)</b>	<b>90,332</b>

As at 31 December 2025 and 2024, the items comprising the value of the pension fund assets are as follows:

	31 Dec. 25	31 Dec. 24
Liquidity	1.91%	1.52%
Bonds	63.45%	63.77%
Shares	27.62%	28.86%
Real estate and hedge funds	7.03%	5.86%
Mixed assets		
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

## 30. Related parties

Under IAS 24, the companies controlled by the BAI Group, the Directors of BAI Group companies and other entities with significant influence over BAIE are considered related parties of BAIE.

(Amounts expressed in Euro)

	Associates	Corporate bodies of BAI Group	Companies from BAI Group	Other related parties	Total
<b>Assets</b>					
Loans and advances to credit institutions repayable on demand (Note 4)	-	-	131,727	-	131,727
Other loans and advances to credit institutions (Note 7)	-	-	223,332	-	223,332
Financial assets mandatorily measured at fair value through profit or loss (Note 5)	-	-	-	-	-
Loans and advances to customers (Note 8)	-	914,133	-	1,551,022	2,465,155
Other Assets	-	-	-	-	-
<b>Liabilities</b>					
Deposits from credit institutions (Note 14)	-	-	230,790,811	-	230,790,811
Deposits from customers and other loans (Note 15)	-	8,478,122	871,062	9,230,497	18,579,681
Other liabilities (Note 17)	-	-	-	-	-
<b>Off-balance sheet items (Note 28)</b>					
Guarantees and commitments	-	-	-	-	-
Granted	-	-	1,991,489	-	1,991,489
Received	-	-	631,767	-	631,767
Open documentary credits	-	-	4,443,352	-	4,443,352

As at 31 December 2025, the Bank's statement of financial position, income statement and off-balance sheet items include the following balances with related entities:

(Amounts expressed in Euro)

	Associates	Corporate bodies of BAI Group	Companies from BAI Group	Other related parties	Total
<b>(continuation)</b>					
Assets and guarantees received as collateral	-	1,055,000	13,265,957	5,305,577	19,626,534
Irrevocable credit facilities					-
Granted	-	-	-	-	-
Received	-	-	29,787,234	-	29,787,234
<b>Total</b>	<b>-</b>	<b>10,447,255</b>	<b>282,136,731</b>	<b>16,087,096</b>	<b>308,671,083</b>
<b>Income</b>					
Interest and similar income (Note 19)	-	38,055	1,595	86,101	125,752
Fees and commission income (Note 20)	-	2,696	1,003,888	88,427	1,095,011
<b>Expenses</b>					
Interest and similar expense (Note 19)	-	(205,250)	(7,632,569)	(251,807)	(8,132,176)
General and administrative expenses (Note 26)	-	(11,602)	-	(27,400)	(39,002)
Fees and commission income (Note 20)	-	(20)	53	(7)	27
Loan impairment net of reversals and recoveries (Note 16)	-	(827)	-	-	(827)
<b>Total</b>	<b>-</b>	<b>(176,947)</b>	<b>(6,627,033)</b>	<b>(147,235)</b>	<b>(6,951,215)</b>

As at 31 December 2024, the Bank's statement of financial position, income statement and off-balance sheet items include the following balances with related entities:

	(Amounts expressed in Euro)				
	Associates	Corporate bodies of BAI Group	Companies from BAI Group	Other related parties	Total
<b>Assets</b>					
Loans and advances to credit institutions repayable on demand (Note 4)	-	-	1,536,242	-	261,009
Other loans and advances to credit institutions (Note 7)	-	-	-	-	-
Financial assets mandatorily measured at fair value through profit or loss (Note 5)	-	-	124,413	-	124,413
Loans and advances to customers (Note 8)	-	1,013,534	-	2,090,428	3,103,962
Other assets (includes letters of credit)	-	-	-	-	1,275,233
<b>Liabilities</b>					
Deposits from credit institutions (Note 14)	-	-	331,018,783	-	331,018,783
Deposits from customers and other loans (Note 15)	-	11,097,513	154,140	11,551,281	22,802,934
Other liabilities (Note 17)	-	-	-	-	-
<b>Off-balance sheet items (Note 28)</b>					
Guarantees and commitments	-	-	-	-	-
Granted	-	-	3,174,356	-	3,174,356
Received	-	-	684,267	-	684,267
Open documentary credits	-	-	5,074,860	-	5,074,860
Assets and guarantees received as collateral	-	1,055,000	29,857,975	2,885,263	33,798,238

(continues)

	(Amounts expressed in Euro)				
	Associates	Corporate bodies of BAI Group	Companies from BAI Group	Other related parties	Total
<b>Income</b>					
Interest and similar income (Note 19)	-	45,903	26,504	129,670	202,077
Fees and commission income (Note 20)	-	1,367	1,113,283	13,953	1,128,603
<b>Expenses</b>					
Interest and similar expense (Note 19)	-	(248,218)	(9,567,122)	(389,250)	(10,204,590)
Financial assets mandatorily measured at fair value through profit or loss	-	-	5,704	-	5,704
Staff costs (Note 25)	-	-	-	-	-
General and administrative expenses (Note 26)	-	(10,593)	-	(5,880)	(16,473)
Fees and commission income (Note 20)	-	(17)	(51)	(12)	(80)
Loan impairment net of reversals and recoveries (Note 16)	-	15,162	1,086	-	16,248
<b>Total</b>	<b>-</b>	<b>(211,559)</b>	<b>(8,420,596)</b>	<b>(251,518)</b>	<b>(8,884,759)</b>

(continuation)

Irrevocable credit facilities

Granted	-	-	600,000	-	600,000
Received	-	-	33,689,479	-	33,689,479
<b>Total</b>	<b>-</b>	<b>13,166,047</b>	<b>405,914,515</b>	<b>16,526,972</b>	<b>435,607,534</b>

As mentioned in Note 2.3. and in the Income Statement, Net gains/(losses) arising from foreign exchange differences concern essentially to net gains/(losses) arising from foreign exchange transactions with BAI Group entities.

Banco BAI Europa, S.A. is part of the BAI Group, whose parent company is Banco Angolano de Investimentos, S.A., the entity that controls the Bank and prepares the Group's consolidated financial statements.

Under the rules applicable to credit institutions and IAS 24, related parties are considered to be entities that control, are controlled by, or are under common control with the Bank, as well as members of the management and supervisory bodies and other entities over which they exercise significant influence.

## 31. Risk Management

The Bank is subject to several risks in its banking activity, which makes the definition of a Risk Management policy that ensures the effective implementation of the risk management system particularly important, namely through the continuous monitoring of its adequacy and effectiveness, seeking to identify, assess, monitor and control all materially relevant risks to which the institution is subject, both internally and externally.

The main types of financial risk to which the Bank is exposed in the course of its business are set out below, namely (i) Market risk, (ii) Liquidity and financing risk, (iii) Exchange rate risk, (iv) Interest rate risk and (v) Credit Spread Risk and (vi) Credit Risk.

### Market risk

Market risk arises from changes in the price of instruments resulting from changes in interest rates, exchange rates, stock prices or commodity prices. In the Bank's current balance sheet management strategy, the asset that is most vulnerable to market changes is the loan portfolio and other securities (Notes 6 and 9) which are classified either as financial assets at fair value through other comprehensive income or as other financial assets measured at amortised cost. The risk analysis of these financial instruments is carried out from a credit risk perspective instead from a market risk perspective, considering that the position adopted for these assets is done from an investment perspective and does not aim for the generation of capital gains with anticipated sale.

As a result of the legislative amendments incorporating the Basel III Capital Accord (Regulation (EU) No. 575/2013 (CRR) of the European Parliament and of the Council, of 26 June, complemented by the Commission's Delegated Regulation (EU) 2015/61, of 10 October 2014), after 1 October 2015, it became mandatory the constitution of a high quality liquid assets (HQLA) portfolio to meet the short-term liquidity coverage ratio (LCR), *i.e.*, to cover net cash requirements for a 30-day period, and the HQLA portfolio cannot be less than the amount corresponding to 25% of the total expected cash outflows for that period. With the introduction of this prudential liquidity requirement, the Bank has invested in eligible assets for this purpose, thus extending the securities portfolio classified as Financial Assets at Fair Value through Other Comprehensive Income (FAFVOCI).

In the most recent exercise performed by BAIE, market risk is not considered material, as the Bank does not have a trading book investment strategy and therefore market risk is not considered.

### Liquidity and financing risk

Liquidity and financing risk is defined as the probability of negative impacts on profit or loss or equity resulting from the Bank not having liquid funds to meet its financial liabilities upon maturity. An integral part of this risk is the risk of liquidity and financing concentration, which results from the concentration of sources of liquidity in a reduced number of counterparties or geographies.

BAIE assumes a low-risk appetite, ensuring for this purpose the management of this risk based on the maintenance of a prudent net position, in order to guarantee the fulfilment of the financial obligations at maturity. Regarding the risk of liquidity and financing concentration, given the framework of the Financial Group of which BAIE is part, the Board of Directors has defined the objective of adopting a moderate risk appetite in view of the concentration of liquidity sources in Angola.

The management of liquidity risk overlaps with interest rate risk management, so that the hedging between assets and liabilities with respect to maturity terms or any possible interest rate review should only be performed after the defined liquidity limits have been met.

Liquidity risk is managed on a daily basis by the Treasury Management Unit (UGT), which is part of the Treasury and Structured Credit Department (DTE), based on maps produced daily with information on the Bank's liquidity gaps for different time horizons, on the LCR and NSFR (Net Stable Funding Ratio), and monitored daily by the FGR. On a monthly basis, the FGR presents the results of its daily monitoring at the CAGR.

As at 31 December 2025, the contractual residual terms of the financial instruments are as follows:

(Amounts expressed in Euro)

	Below 3 months	3 months to 1 year	1 to 5 years	Above 5 years or undetermined	Total
<b>Assets</b>					
Cash and deposits at central banks	8,581,989	-	-	-	8,581,989
Loans and advances to credit institutions repayable on demand	78,876,343	-	-	-	78,876,343
Financial assets at fair value through other comprehensive income	4,331,884	12,746,274	64,796,076	8,825,185	90,699,419
Other loans and advances to credit institutions	139,025,871	97,935,250	35,752,834	-	272,713,956
Loans and advances to customers	49,773,607	27,147,050	156,866,333	53,459,396	287,246,386
Other financial assets at amortised cost	19,042,732	18,832,197	80,988,811	6,602,248	125,465,988
	<b>299,632,426</b>	<b>156,660,770</b>	<b>338,404,054</b>	<b>68,886,830</b>	<b>863,584,081</b>
<b>Liabilities</b>					
Deposits from other credit institutions	(210,143,676)	(76,329,991)	(30,486,009)	-	(316,959,676)
Deposits from customers and other loans	(223,021,412)	(209,355,731)	(8,495,396)	-	(440,872,539)
Lease liabilities – IFRS 16 (Note 17)	-	(18,156)	(1,447,239)	-	(1,465,395)
	<b>(433,165,088)</b>	<b>(285,703,878)</b>	<b>(40,428,644)</b>	<b>-</b>	<b>(759,297,610)</b>
Foreign exchange operations pending settlement (net flow)	6,010	-	-	-	6,010
<b>Difference/Gap</b>	<b>(133,526,652)</b>	<b>(129,043,047)</b>	<b>297,975,410</b>	<b>68,886,830</b>	<b>104,292,480</b>
<b>Difference/Accumulated Gap</b>	<b>(133,526,652)</b>	<b>(262,569,760)</b>	<b>35,405,651</b>	<b>104,292,481</b>	

As at 31 December 2024, the contractual residual terms of the financial instruments were as follows:

(Amounts expressed in Euro)

	Below 3 months	3 months to 1 year	1 to 5 years	Above 5 years or undetermined	Total
<b>Assets</b>					
Cash and deposits at central banks	2,416,717	-	-	-	2,416,717
Loans and advances to credit institutions repayable on demand	110,091,362	-	-	-	110,091,362
Financial assets mandatorily measured at fair value through profit or loss	-	-	124,413	-	124,413
Financial assets at fair value through other comprehensive income	5,822,146	12,117,181	35,273,623	9,343,201	62,557,151
Other loans and advances to credit institutions	296,702,826	600,716	37,024,106	43,427,800	377,755,448
Loans and advances to customers	23,088,184	38,855,776	96,210,136	70,369,502	228,523,597
Other financial assets at amortised cost	47,171,613	42,900,189	62,113,139	-	152,184,942
	<b>485,292,848</b>	<b>94,473,862</b>	<b>230,745,417</b>	<b>123,140,503</b>	<b>933,653,630</b>
<b>Liabilities</b>					
Deposits from other credit institutions	(284,385,417)	(43,936,011)	(97,134,091)	-	(425,455,519)
Deposits from customers and other loans	(225,820,811)	(153,875,603)	(29,090,376)	(56,004)	(408,842,794)
Lease liabilities – IFRS 16 (Note 19)	(1,427)	(8,534)	(1,167,048)	-	(1,177,008)
	<b>(510,207,655)</b>	<b>(197,820,147)</b>	<b>(127,391,515)</b>	<b>(56,004)</b>	<b>(835,475,321)</b>
Foreign exchange operations pending settlement (net flow)	(48,327)	-	-	-	(48,327)
<b>Difference/Gap</b>	<b>(24,963,134)</b>	<b>(103,346,286)</b>	<b>103,353,902</b>	<b>123,084,499</b>	<b>98,129,982</b>
<b>Difference/Accumulated Gap</b>	<b>(24,963,134)</b>	<b>(128,309,420)</b>	<b>(24,955,518)</b>	<b>98,128,981</b>	

## Exchange rate risk

Exchange rate risk is defined as the probability of negative impacts on profit or loss or equity due to adverse movements in the exchange rates of balance sheet items caused by changes in those rates that are used in the translation into the functional currency or by changes in the Bank's exchange position due to significant changes in exchange rates. The risk of exchange concentration, which results from the concentration of the balance sheet in foreign currencies, is an integral part of this risk.

BAIE has a low risk appetite and manages this risk so as to keep its exposure to exchange rate risk within conservative limits, considering the size and financial structure of the Bank.

Exchange rate risk is managed by the Treasury Management Unit (UGT), which is part of the Treasury and Structured Credit Department (DTE), and monitored by the FGR, both on a daily basis. The result of this monitoring is presented on a monthly basis at the Board of Directors and/or CAGR.

As at 31 December 2025, the breakdown by currency of financial instruments is as follows:

	(Amounts expressed in Euro)			
	Euro	USD	Other	Total
<b>Assets</b>				
Cash and deposits at central banks	8,552,816	29,013	160	8,581,989
Loans and advances to credit institutions repayable on demand	12,705,629	64,344,096	1,826,618	78,876,343
Financial assets at fair value through other comprehensive income	36,875,298	53,824,121	-	90,699,419
Other loans and advances to credit institutions	156,233,609	116,480,347	-	272,713,956
Loans and advances to customers	240,011,624	47,234,762	-	287,246,386
Other financial assets at amortised cost	71,760,402	53,705,586	-	125,465,988
	<b>526,139,378</b>	<b>335,617,925</b>	<b>1,826,778</b>	<b>863,584,081</b>
<b>Liabilities</b>				
Deposits from other credit institutions	(36,591,632)	(278,672,528)	(1,695,516)	(316,959,676)
Deposits from customers and other loans	(391,606,797)	(49,197,702)	(68,040)	(440,872,539)
Lease liabilities – IFRS 16 (Note 17)	(1,465,395)	-	-	(1,465,395)
	<b>(429,663,824)</b>	<b>(327,870,230)</b>	<b>(1,763,556)</b>	<b>(759,297,610)</b>

(continues)

(continuation)

(Amounts expressed in Euro)

	Euro	USD	Other	Total
Spot foreign exchange transactions pending settlement (net amount)	6,704,031	(6,698,021)	-	6,010
	<b>6,704,031</b>	<b>(6,698,021)</b>	<b>-</b>	<b>6,010</b>
<b>Difference/Gap (Open foreign exchange position)</b>	<b>N/A</b>	<b>1,049,674</b>	<b>63,222</b>	<b>1,112,896</b>

As at 31 December 2024, the breakdown by currency of financial instruments was as follows:

(Amounts expressed in Euro)

	Euro	USD	Other	Total
<b>Assets</b>				
Cash and deposits at central banks	2,275,588	140,961	169	2,416,717
Loans and advances to credit institutions repayable on demand	2,977,837	106,165,747	947,778	110,091,362
Financial assets mandatorily measured at fair value through profit or loss	-	-	124,413	124,413
Financial assets at fair value through other comprehensive income	42,187,169	20,369,981	-	62,557,150
Other loans and advances to credit institutions	206,787,849	159,049,014	-	365,836,864
Loans and advances to customers	197,520,919	31,002,678	-	228,523,597
Other financial assets at amortised cost	44,020,700	108,164,244	-	152,184,942
	<b>495,770,062</b>	<b>424,892,625</b>	<b>1,072,360</b>	<b>921,735,045</b>
<b>Liabilities</b>				
Deposits from other credit institutions	(69,558,816)	(355,341,359)	(555,344)	(425,455,519)
Deposits from customers and other loans	(351,268,102)	(57,490,039)	(84,653)	(408,842,794)
Lease liabilities – IFRS 16 (Note 19)	(1,177,008)	-	-	(1,177,008)
	<b>(422,003,926)</b>	<b>(412,831,399)</b>	<b>(639,997)</b>	<b>(835,475,321)</b>
Spot foreign exchange transactions pending settlement (net amount)	21,109,460	(21,157,787)	-	(48,327)
	<b>21,109,460</b>	<b>(21,157,787)</b>	<b>-</b>	<b>(48,327)</b>
<b>Difference/Gap (Open foreign exchange position)</b>	<b>N/A</b>	<b>(9,096,561)</b>	<b>432,363</b>	<b>(8,664,198)</b>

## Interest rate risk and credit spread risk

Interest rate risk occurs whenever there is a mismatch between assets and liabilities, or financial instruments recorded off-balance sheet sensitive to changes in interest rate levels. For the purpose of monitoring, BAIE uses the methodologies set out in Implementing Regulation (EU) 2024/857 (which transposed the EBA's technical guidelines and requirements) on managing interest rate risk in the banking portfolio. The methodology includes estimating the impact on economic value and/or expected net interest income at 1 year, for six shock scenarios to the interest rate curves.

In addition to the regulatory methodology, BAIE has its own internal interest rate risk measurement model, which monitors two additional shock scenarios, modelled in order to capture the idiosyncrasies and particularities of the institution's balance sheet.

Credit spread risk, hereinafter also referred to as CSRBB (Credit Spread Risk in the Banking Book), has become, in line with supervisory expectations, a relevant risk, giving rise to the need for the Bank to establish processes and procedures to assess and monitor CSRBB in its risk management and internal capital assessment processes. To achieve this objective, BAIE ensures the proper and detailed identification of its exposures to CSRBB, promoting its effective assessment, monitoring, and control, both in terms of economic value and indicators of net interest income and market variations.

Both risks are monitored by the UGR on a monthly basis, whose work is presented twice a year at the CAGR and CA.

As at 31 December 2025, the financial instruments subject to interest rate risk, by type of rate (fixed or variable), are as follows:

(Amounts expressed in Euro)			
	Fixed Rate	Variable Rate	Total
<b>Assets</b>	<b>396,982,027</b>	<b>466,593,874</b>	<b>863,575,901</b>
Cash and deposits at central banks	8,581,989	-	8,581,989
Investments in other credit institutions	78,876,343	-	78,876,343
Other loans and advances to credit institutions	154,872,677	117,833,100	272,705,777
Securities portfolio	147,523,051	68,642,355	216,165,406
Loans and advances to customers	7,127,967	280,118,419	287,246,386
<b>Liabilities</b>	<b>754,783,311</b>	<b>3,048,904</b>	<b>757,832,215</b>
Deposits in other credit institutions and customers	754,783,311	3,048,904	757,832,215

As at 31 December 2024, the financial instruments subject to interest rate risk, by type of rate (fixed or variable) by currency, was as follows:

(Amounts expressed in Euro)			
	Fixed Rate	Variable Rate	Total
<b>Assets</b>	<b>575,635,150</b>	<b>358,018,479</b>	<b>933,653,629</b>
Cash and deposits at central banks	2,416,717	-	2,416,717
Investments in other credit institutions	110,091,362	-	110,091,362
Other loans and advances to credit institutions	300,429,201	77,326,247	377,755,448
Securities portfolio	147,190,195	67,676,310	214,866,505
Loans and advances to customers	15,507,675	213,015,922	228,523,597
<b>Liabilities</b>	<b>818,106,775</b>	<b>16,191,538</b>	<b>834,298,313</b>
Deposits in other credit institutions and customers	818,106,775	16,191,538	834,298,313

As at 31 December 2025, the economic value of BAI Bank's assets and liabilities considering the methodology and eligible universe provided for in Implementing Regulation (EU) 2024/857 is as follows:

(Amounts expressed in Euro)

	31 Dec. 25		
	Assets	Liabilities	Net position
Overnight up to 1 month	371,106,205	280,752,919	90,353,286
Greater than 1 month and up to 3 months	237,581,918	109,677,945	127,903,973
Greater than 3 month and up to 6 months	136,458,899	116,010,954	20,447,945
Greater than 6 month and up to 9 months	22,217,880	54,204,427	(31,986,547)
Greater than 9 month and up to 12 months	35,360,562	113,051,130	(77,690,568)
Greater than 12 month and up to 1.5 years	26,278,189	34,819,878	(8,541,688)
Greater than 1.5 years and up to 2 years	16,352,834	6,991,405	9,361,429
Greater than 2 years and up to 3 years	30,229,358	4,946,121	25,283,237
Greater than 3 years and up to 4 years	25,656,641	5,263,579	20,393,062
Greater than 4 years and up to 5 years	5,890,770	18,638,660	(12,747,890)
Greater than 5 years and up to 6 years	8,510,730	-	8,510,730
Greater than 6 years and up to 7 years	1,637,300	-	1,637,300
Greater than 7 years and up to 8 years	1,765,931	-	1,765,931
Greater than 8 years and up to 9 years	927,737	-	927,737
Greater than 9 years and up to 10 years	1,035,552	-	1,035,552
Greater than 10 years and up to 15 years	1,028,569	-	1,028,569
<b>Net position</b>	<b>922,039,077</b>	<b>744,357,018</b>	<b>177,682,058</b>

Finally, as at 31 December 2025, the worst result in economic value of the stress scenarios mentioned above is -1.83% of Tier 1 core funds for interest rate risk.

### Encumbered and non-encumbered assets

As at 31 December 2025 and 2024, in compliance with the guidelines of the European Banking Authority (EBA/GL/2014/3) and Instruction No. 28/2014 of the Banco de Portugal, dated 15 January 2015, what follows is information related to:

i. Bank assets which are encumbered and non-encumbered (Model A)

(Amounts expressed in Euro)

	31 Dec. 25				31 Dec. 24			
	Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of non-encumbered assets	Fair value of non-encumbered assets	Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of non-encumbered assets	Fair value of non-encumbered assets
Assets	10,853,191	10,853,191	876,652,547	862,801,525	4,187,670	4,187,670	951,762,615	939,265,893
Debt securities (Notes 6 and 9)	-	-	216,450,712	216,165,407	-	-	215,542,649	214,866,505
Other assets	10,853,191	10,853,191	660,201,835	646,636,118	4,187,670	4,187,670	736,219,966	724,399,388

ii. Collateral received (Model B)

(Amounts expressed in Euro)

	31 Dec. 25		31 Dec. 24	
	Fair value of the encumbered collateral received or debt securities issued	Fair value of the encumbered collateral received or debt securities issued and encumbered	Fair value of the encumbered collateral received or debt securities issued	Fair value of the encumbered collateral received or debt securities issued and encumbered
Collateral received	83,999,606	83,999,606	143,914,707	143,914,707
Equity instruments	-	-	-	-
Debt securities	-	-	-	-
Other assets	83,999,606	83,999,606	143,914,707	143,914,707

iii. There are no encumbered assets, encumbered collateral received and associated liabilities in accordance with Model C.

iv. Information related to the importance of the encumbrance on assets (Model D)

The institution's level of encumbrance on assets, as measured by the relative weight of the assets encumbered in the Bank's total assets, is less than 1%. Collateral received from customers is not reflected in the Bank's balance sheet and is not available for encumbrance since the bank is not authorised to sell those assets or providing them again as collateral, except in the event of default by the owner of the security deposit.

## Credit risk and concentration credit risk

Overall, the credit risk on the Bank's assets is represented by three large groups of credit operations, namely: i) exposure to credit institutions, mainly in the interbank money market; ii) loans and advances to customers represented (or not) by securities; and iii) financial assets at fair value through other comprehensive income and at amortised cost.

### Maximum exposure to credit risk

(Amounts expressed in Euro)

Description	31 Dec. 25			31 Dec. 24		
	Gross exposure (1)	Provisions and impairment	Effective exposure (2)	Gross exposure (1)	Provisions and impairment	Effective exposure (2)
<b>Assets</b>						
Loans and advances to credit institutions repayable on demand	78,878,487	2,144	78,876,343	110,098,227	6,865	110,091,362
Financial assets mandatorily measured at fair value through profit or loss	-	-	-	124,413	-	124,413
Financial assets at fair value through other comprehensive income (3)	90,699,419	-	90,699,419	62,557,150	-	62,557,150
Other loans and advances to credit institutions	273,075,143	361,187	272,713,956	378,137,014	381,566	377,755,448
Loans and advances to customers	290,414,878	3,168,492	287,246,386	232,198,683	3,675,084	228,523,597
Other financial assets at amortised cost	125,751,293	285,305	125,465,988	152,861,086	676,144	152,184,942
<b>Off-balance sheet</b>						
Guarantees and commitments	8,142,229	294,882	7,847,347	6,321,831	431,032	5,890,798
Commitments to third parties	62,927,322	100,008	62,827,314	94,175,723	220,026	93,955,696
	<b>928,888,279</b>	<b>4,212,018</b>	<b>925,676,753</b>	<b>1,036,474,125</b>	<b>5,390,716</b>	<b>1,031,083,407</b>

(1) Gross exposure: Balance sheet before provisions and impairment.

(2) Effective exposure: Gross exposure less provisions and impairment.

The most significant credit exposures in the customer portfolio are loans to companies and public entities (Note 8). The current credit risk management process for customers is based on the specific characteristics of the customer and the product and of the credit cycle. Credit risk analyses are carried out based on the customer's updated financial information as well as on other additional information (management skills, future expectations, specific market performance and expectations, competitive capacity, forecast cash flows, etc.). Periodically, customers are asked for updated financial information for the purpose of monitoring the quality of exposure risk.

In terms of concentration risk, there are maximum exposure limits for each sector of activity. Exposure subject to credit risk, *i.e.*, total exposure, net of financial collateral (Deposits secured with BAIE, Bank Guarantees issued by other credit institutions, or insurance contracts) and of impairment, by sector of activity, must not exceed 20% of the total loan portfolio and financial assets at amortised cost, with the exception of the Trade and Retail sector, which has a limit of 25%.

In view of the increased risk in the Real Estate sector, and considering the current macroeconomic framework, specific indicators were defined for granting and subsequent monitoring in order to maintain a conservative risk level, *i.e.*, in addition to the 20% limit, there is also a 60% limit in terms of the amount of own funds.

For exposures to credit institutions, counterparty limits are defined based on the financial information available to the credit institution, including the respective rating assigned by international agencies. On a regular basis, counterparty limits are reviewed through internal analysis based on up-to-date market financial information and its counterparties.

The portfolio of financial assets at fair value through other comprehensive income consists essentially of investment grade bonds (financial sector, telecommunications and other industries), sovereign bonds and multilateral investment grade agencies with relatively short-term residual maturities.

In 2025, the exposure and impairment of financial assets (except the portfolio of loans and advances to customers), excluding interest receivable and other commissions, presents the following movements:

(Amounts expressed in Euro)

2025	Stage 1			Stage 2			Stage 3			Total		
	Exposure	EAD	Impairment	Exposure	EAD	Impairment	Exposure	EAD	Impairment	Exposure	EAD	Impairment
<b>Loans and advances to credit institutions repayable on demand</b>												
Balance as at 1 January 2025	110,089,667	110,089,667	6,864	-	-	-	-	-	-	110,089,667	110,089,667	6,864
Changes in cash and cash equivalents	(31,211,180)	(31,211,180)	(4,720)	-	-	-	-	-	-	(31,211,180)	(31,211,180)	(4,720)
Stage change	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2025	78,878,487	78,878,487	2,144	-	-	-	-	-	-	78,878,487	78,878,487	2,144
<b>Other loans and advances to credit institutions</b>												
Balance as at 1 January 2025	377,661,153	377,661,153	695,577	-	-	-	-	-	-	377,661,153	377,661,153	695,577
Changes in cash and cash equivalents	(104,075,077)	(104,075,077)	(287,577)	-	-	-	-	-	-	(104,075,077)	(104,075,077)	(287,577)
Stage change	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2025	273,586,075	273,586,075	408,000	-	-	-	-	-	-	273,586,075	273,586,075	408,000
<b>Financial assets at fair value through other comprehensive income</b>												
Balance as at 1 January 2025	62,141,965	64,681,286	229,663	-	-	-	-	-	-	62,141,965	64,681,286	229,663
Changes in cash and cash equivalents	27,788,257	27,123,036	(171,235)	-	-	-	-	-	-	27,788,257	27,123,036	(171,235)
Stage change	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2025	89,930,221	91,804,322	58,427	-	-	-	-	-	-	89,930,221	91,804,322	58,427
<b>Other financial assets at amortised cost</b>												
Balance as at 1 January 2025	146,682,568	146,682,568	664,737	2,703,080	2,703,080	6,892	-	-	-	149,385,648	149,385,648	671,629
Changes in cash and cash equivalents	(25,130,904)	(25,130,904)	(380,869)	-	-	-	-	-	-	(25,130,904)	(25,130,904)	(380,869)
Stage change	760,880	760,880	5,455	(760,880)	(760,880)	(5,455)	-	-	-	-	-	-
Balance as at 31 December 2025	121,551,664	121,551,664	283,868	1,942,200	1,942,200	1,438	-	-	-	123,493,864	123,493,864	285,305

In 2024, the exposure and impairment of financial assets (except the portfolio of loans and advances to customers), excluding interest receivable and other commissions, presents the following movements:

(Amounts expressed in Euro)

2024	Stage 1			Stage 2			Stage 3			Total		
	Exposure	EAD	Impairment	Exposure	EAD	Impairment	Exposure	EAD	Impairment	Exposure	EAD	Impairment
<b>Loans and advances to credit institutions repayable on demand</b>												
Balance as at 1 January 2024	68,022,174	68,022,174	11,481	-	-	-	-	-	-	68,022,174	68,022,174	11,481
Changes in cash and cash equivalents	42,067,493	42,067,493	(4,617)	-	-	-	-	-	-	42,067,493	42,067,493	(4,617)
Stage change	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 31 December 2024</b>	<b>110,089,667</b>	<b>110,089,667</b>	<b>6,864</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>110,089,667</b>	<b>110,089,667</b>	<b>6,864</b>
<b>Other loans and advances to credit institutions</b>												
Balance as at 1 January 2024	223,653,266	223,653,266	393,999	-	-	-	-	-	-	223,653,266	223,653,266	393,999
Changes in cash and cash equivalents	154,007,887	154,007,887	301,578	-	-	-	-	-	-	154,007,887	154,007,887	301,578
Stage change	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 31 December 2024</b>	<b>377,661,153</b>	<b>377,661,153</b>	<b>695,577</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>377,661,153</b>	<b>377,661,153</b>	<b>695,577</b>
<b>Financial assets at fair value through other comprehensive income</b>												
Balance as at 1 January 2024	78,278,316	82,122,197	269,773	3,754,028	4,102,244	28,388	-	-	-	82,032,344	86,224,441	298,160
Changes in cash and cash equivalents	(16,136,351)	(17,440,911)	(40,110)	(3,754,028)	(4,102,244)	(28,388)	-	-	-	(19,890,379)	(21,543,155)	(68,498)
Stage change	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 31 December 2024</b>	<b>62,141,965</b>	<b>64,681,286</b>	<b>229,663</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>62,141,965</b>	<b>64,681,286</b>	<b>229,663</b>
<b>Other financial assets at amortised cost</b>												
Balance as at 1 January 2024	69,516,126	69,516,126	201,311	-	-	-	-	-	-	69,516,126	69,516,126	201,311
Changes in cash and cash equivalents	77,166,442	77,166,442	463,426	-	-	-	-	-	-	77,166,442	77,166,442	463,426
Stage change	(2,703,080)	(2,703,080)	(6,892)	2,703,080	2,703,080	6,892	-	-	-	-	-	-
<b>Balance as at 31 December 2024</b>	<b>146,682,568</b>	<b>146,682,568</b>	<b>664,737</b>	<b>2,703,080</b>	<b>2,703,080</b>	<b>6,892</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>149,385,648</b>	<b>149,385,648</b>	<b>671,629</b>

In 2025, the exposure and impairment of the portfolio of loans and advances to customers and provisions for off-balance sheet exposures, presents the following movements:

(Amounts expressed in Euro)

	Stage 1			Stage 2			Stage 3			Total		
	Exposure	EAD	Impairment	Exposure	EAD	Impairment	Exposure	EAD	Impairment	Exposure	EAD	Impairment
<b>Balance Sheet – 2024</b>	<b>215,738,892</b>	<b>217,449,926</b>	<b>2,363,549</b>	<b>10,389,662</b>	<b>10,524,450</b>	<b>266,687</b>	<b>5,960,046</b>	<b>6,013,674</b>	<b>1,053,906</b>	<b>232,088,600</b>	<b>233,988,050</b>	<b>3,684,142</b>
Changes in exposure	63,076,042	64,960,099	(425,619)	(5,034,490)	(4,605,911)	(34,854)	(424,896)	(2,246,351)	(91,108)	57,616,656	58,107,837	(551,581)
Stage improvements	1,466,425	1,469,049	3,710	(1,466,425)	(1,469,049)	(3,710)	-	-	-	-	-	-
Stage 2	1,466,425	1,469,049	3,710	(1,466,425)	(1,469,049)	(3,710)	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-	-	-	-	-	-	-
Stage deterioration	(10,505,896)	(11,849,122)	(109,653)	10,019,559	9,572,975	(168,932)	486,337	2,276,147	278,586	0	-	-
Stage 1	(10,505,896)	(11,849,122)	(109,653)	10,019,559	10,074,560	31,701	486,337	1,774,562	77,952	0	-	-
Stage 2	-	-	-	(0)	(501,584)	(200,634)	0	501,584	200,634	-	-	-
<b>Balance Sheet – 2025</b>	<b>269,775,463</b>	<b>272,029,952</b>	<b>1,831,987</b>	<b>13,908,305</b>	<b>14,022,466</b>	<b>59,191</b>	<b>6,021,487</b>	<b>6,043,469</b>	<b>1,241,383</b>	<b>289,705,255</b>	<b>292,095,886</b>	<b>3,132,560</b>

(Amounts expressed in Euro)

	Stage 1			Stage 2			Stage 3			Total		
	Exposure	EAD	Impairment	Exposure	EAD	Impairment	Exposure	EAD	Impairment	Exposure	EAD	Impairment
<b>Off-Balance Sheet – 2024</b>	<b>96,456,911</b>	<b>22,073,941</b>	<b>390,301</b>	<b>2,058,140</b>	<b>499,628</b>	<b>2,362</b>	<b>1,982,504</b>	<b>525,760</b>	<b>115,564</b>	<b>100,497,555</b>	<b>23,099,329</b>	<b>508,227</b>
Changes in exposure	(32,656,105)	(954,355)	(267,683)	3,289,263	3,158,306	(392)	(61,184)	(12,237)	132,337	(29,428,026)	2,191,715	(135,738)
Stage improvements	-	-	-	-	-	-	-	-	-	-	-	-
Stage 2	-	-	-	-	-	-	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-	-	-	-	-	-	-
Stage deterioration	(353,747)	(44,085)	-	-	-	-	353,747	44,085	-	-	-	-
Stage 1	(353,747)	(44,085)	-	-	-	-	353,747	44,085	-	-	-	-
Stage 2	-	-	-	-	-	-	-	-	-	-	-	-
<b>Off-Balance Sheet – 2025</b>	<b>63,447,059</b>	<b>21,075,502</b>	<b>122,618</b>	<b>5,347,403</b>	<b>3,657,934</b>	<b>1,970</b>	<b>2,275,067</b>	<b>557,607</b>	<b>247,901</b>	<b>71,069,529</b>	<b>25,291,043</b>	<b>372,488</b>

In 2024, the exposure and impairment of the portfolio of loans and advances to customers and provisions for off-balance sheet exposures, presents the following movements:

(Amounts expressed in Euro)

	Stage 1			Stage 2			Stage 3			Total		
	Exposure	EAD	Impairment	Exposure	EAD	Impairment	Exposure	EAD	Impairment	Exposure	EAD	Impairment
<b>Balance Sheet – 2023</b>	<b>179,809,296</b>	<b>181,275,257</b>	<b>2,564,942</b>	<b>10,310,041</b>	<b>10,467,435</b>	<b>365,012</b>	<b>4,851,294</b>	<b>4,881,176</b>	<b>1,374,703</b>	<b>194,970,630</b>	<b>196,623,868</b>	<b>4,304,657</b>
Changes in exposure	38,750,694	39,606,483	(158,955)	(906,116)	(1,348,029)	(113,541)	(891,249)	(894,272)	(357,076)	36,953,330	37,364,182	(629,572)
Stage improvements	162,879	163,484	19	(162,879)	(163,484)	(19)	-	-	-	-	-	-
Stage 2	162,879	163,484	19	(162,879)	(163,484)	(19)	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-	-	-	-	-	-	-
Stage deterioration	(3,148,617)	(3,595,298)	(51,513)	1,148,617	1,568,529	15,234	2,000,000	2,026,769	36,279	-	-	-
Stage 1	(3,148,617)	(3,595,298)	(51,513)	3,148,617	3,595,298	51,513	-	-	-	-	-	-
Stage 2	-	-	-	(2,000,000)	(2,026,769)	(36,279)	2,000,000	2,026,769	36,279	-	-	-
<b>Balance Sheet – 2024</b>	<b>215,574,253</b>	<b>217,449,926</b>	<b>2,354,492</b>	<b>10,389,662</b>	<b>10,524,450</b>	<b>266,687</b>	<b>5,960,046</b>	<b>6,013,674</b>	<b>1,053,906</b>	<b>231,923,960</b>	<b>233,988,050</b>	<b>3,675,084</b>

(Amounts expressed in Euro)

	Stage 1			Stage 2			Stage 3			Total		
	Exposure	EAD	Impairment	Exposure	EAD	Impairment	Exposure	EAD	Impairment	Exposure	EAD	Impairment
<b>Off-Balance Sheet – 2023</b>	<b>20,929,475</b>	<b>6,972,714</b>	<b>96,162</b>	<b>5,092,731</b>	<b>1,229,346</b>	<b>54,121</b>	<b>322,281</b>	<b>195,315</b>	<b>109,399</b>	<b>26,344,488</b>	<b>8,397,375</b>	<b>259,682</b>
Changes in exposure	75,578,319	15,111,404	294,201	(1,363,431)	(395,486)	(45,656)	(61,821)	(13,964)	-	74,153,067	14,701,953	248,545
Stage improvements	-	-	-	-	-	-	-	-	-	-	-	-
Stage 2	-	-	-	-	-	-	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-	-	-	-	-	-	-
Stage deterioration	(50,883)	(10,177)	(62)	(1,671,160)	(334,232)	(6,103)	1,722,044	344,409	6,165	-	-	-
Stage 1	(50,883)	(10,177)	(62)	50,883	10,177	62	-	-	-	-	-	-
Stage 2	-	-	-	(1,722,044)	(344,409)	(6,165)	1,722,044	344,409	6,165	-	-	-
<b>Off-Balance Sheet – 2024</b>	<b>96,456,911</b>	<b>22,073,941</b>	<b>390,301</b>	<b>2,058,140</b>	<b>499,628</b>	<b>2,362</b>	<b>1,982,504</b>	<b>525,760</b>	<b>115,564</b>	<b>100,497,555</b>	<b>23,099,329</b>	<b>508,227</b>



As at 31 December 2025, the off-balance sheet exposure in default relates to irrevocable credit facilities from customers classified under Stage 3.

**b)** Productive and non-productive exposures and related provisions:

(Amounts expressed in Euro)

b) Detail of exposures and impairment by segment	Gross credit						Impairment						Collateral		
	Productive exposures			Non-productive exposures			Productive exposures			Non-productive exposures			Write-offs	Productive exposures	Non-productive exposures
	Stage 1	Stage 2	Stage 2	Stage 2	Stage 3	Stage 1	Stage 2	Stage 2	Stage 3						
<b>Loans and advances</b>	<b>303,454,814</b>	<b>293,065,152</b>	<b>10,389,662</b>	<b>5,960,046</b>	-	<b>5,960,046</b>	<b>2,888,140</b>	<b>2,621,453</b>	<b>266,687</b>	<b>1,053,906</b>	-	<b>1,053,906</b>	-	<b>159,143,880</b>	<b>20,428,444</b>
Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General governments	56,418,653	56,418,653	-	-	-	-	224,619	224,619	-	-	-	-	-	95,313,053	-
Credit institutions	77,326,260	77,326,260	-	-	-	-	257,904	257,904	-	-	-	-	-	-	-
Other financial corporations	17,738,462	17,738,462	-	-	-	-	1,785,418	1,785,418	-	-	-	-	-	-	-
Non-financial corporations	128,604,631	121,244,939	7,359,692	5,824,567	-	5,824,567	468,110	306,268	161,843	1,053,902	-	1,053,902	-	57,505,839	19,465,887
Of which SMEs	35,744,227	29,004,656	6,739,571	5,770,400	-	5,770,400	205,858	45,336	160,522	1,029,507	-	1,029,507	-	47,804,166	19,465,887
Households	23,366,809	20,336,839	3,029,970	135,479	-	135,479	152,088	47,244	104,844	4	-	4	-	6,324,988	962,557
<b>Debt securities</b>	<b>211,527,611</b>	<b>208,824,531</b>	<b>2,703,080</b>	-	-	-	<b>901,292</b>	<b>894,400</b>	<b>6,892</b>	-	-	-	-	-	-
Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General governments	73,858,820	73,858,820	-	-	-	-	503,609	503,609	-	-	-	-	-	-	-
Credit institutions	67,477,544	67,477,544	-	-	-	-	80,372	80,372	-	-	-	-	-	-	-
Other financial corporations	19,207,442	19,207,442	-	-	-	-	25,241	25,241	-	-	-	-	-	-	-
Non-financial corporations	50,983,806	48,280,726	2,703,080	-	-	-	292,070	285,178	6,892	-	-	-	-	-	-
<b>Off-balance-sheet exposures</b>	<b>98,515,051</b>	<b>96,456,911</b>	<b>2,058,140</b>	<b>1,982,504</b>	-	<b>1,982,504</b>	<b>392,663</b>	<b>390,301</b>	<b>2,362</b>	<b>115,564</b>	-	<b>115,564</b>	-	<b>6,000,412</b>	<b>1,352,718</b>
Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General governments	48,192,191	48,192,191	-	-	-	-	48,240	48,240	-	-	-	-	-	-	-
Credit institutions	3,103,198	3,103,198	-	-	-	-	171,179	171,179	-	-	-	-	-	-	-
Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-financial corporations	46,431,096	44,482,956	1,948,140	1,982,504	-	1,982,504	167,678	165,316	2,362	115,564	-	115,564	-	5,800,688	1,352,718
Households	788,566	678,566	110,000	-	-	-	5,565	5,565	-	-	-	-	-	199,724	-
<b>Total</b>	<b>613,497,477</b>	<b>598,346,595</b>	<b>15,150,882</b>	<b>7,942,549</b>	-	<b>7,942,549</b>	<b>4,182,095</b>	<b>3,906,153</b>	<b>275,941</b>	<b>1,169,470</b>	-	<b>1,169,470</b>	-	<b>165,144,292</b>	<b>21,781,162</b>

In 2025, the Bank did not obtain any collateral or guarantees through taking ownership and execution proceedings.

Restructured loans operations (deferred operations) were identified in accordance with Implementing Regulation (EU) 2015/1278 of the Commission, of 9 July 2015, which establishes the definition of deferred Exposures (credit restructured due to financial difficulties of the customer).

According to the above-mentioned Regulation, the deferral measures are concessions made to a debtor who is going through or will soon be experiencing difficulties in meeting their financial commitments ("financial difficulties"). A concession may relate to one of the following actions:

- a)** changes to the terms and conditions of such contracts (in particular, the extension of repayment periods, introduction of grace periods, interest capitalisation, reduction of interest rates, forgiveness of interest or capital) considering that the debtor would be unable to meet due to his financial difficulties resulting in an insufficient debt service capacity and that would not be granted if the debtor did not go through those financial difficulties;
- b)** full or partial refinancing of a problematic debt contract, which would not be granted if the debtor did not go through those financial difficulties.

A customer is considered to be in financial difficulties when has unfulfilled the financial obligations to the institution or given the available information, if it is expected that the customer will unfulfilled.

The Bank's restructuring procedures include extension of initial payment conditions, change and deferral of initially scheduled payments and in-

creasing collateral. Restructuring practices and policies are based on criteria which, from the Bank's management point of view, indicate that payments are likely to continue. The risk associated with the restructuring measures applied relates mainly to the inability to comply with the new payment plans agreed, despite the restructuring carried out. Following a loan restructuring, the Bank continues to monitor the customer's financial situation, as well as compliance with the new financial plan, in order to anticipate/avoid possible defaults.

Loans and advances to customers whose terms have been renegotiated are no longer considered overdue and are treated as new loans and advances in accordance with Note 2.4.1.2., in particular paragraph iv) which states that new contractual conditions discounted using the initial contract interest rate resulted in a change of, at least 10%, of the remaining present value of cash flows of the original financial asset will give rise to the recognition of a new contract.

As at 31 December 2025, exposures associated with loan operations in the portfolio whose terms and conditions have been renegotiated due to the customer's economic difficulties can be found in paragraph e) in the following tables.

Approval of credit granting is primarily the responsibility of the members of the Executive Committee, depending on the amounts involved, and internal regulations provide for maximum exposure limits per customer or group of connected customers. There are also periodic reviews of internal limits for the Money Market, for participation in commercial paper issues, from a management and liquidity perspective, as well as internal limits for trade finance operations. These limits are assessed by the Credit Committee.



## Quantitative disclosures on credit risk management policy

a) Detail of exposures (excluding monthly commissions and advance interest) and impairment recognized as at 31 December 2025 and 2024, respectively:

(Amounts expressed in Euro)

a) Detail of exposures and impairment by segment	Total Exposure	Exposure as at 31 Dec. 25									
		Credit in compliance				Credit in default			Impairment		
		< 30 days overdue (without signs)	< 30 days overdue (with signs)	< 30 days and < 90 days overdue	Of which restructured	> 90 days overdue	Of which restructured	Total impairment	In compliance < 30 days overdue	In compliance 30-90 days overdue	In default > 90 days overdue
Public administration (regional and local)	81,215,411	81,215,411	-	-	-	-	-	85,353	85,353	-	-
Construction and Commercial Real Estate (CRE)	59,858,844	47,522,061	11,050,001	1,286,539	3,550,000	242	-	1,087,386	1,018,603	68,783	-
Corporate	146,178,187	140,656,016	5,020,555	16	661,137	501,600	-	1,949,277	1,748,643	0	200,634
Other	2,452,814	381,932	2,065,837	83	-	4,961	-	10,544	10,249	0	294
<b>Total</b>	<b>289,705,255</b>	<b>269,775,421</b>	<b>18,136,393</b>	<b>1,286,638</b>	<b>4,211,137</b>	<b>506,804</b>	<b>-</b>	<b>3,132,560</b>	<b>2,862,849</b>	<b>68,784</b>	<b>200,927</b>

(Amounts expressed in Euro)

a) Detail of exposures and impairment by segment	Total Exposure	Exposure as at 31 Dec. 24									
		Credit in compliance				Credit in default			Impairment		
		< 30 days overdue (without signs)	< 30 days overdue (with signs)	< 30 days and < 90 days overdue	Of which restructured	> 90 days overdue	Of which restructured	Total impairment	In compliance < 30 days overdue	In compliance 30-90 days overdue	In default > 90 days overdue
Public administration (regional and local)	56,418,653	56,418,653	-	-	-	-	-	224,619	224,619	-	-
Construction and Commercial Real Estate (CRE)	72,622,161	63,385,923	8,815,117	421,121	5,550,000	-	-	1,163,903	1,156,878	7,025	-
Corporate	99,151,536	95,145,232	3,948,021	58,284	274,567	-	-	2,181,647	2,154,993	26,654	-
Other	3,731,610	566,161	3,164,728	-	-	721	-	104,915	104,915	-	-
<b>Total</b>	<b>231,923,960</b>	<b>215,515,969</b>	<b>15,927,865</b>	<b>479,405</b>	<b>5,824,567</b>	<b>721</b>	<b>-</b>	<b>3,675,084</b>	<b>3,641,405</b>	<b>33,680</b>	<b>-</b>

**b)** Detail of the portfolio by level of risk:

(Amounts expressed in Euro)

b) Detail of exposures and impairment by segment	Exposure as at 31 Dec. 25				Impairment as at 31 Dec. 25			
	Assets without significant deterioration of credit risk (Stage 1)	Assets with significant deterioration of credit risk (Stage 2)	Assets in default (Stage 3)	Total	Assets without significant deterioration of credit risk (Stage 1)	Assets with significant deterioration of credit risk (Stage 2)	Assets in default (Stage 3)	Total
Public administration (regional and local)	81,215,411	-	-	<b>81,215,411</b>	85,353	-	-	<b>85,353</b>
Construction and Commercial Real Estate (CRE)	47,522,061	7,500,015	4,836,767	<b>59,858,844</b>	111,779	14,225	961,382	<b>1,087,386</b>
Corporate	140,656,016	4,359,434	1,162,737	<b>146,178,187</b>	1,634,838	34,779	279,659	<b>1,949,277</b>
Other	381,975	2,048,856	21,983	<b>2,452,814</b>	35,948	10,186	341	<b>46,475</b>
<b>Total</b>	<b>269,775,463</b>	<b>13,908,305</b>	<b>6,021,487</b>	<b>289,705,255</b>	<b>1,867,918,</b>	<b>59,191</b>	<b>1,241,383</b>	<b>3,168,492</b>

(Amounts expressed in Euro)

b) Detail of exposures and impairment by segment	Exposure as at 31 Dec. 24				Impairment as at 31 Dec. 24			
	Assets without significant deterioration of credit risk (Stage 1)	Assets with significant deterioration of credit risk (Stage 2)	Assets in default (Stage 3)	Total	Assets without significant deterioration of credit risk (Stage 1)	Assets with significant deterioration of credit risk (Stage 2)	Assets in default (Stage 3)	Total
Public administration (regional and local)	56,418,653	-	-	<b>56,418,653</b>	224,619	-	-	<b>224,619</b>
Construction and Commercial Real Estate (CRE)	63,385,923	3,686,238	5,550,000	<b>72,622,161</b>	180,976	52,683	930,244	<b>1,163,903</b>
Corporate	95,203,516	3,673,454	274,567	<b>99,151,536</b>	1,948,829	109,160	123,658	<b>2,181,647</b>
Other	566,161	3,029,970	135,479	<b>3,731,610</b>	67	104,844	4	<b>104,915</b>
<b>Total</b>	<b>215,574,253</b>	<b>10,389,662</b>	<b>5,960,046</b>	<b>231,923,960</b>	<b>2,354,492</b>	<b>266,687</b>	<b>1,053,906</b>	<b>3,675,084</b>

As at 31 December 2025, there are customers whose exposure is classified as Stage 3, due to the identification of qualitative triggers resulting from the individual credit analysis carried out.

Detail of the credit portfolio by segment and year of production:

(Amounts expressed in Euro)

Year of production	31 Dec. 25											
	Construction and CRE			Corporate			Other			Public Administration		
	Number of operations	Amount	Impairment	Number of operations	Amount	Impairment	Number of operations	Amount	Impairment	Number of operations	Amount	Impairment
2017	-	-	-	-	-	-	1	74,900	10,186	-	-	-
2018	-	-	-	-	-	-	-	-	-	-	-	-
2019	-	-	-	1	458,742	797	1	14,185	-	-	-	-
2020	-	-	-	2	1,494,193	3,710	-	-	-	-	-	-
2021	3	12,844,444	897,392	2	4,500,000	4,356	2	2,842	-	-	-	-
2022	1	272,343	2,714	4	5,468,102	156,861	5	2,168,940	-	1	15,679,671	65,177
2023	1	14	-	8	8,367,947	442,301	7	183,276	20	-	-	-
2024	10	20,482,259	56,281	17	31,766,034	502,451	9	7,848	21	2	43,535,739	-
2025	45	26,259,784	131,000	119	94,122,170	838,803	11	823	317	3	22,000,000	20,176
<b>Total</b>	<b>60</b>	<b>59,858,844</b>	<b>1,087,386</b>	<b>153</b>	<b>146,178,187</b>	<b>1,949,277</b>	<b>36</b>	<b>2,452,814</b>	<b>10,544</b>	<b>6</b>	<b>81,215,411</b>	<b>85,353</b>

(Amounts expressed in Euro)

Year of production	31 Dec. 24											
	Construction and CRE			Corporate			Other			Public Administration		
	Number of operations	Amount	Impairment	Number of operations	Amount	Impairment	Number of operations	Amount	Impairment	Number of operations	Amount	Impairment
2015	-	-	-	-	-	-	2	381,383	86,393	-	-	-
2016	-	-	-	-	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	1	117,700	18,451	-	-	-
2018	-	-	-	-	-	-	-	-	-	-	-	-
2019	-	-	-	2	1,060,440	1,672	1	112,298	-	-	-	-
2020	-	-	-	3	1,695,191	86,337	-	-	-	-	-	-
2021	6	23,720,409	964,757	3	8,500,000	20,159	2	22,471	-	1	19,164,043	114,146
2022	2	527,365	747	4	8,581,868	35,896	4	2,716,736	-	-	-	-
2023	5	9,734,777	63,701	9	16,450,405	1,169,226	4	224,627	23	-	-	-
2024	54	38,639,611	134,698	89	62,863,648	851,605	3	156,377	48	3	37,254,610	110,473
<b>Total</b>	<b>67</b>	<b>72,622,161</b>	<b>1,163,903</b>	<b>110</b>	<b>99,151,552</b>	<b>2,164,896</b>	<b>17</b>	<b>3,731,593</b>	<b>104,915</b>	<b>4</b>	<b>56,418,653</b>	<b>224,619</b>

c) Detail of the gross amount of credit exposure and impairment assessed:

Detail of gross amount of credit exposure by geography:

(Amounts expressed in Euro)

Country	31 Dec. 25		31 Dec. 24	
	Exposure	Impairment	Exposure	Impairment
Angola (AGO)	84,175,807	181,959	59,482,418	400,951
United Arab Emirates (ARE)	5,767,403	23,446	-	-
Belgium (BEL)	3,000,000	1,764	-	-
Cape Verde (CIV)	15,000,000	12,822	5,000,000	40,000
Cayman Islands (CYM)	16,207,626	1,160,761	17,573,838	1,759,609
Germany (DEU)	30,500,000	70,859	18,500,000	48,470
Spain (ESP)	10,000,000	26,731	82,500	151
France (FRA)	18,630,127	30,763	9,406,391	24,516
Italy (ITA)	6,500,000	12,181	2,500,000	6,751
The Netherlands (NLD)	4,000,000	6,517	2,000,000	5,125
Panama (PAN)	7,000,000	7,354	-	-
Portugal (PRT)	85,152,425	1,631,754	108,822,512	1,388,324
United States of America (USA)	3,771,868	1,579	2,448,516	1,187
Switzerland (CHE)	-	-	6,107,785	-
<b>Total</b>	<b>289,705,255</b>	<b>3,168,490</b>	<b>231,923,960</b>	<b>3,675,084</b>

Detail of gross amount of credit exposure by business sector:

(Amounts expressed in Euro)

Sector	31 Dec. 25		31 Dec. 24	
	Exposure	Impairment	Exposure	Impairment
Financial and insurance activities	19,978,459	1,163,840	19,511,338	1,779,837
Information and communication activities	10,627,691	6,242	4,906,391	13,196
Real Estate activities	9,394,899	1,006,181	22,073,634	1,007,459
Public administration (regional and local)	81,215,411	85,353	56,418,653	224,619
Accommodation, catering and similar activities	8,134,545	29,078	9,495,771	102,922
Trade and repair	53,076,482	182,888	21,322,083	79,437
Construction	45,931,372	278,549	46,461,042	148,003
Education, health and welfare	-	-	-	-
Electricity, gas and water	-	-	-	-
Manufacture of transportation equipment	11,000,000	28,061	10,000,000	25,413
Leather, wood and cork industries	423,797	77	750,000	666
Food, beverage and tobacco industries	5,260,987	11,831	15,294,910	23,475
Metal industries	107,493	24	687,528	933
Machinery and equipment	6,527,768	12,183	2,561,104	6,536
Other activities and Retail	4,000,000	10,703	-	-
Other manufacturing industries	149,365	33	,149,657	91
Other business services	18,904,614	304,672	17,768,199	156,789
Retail	2,452,814	10,544	3,730,873	104,911
Transportation and storage	12,519,558	38,231	792,056	798
<b>Total</b>	<b>289,705,255</b>	<b>3,168,490</b>	<b>231,923,240</b>	<b>3,675,084</b>

d) Detail of the restructured credit portfolio, by restructuring measure applied:

(Amounts expressed in Euro)

Measure	31 Dec. 25								
	Performing loans			Non-performing loans			Total		
	Number of operations	Exposure	Impairment	Number of operations	Exposure	Impairment	Number of operations	Exposure	Impairment
Term extension	5	5,786,079	1,040,406	-	-	-	5	5,786,079	1,040,406
<b>Total</b>	<b>5</b>	<b>5,786,079</b>	<b>1,040,406</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>5,786,079</b>	<b>1,040,406</b>

(Amounts expressed in Euro)

Measure	31 Dec. 24								
	Performing loans			Non-performing loans			Total		
	Number of operations	Exposure	Impairment	Number of operations	Exposure	Impairment	Number of operations	Exposure	Impairment
Term extension	4	5,877,423	1,053,902	-	-	-	4	5,877,423	1,053,902
<b>Total</b>	<b>4</b>	<b>5,877,423</b>	<b>1,053,902</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>5,877,423</b>	<b>1,053,902</b>

e) Changes in inflows and outflows in the restructured credit portfolio:

(Amounts expressed in Euro)

	31 Dec. 25	31 Dec. 24
<b>Opening balance</b>	<b>5,877,423</b>	<b>266,240</b>
Restructured loans for the period	5,119,510	6,200,000
Accrued interest of the restructured credit portfolio	21,768	52,856
Settlement of restructured loans (partial or total)	5,232,623	641,673
<b>Closing balance</b>	<b>5,786,079</b>	<b>5,877,423</b>

**f)** Detail of the fair value of the collateral underlying the loan portfolio by segment:

(Amounts expressed in Euro)

Fair value	31 Dec. 25											
	Construction and CRE				Corporate				Other			
	Real Estate		Other real collateral		Real Estate		Other real collateral		Real Estate		Other real collateral	
	Number of operations	Amount	Number of operations	Amount	Number of operations	Amount	Number of operations	Amount	Number of operations	Amount	Number of operations	Amount
< €0.5 M	-	35,173	2	315,079	3	1,062,896	6	1,146,681	-	-	-	-
>= €0.5 M and < €1 M	2	1,401,708	-	-	-	-	-	-	-	-	-	-
>= €1 M and < €5 M	3	9,680,360	-	-	2	5,916,963	3	10,212,768	-	-	-	-
>= €5 M and < €10 M	1	15,674,658	-	-	1	7,187,489	-	-	-	-	1	9,011,983
>= €10 M and < €20 M	-	-	-	-	-	-	-	-	-	-	1	14,895,688
>= €20 M and < €50 M	-	-	-	-	-	-	-	-	-	-	-	-
>= €50 M	-	-	-	-	-	-	-	-	-	-	1	68,207,598
<b>Total</b>	<b>6</b>	<b>26,791,898</b>	<b>2</b>	<b>315,079</b>	<b>6</b>	<b>14,167,348</b>	<b>9</b>	<b>11,359,449</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>92,115,269</b>

(Amounts expressed in Euro)

Fair value	31 Dec. 24											
	Construction and CRE				Corporate				Other			
	Real Estate		Other real collateral		Real Estate		Other real collateral		Real Estate		Other real collateral	
	Number of operations	Amount	Number of operations	Amount	Number of operations	Amount	Number of operations	Amount	Number of operations	Amount	Number of operations	Amount
< €0.5 M	2	520,673	1	150,000	3	1,153,406	1	54,994	-	-	6	2,232,557
>= €0.5 M and < €1 M	2	1,548,073	-	-	1	654,388	-	-	-	-	-	-
>= €1 M and < €5 M	3	7,957,700	-	-	3	6,327,035	-	-	-	-	1	2,997,500
>= €5 M and < €10 M	4	30,983,838	-	-	1	8,870,515	-	-	-	-	1	9,150,780
>= €10 M and < €20 M	2	23,770,063	-	-	-	-	-	-	-	-	1	18,205,841
>= €20 M and < €50 M	-	-	-	-	-	-	-	-	-	-	-	-
>= €50 M	-	-	-	-	-	-	-	-	-	-	1	67,956,432
<b>Total</b>	<b>13</b>	<b>64,780,346</b>	<b>1</b>	<b>150,000</b>	<b>8</b>	<b>17,005,344</b>	<b>1</b>	<b>54,994</b>	<b>-</b>	<b>-</b>	<b>10</b>	<b>100,543,110</b>

In 2025, there were no significant changes in the quality of the collateral underlying the credit portfolio, resulting from a deterioration in its value or from any changes in internal standards or procedures.

**g)** Loan-to-value (LTV) ratio by segment:

(Amounts expressed in Euro)

31 Dec. 25										
Ratio	Construction and CRE					Corporate				
	Number of Properties	Total exposure	Performing loans	Non-performing loans	Impairment	Number of Properties	Total exposure	Performing loans	Non-performing loans	Impairment
No associated collateral	n.a.	50,463,966	50,682,409	14	81,205	n.a.	140,952,842	140,451,227	501,600	1,847,602
With other collateral	n.a.	218,700	218,700	-	-	n.a.	1,015,857	1,015,857	-	3,108
LTV < 60%	7	6,240,933	4,954,408	1,286,525	974,396	4	3,421,663	3,421,663	-	96,931
LTV >= 60% and < 80%	-	-	-	-	-	-	-	-	-	-
LTV >= 80% and < 100%	1	785,245	785,245	-	8,505	-	-	-	-	-
LTV >= 100%	2	2,150,000	2,150,000	-	23,280	3	787,825	787,825	-	1,636
<b>Total</b>	<b>10</b>	<b>59,858,844</b>	<b>58,790,762</b>	<b>1,286,539</b>	<b>1,087,386</b>	<b>7</b>	<b>146,178,187</b>	<b>145,676,571</b>	<b>501,600</b>	<b>1,949,277</b>

(Amounts expressed in Euro)

31 Dec. 24										
Ratio	Construction and CRE					Corporate				
	Number of Properties	Total exposure	Performing loans	Non-performing loans	Impairment	Number of Properties	Total exposure	Performing loans	Non-performing loans	Impairment
No associated collateral	n.a.	48,958,458	48,957,527	931	152,838	n.a.	93,246,688	92,825,871	53,779	1,978,467
With other collateral	n.a.	-	-	420,178	-	n.a.	61,104	61,104	-	2
LTV < 60%	9	18,203,506	17,783,316	420,190	997,716	4	3,886,685	3,886,685	-	208,443
LTV >= 60% and < 80%	2	2,913,125	2,700,000	213,125	6,175	1	934,240	934,240	-	1,336
LTV >= 80% and < 100%	1	145,000	145,000	-	362	-	-	-	-	-
LTV >= 100%	4	2,402,072	2,402,072	-	6,813	3	1,187,459	1,187,459	-	2,457
<b>Total</b>	<b>16</b>	<b>72,622,161</b>	<b>71,987,915</b>	<b>1,054,424</b>	<b>1,163,903</b>	<b>8</b>	<b>99,316,176</b>	<b>98,895,359</b>	<b>53,779</b>	<b>2,190,704</b>

## 32. Fair value of financial assets and liabilities (IFRS 13)

As at 31 December 2025, the fair value of financial assets and liabilities is analysed as follows:

(Amounts expressed in Euro)

2025	Measured at fair value				
	Amortised cost	Market prices (Level 1)	Valuation models with observable parameters in the market		Fair value
			Level 2	Total net book	
Cash and deposits at central banks	8,581,989	-	-	8,581,989	8,581,989
Loans and advances to credit institutions repayable on demand	78,876,343	-	-	78,876,343	78,876,343
Deposits from central banks and other credit institutions	272,713,956	-	-	272,713,956	272,713,956
Financial assets at fair value through other comprehensive income	-	90,699,419	-	90,699,419	90,699,419
Investments at amortised cost	125,465,988	-	-	125,465,988	126,410,133
Hedging derivative	-	-	-	-	-
Loans and advances to customers	287,246,386	-	-	287,246,386	287,246,386
Other assets	4,227,836	-	-	4,227,836	4,227,836
<b>Financial Assets</b>	<b>777,112,498</b>	<b>90,699,419</b>	<b>-</b>	<b>867,811,917</b>	<b>868,756,062</b>
Deposits from central banks and other credit institutions	316,959,676	-	-	316,959,676	316,959,676
Liabilities represented by securities	-	-	-	-	-
Financial liabilities at fair value through profit or loss	-	-	-	-	-
Deposits from customers and other loans	440,872,539	-	-	440,872,539	440,872,539
Hedging derivative	-	-	-	-	-
Financial liabilities associated with transferred assets	-	-	-	-	-
<b>Financial Liabilities</b>	<b>757,832,215</b>	<b>-</b>	<b>-</b>	<b>757,832,215</b>	<b>757,832,215</b>

As at 31 December 2024, the fair value of financial assets and liabilities is analysed as follows:

(Amounts expressed in Euro)

2024	Measured at fair value				
	Amortised cost	Market prices (Level 1)	Valuation models with observable parameters in the market		Fair value
			Level 2	Total net book	
Cash and deposits at central banks	2,416,717	-	-	2,416,717	2,416,717
Loans and advances to credit institutions repayable on demand	110,091,362	-	-	110,091,362	110,091,362
Deposits from central banks and other credit institutions	377,755,448	-	-	377,755,448	377,755,448
Financial assets at fair value through profit or loss	-	-	124,413	124,413	124,413
Financial assets at fair value through other comprehensive income	-	62,557,150	-	62,557,150	62,557,150
Investments at amortised cost	152,184,942	-	-	152,184,942	152,184,942
Hedging derivative	-	-	-	-	-
Loans and advances to customers	228,523,597	-	-	228,523,597	228,523,597
Other assets	2,847,310	-	-	2,847,310	2,847,310
<b>Financial Assets</b>	<b>873,819,375</b>	<b>62,557,150</b>	<b>124,413</b>	<b>936,500,939</b>	<b>936,500,939</b>
Deposits from central banks and other credit institutions	425,455,519	-	-	425,455,519	425,455,519
Liabilities represented by securities	-	-	-	-	-
Financial liabilities at fair value through profit or loss	-	-	-	-	-
Deposits from customers and other loans	408,842,794	-	-	408,842,794	408,842,794
Hedging derivative	-	-	-	-	-
Financial liabilities associated with transferred assets	-	-	-	-	-
<b>Financial Liabilities</b>	<b>834,298,313</b>	<b>-</b>	<b>-</b>	<b>834,298,313</b>	<b>834,298,313</b>

The Bank's financial instruments are essentially subject to a variable rate of return; therefore the Bank considers that the relevant price conditions (interest rates applied) do not differ significantly from market rates. In this context, the balance sheet value is a reasonable estimate of the net present value (fair value).

Deposits from central banks and other credit institutions is mainly made up of financial instruments with a maturity of up to 1 year or very close to 1 year. Considering that applicable interest rates are renewed for periods of less than one year, there are no significant differences in their fair value.

The information below provides a breakdown of each item of all financial assets and liabilities measured at fair value, by type of valuation method:

(Amounts expressed in Euro)

	31 Dec. 25			
	Level 1	Level 2	Level 3	Total
<b>Financial assets at fair value through other comprehensive income (Note 6)</b>				
Debt instruments	90,699,419	-	-	90,699,419
<b>Total</b>	<b>90,699,419</b>	<b>-</b>	<b>-</b>	<b>90,699,419</b>

(Amounts expressed in Euro)

	31 Dec. 24			
	Level 1	Level 2	Level 3	Total
<b>Financial assets mandatorily measured at fair value through profit or loss (Note 5)</b>				
Debt instruments	-	124,413	-	124,413
<b>Financial assets at fair value through other comprehensive income (Note 6)</b>				
Debt instruments	62,557,150	-	-	62,557,150
<b>Total</b>	<b>62,557,150</b>	<b>124,413</b>	<b>-</b>	<b>62,681,563</b>

As at 31 December 2025 and 2024, the exposures of financial instruments measured using the level 1 valuation method have the following credit quality:

(Amounts expressed in Euro)

Grade	31 Dec. 25		31 Dec. 24	
	Securities (level 1)		Securities (level 1)	
	Exposure (accrued interest included)	Impairment	Exposure (accrued interest included)	Impairment
Prime	35,223,761	10,241	397,736	89
High grade	19,960,508	3,952	959,324	205
Upper medium grade	6,316,651	2,256	11,983,430	4,548
Lower medium grade	10,598,166	11,047	27,209,879	21,509
Speculative	995,264	2,344	968,280	3,143
Highly Speculative	-	-	-	-
Unrated	17,605,069	28,586	21,038,500	200,169
<b>Total</b>	<b>90,699,149</b>	<b>58,427</b>	<b>62,557,150</b>	<b>229,663</b>

There were no transfers between rating levels, as the nature of the financial instruments did not change significantly.

The Bank's assets and liabilities at fair value are accounted in accordance with the hierarchy defined in IFRS 13 – Fair Value, which is detailed in Note 2.2.

The movement of financial assets measured using methods with parameters not observable in the market (level 3) in 2025 and 2024 can be analysed as follows:

(Amounts expressed in Euro)

	31 Dec. 25			Total
	Financial assets at fair value through profit or loss	Other financial assets at fair value through profit or loss	Other financial liabilities at fair value through profit or loss	
Opening balance for the period	-	-	-	-
Exits by settlements	-	-	-	-
<b>Balance at the end of the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

(Amounts expressed in Euro)

	31 Dec. 24			Total
	Financial assets at fair value through profit or loss	Other financial assets at fair value through profit or loss	Other financial liabilities at fair value through profit or loss	
Opening balance for the period	107,017	3,420	(3,420)	107,017
Exits by settlements	(107,017)	(3,420)	3,420	(107,017)
<b>Balance at the end of the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



## 33. Recently issued accounting standards and interpretations

### 33.1. Voluntary policy changes

During the period there were no voluntary changes in accounting policies, compared to those considered in the preparation of the previous year financial information.

### 33.2. Accounting standards and interpretations applicable to the 2025 period

The following standards, interpretations, amendments and revisions endorsed by the European Union have mandatory application for the first time in the financial year beginning 1 January 2025:

Standard/ Interpretation	Applicable in the European Union for financial years beginning on or after	Description
Amendments to IAS 21 – The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	1 January 2025	<p>This amendment aims to clarify how to assess the exchangeability of a currency, and how the exchange rate should be determined when there is a long-term lack of exchangeability.</p> <p>The amendment specifies that a currency is exchangeable when an entity is able to exchange that currency for the other currency within a period that allows for normal administrative management, through markets or exchange mechanisms that create enforceable rights and obligations.</p> <p>If a currency cannot be exchanged for another currency, an entity must estimate the exchange rate on the measurement date of the transaction. The objective will be to determine the exchange rate that would be applicable on the measurement date for a similar transaction between market participants. The amendments also state that an entity can use an observable exchange rate without making any adjustment.</p> <p>The amendments are effective for annual periods beginning on or after 1 January 2025. Early adoption is permitted, however the transition requirements applied must be disclosed.</p>

These standards and amendments had no material impact on the Bank's financial statements.

### 33.3. Standards, interpretations, amendments and revisions that will come into effect in future financial years

The following standards, interpretations, amendments and revisions with mandatory application in future financial years have, up to the date of approval of these financial statements, been endorsed by the European Union:

Standard/ Interpretation	Description
Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments	<p>These amendments are essentially the result of the draft revision of IFRS 9 Financial Instruments (Post Implementation Review – PIR IFRS 9) and clarify the following aspects relating to financial instruments:</p> <ul style="list-style-type: none"> <li>• It clarifies that a financial liability is derecognised on the 'settlement date', <i>i.e.</i> when the related obligation is settled, cancelled, expires or the liability otherwise qualifies for derecognition. However, the possibility is introduced for an entity to choose to adopt an accounting policy that allows it to derecognise a financial liability that is settled through an electronic payment system, before the settlement date, provided that certain conditions are met.</li> <li>• It also clarifies how an entity should assess the contractual cash flow characteristics of financial assets that include variables relating to environmental, social and governance (ESG) factors and other similar contingent characteristics.</li> <li>• Requires additional disclosures for financial assets and liabilities subject to a contingent event (including ESG variables) and equity instruments classified at fair value through other comprehensive income.</li> </ul> <p>The amendments are effective for annual periods beginning on or after 1 January 2026. Earlier application is permitted.</p> <p>This amendment applies retrospectively. However, an entity is not obliged to restate the comparative period, and the potential impacts of applying this amendment are recognised in retained earnings in the year in which the amendment is applicable.</p>
Amendments to IFRS 9 and IFRS 7 – Contracts Referencing Nature-dependent Electricity	<p>The amendments refer specifically to renewable energy purchase agreements whose source of production is dependent on nature, so that supply cannot be guaranteed at specific times or volumes. In this sense, these amendments clarify the application of the 'own use' requirements in power purchase agreements, as well as the fact that it is permitted to apply hedge accounting when these contracts are used as hedging instruments.</p> <p>The amendments are effective for annual periods beginning on or after 1 January 2026, with early application permitted except for the guidance on hedge accounting which should be applied prospectively to new hedging relationships, so designated on or after the initial effective date.</p>

Standard/ Interpretation	Description
Annual Improvements to IFRS (Volume 11)	<p>Improvements are made on a regular basis to clarify and simplify the application of international regulations, through minor changes that are not considered urgent.</p> <p>The main changes included in this volume concern:</p> <ul style="list-style-type: none"> <li>• IFRS 1 (<i>Hedge accounting by a first-time adopter</i>): This amendment aims to update the cross-references in paragraphs B5 and B6 of IFRS 1 First-time adoption of international financial reporting standards to the hedge accounting eligibility criteria in IFRS 9 to paragraphs 6.4.1(a), (b) and (c).</li> <li>• IFRS 7 (<i>Gain loss on derecognition</i>): This amendment aims to update the language on unobservable market data included in paragraph B38 of IFRS 7 <i>Financial Instruments: Disclosures</i>, as well as adding references to paragraphs 72 and 73 of IFRS 13 <i>Fair Value Measurement</i>.</li> <li>• IFRS 7 (<i>Implementation guidance</i>): Several paragraphs relating to the implementation guidelines of IFRS 7 have been amended for reasons of consistency and clarity.</li> <li>• IFRS 9 (<i>Derecognition of lease liabilities</i>): This amendment clarifies that when a financial liability is extinguished in accordance with IFRS 9, the lessee must apply paragraph 3.3.3 of IFRS 9 and recognise the gain or loss that results from this derecognition.</li> <li>• IFRS 9 (<i>Transaction price</i>): With this amendment, the reference to “transaction price” in paragraph 5.1.3 of IFRS 9 is replaced by “amount determined by applying IFRS 15”.</li> <li>• IFRS 10 (<i>Determine a de facto agent</i>): Amendment made to paragraph B74 of IFRS 10, which clarifies that the relationship described in that paragraph is just one example of several possible between the investor and other parties acting as de facto agents. The purpose of this amendment is to remove the inconsistency with the requirement in paragraph B73 that an entity should use its judgement in assessing whether other parties can act as de facto agents.</li> <li>• IAS 7 (<i>Cost method</i>): Replacement of the term “cost method” by “at cost” in paragraph 37 of IAS 7 after the elimination of the definition of “cost method”.</li> </ul> <p>These amendments are effective for annual periods beginning on or after 1 January 2026, with earlier application permitted.</p>

The Bank has not early applied any of these standards in the financial statements for the twelve-month period ended 31 December 2025. No material impacts are expected on the financial statements as a result of their non-adoption.

### 33.4. Standards and interpretations already issued but not yet endorsed by the European Union

The following standards, interpretations, amendments and revisions with mandatory application in future financial years have not, to the date of approval of these financial statements, been endorsed by the European Union:

Standard/ Interpretation	Description
IAS 21 – Translation to a Hyperinflationary Presentation Currency	<ul style="list-style-type: none"> <li>• This amendment is still subject to approval by the European Union. This amendment specifies the currency translation procedures for an entity whose presentation currency is that of a hyperinflationary economy. The entity applies the amendments if: i) its functional currency is that of a non-hyperinflationary economy and it is translating its results and financial position into the presentation currency of a hyperinflationary economy; or ii) it is translating the results and financial position of a foreign operation whose functional currency is that of a non-hyperinflationary economy into the currency of a hyperinflationary economy. In these cases, the results and financial position must be converted to the presentation currency by converting all amounts (<i>i.e.</i>, assets, liabilities, equity items, income, and expenses) at the spot exchange rate at the reporting date. Comparatives are also translated at the same exchange rate, except for the translation of foreign operations, whose comparatives must be restated by applying the general price index, as provided for in IAS 29.</li> </ul> <p>IAS 21 comes into force for financial years beginning on or after 1 January 2027 and its application is retrospective. Early adoption is permitted as long as the option is disclosed.</p>
IFRS 18 – Presentation and disclosure in the financial statements	<p>IFRS 18 replaces IAS 1 Presentation of Financial Statements and comes in response to requests from investors looking for information on financial performance. With the introduction of the new IFRS 18 requirements, investors will have access to more transparent and comparable information on companies' financial performance, with the aim of making better investment decisions.</p> <p>IFRS 18 essentially introduces three sets of new requirements to improve the disclosure of financial performance:</p> <ul style="list-style-type: none"> <li>• Comparability of the income statement: IFRS 18 introduces three defined categories for income and expenses – operating, investments and financing – to improve the structure of the income statement and requires all companies to provide new defined subtotals, including operating income. The new structure and subtotals will give investors a consistent starting point for analysing company performance, making it easier to compare them.</li> <li>• Transparency of performance measures defined by management: IFRS 18 requires the disclosure of additional information on the company's specific performance indicators related to the income statement, known as performance measures defined by management.</li> </ul>

Standard/ Interpretation	Description
IFRS 18 – Presentation and disclosure in the financial statements	<ul style="list-style-type: none"> <li>• Aggregation and disaggregation of items in the financial statements: IFRS 18 establishes guidelines on how income statement items should be aggregated.</li> </ul> <p>IFRS 18 comes into force for financial years beginning on or after 1 January 2027 and its application is retrospective. Early adoption is permitted as long as the option is disclosed.</p>
IFRS 19 – Subsidiaries without Public Accountability: Disclosures	<p>IFRS 19 allows eligible entities to prepare IFRS financial statements with lower disclosure requirements than those required by the IFRS, while maintaining the obligation to apply all the measurement and recognition requirements of the IFRS.</p> <p>The reduction in disclosures defined by IFRS 19 covers most IFRS standards. Eligible organisations are those that: (i) are subsidiaries of a group that prepares IFRS consolidated financial statements for public disclosure; and (ii) are not subject to the obligation to publicly disclose financial information because they do not have listed debt or equity securities, are not in the process of being listed or have as their main activity the safekeeping of assets in a fiduciary capacity.</p> <p>IFRS 19 comes into force for financial years beginning on or after 1 January 2027 and its application is optional. Earlier application is permitted. Early adopters must disclose and align disclosures in the comparative period with those in the current period.</p>

These standards have not yet been endorsed by the European Union and, therefore, were not applied by the Bank in the twelve-month period ending 31 December 2025. No material impacts are expected on the financial statements as a result of their non-adoption.

## 34. Subsequent Events

Subsequent to the balance sheet date and before the Financial Statements were authorised for issue, there were no material transactions and/or events which should be disclosed.





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Annex

# Statutory Audit Report



## Statutory Audit Report

(Free translation from the original in Portuguese)

### Report on the audit of the financial statements

#### Opinion

We have audited the accompanying financial statements of Banco BAI Europa, S.A. (the Bank), which comprise the statement of financial position as at 31 December 2025 (which shows total assets of Euros 873.654.716 and total shareholders' equity of Euros 106.544.940 including a net profit of Euros 4.017.626), the statement of income, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of Banco BAI Europa, S.A. as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and recommendations issued by the Institute of Statutory Auditors. Our responsibilities under those standards are described in the "Auditor's responsibilities for the audit of the financial statements" section below. In accordance with the law we are independent of the Bank and we have fulfilled our other ethical responsibilities in accordance with the ethics code of the Institute of Statutory Auditors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	Summary of the Audit Approach
<p><b>Impairment losses on financial assets at amortised cost – loans and advances to customers and provisions for guarantees other commitments</b> (notes 2.4.1, 8, 28 and 31 attached to the Bank's financial statements)</p> <p>The significant expression of the balances related to loans and advances to customers and off-balance-sheet exposures, represented by guarantees and other commitments, together with corresponding impairment losses and provisions, whose determination requires the processing of a significant volume of data and the application of complex assumptions and judgments by the Bank's management, justify that these constituted as a key audit matter for the purpose of our audit.</p> <p>As at 31 December 2025, the gross carrying amount of loans and advances to customers amounts to Euros 290.414.878 with related corresponding impairment losses of Euros 3.168.492. The off-balance-sheet exposures, represented by guarantees and other commitments amounts to Euros 131.363.544, with related provisions recognized of Euros 394.890.</p> <p>In accordance with IFRS 9 – Financial Instruments and the accounting policy disclosed in Note 2.4.1 to the Bank's financial statements as at 31 December 2025, the Bank applies an impairment losses quantification process for its most significant exposures, evaluated in terms of the total amount of responsibilities within the Bank and the possible existence of triggers of default, which includes an individual assessment comprising (i) a staging analysis; and (ii) an impairment quantification. In the latter, the amount of impairment is determined through a detailed analysis of the economic and financial position of each customer, having as consideration (i) the estimated cash flows that may be generated in the future for the fulfilment of their responsibilities (going concern approach); and/or (ii) the valuation of the collateral received in the scope of the loans granted, whenever recovery is expected via collateral enforcement, foreclosure, and/or sale (gone concern approach).</p> <p>For exposures not subject to individual impairment assessment, the Bank develops collective models to determine expected impairment losses, based on (i) a set of triggers to identify significant increases in credit risk or default events, (ii) historical default and recovery data provided by external suppliers, and (iii) forward-looking information incorporating a range of weighted macroeconomic and financial scenarios.</p>	<p>The audit procedures performed included the identification, understanding and evaluation of policies and procedures established by the Bank for impairment losses quantification of the loans and advances to customers and provisions for guarantees and other commitments, as well of the key controls related to the approval, recording and monitoring of credit risk, and to the timely identification, measurement and recording of impairment losses and provisions.</p> <p>On a sample basis, we reviewed a selection of customers included by the Bank in the individual analysis perimeter as at 31 December 2025, in order to: (i) reviewing the conclusions and results obtained by the Bank in its individual staging analysis and impairment quantification analysis; and (ii) perform our own judgment over the existence of significant increase in credit risk or default situations, the customer's economic and financial condition, the predictability of expected future cash flows from their businesses, and the recoverability prospects of the loans.</p> <p>For the exposures whose impairment is determined through the collective model, and with the involvement of internal specialists where considered necessary, we developed specific procedures in order to: (i) review the application of the criteria used by the Bank to identify significant increases in credit risk or default events; and (ii) evaluate the extent to which the assumptions considered by management include all relevant the risk variables by comparing them with historical information on the performance and recoveries related to loans and advances to customers, as well as the forward-looking information.</p> <p>Our audit procedures also included reviewing the disclosures regarding loans and advances to customers, off-balance-sheet exposures, and corresponding impairment losses and provisions, as presented in the Bank's accompanying notes to the financial statements, in accordance with applicable accounting standards.</p>

Key Audit Matter	Summary of the Audit Approach
	<p>In this context, any changes in the assumptions or methodologies used by the Bank in the analysis and quantification of impairment losses of loans and advances to customers and provisions for guarantees and other commitments, as well as different recovering strategies, may have an effect on the recovery flows estimation and on the timing of their receipt, and may have material impacts on the impairment losses amount and provisions recognised in each reporting date.</p>

**Responsibilities of management and supervisory board for the financial statements**

Management is responsible for:

- a) the preparation of the financial statements, which present fairly the financial position, the financial performance and the cash flows of the Bank in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union;
- b) the preparation of the Directors' report in accordance with the applicable law and regulations;
- c) the creation and maintenance of an appropriate system of internal control to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- d) the adoption of appropriate accounting policies and criteria; and
- e) the assessment of the Bank's ability to continue as a going concern, disclosing, as applicable, events or conditions that may cast significant doubt on the Bank's ability to continue its activities.

The supervisory board is responsible for overseeing the process of preparation and disclosure of the Bank's financial information.

**Auditor's responsibilities for the audit of the financial statements**

Our responsibility is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- a) identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- b) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control;
- c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- d) conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern;
- e) evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- f) communicate with those charged with governance, including the supervisory board, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;
- g) of the matters we have communicated to those charged with governance, including the supervisory board, we determine which one's were the most important in the audit of the financial statements of the current year, these being the key audit matters. We describe these matters in our report, except when the law or regulation prohibits their public disclosure; and
- h) confirm to the supervisory board that we comply with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Our responsibility also includes verifying that the information included in the Directors' report is consistent with the financial statements.

**Report on other legal and regulatory requirements**

**Directors' report**

In compliance with paragraph 3 e) of article No. 451 of the Portuguese Company Law, it is our opinion that the Directors' report has been prepared in accordance with applicable requirements of the law and regulation, that the information included in the Directors' report is consistent with the audited financial statements and, taking into account the knowledge and assessment about the Bank, no material misstatements were identified.

**Additional information required in article No. 10 of the Regulation (EU) 537/2014**

In accordance with article No. 10 of Regulation (EU) 537/2014 of the European Parliament and of the Council, of April 16, 2014, and in addition to the key audit matters referred to above, we also provide the following information:

- a) We were first appointed auditors of the Bank in the Shareholders' General Meeting of 14 March 2025 for the period from 2025 to 2026.
- b) The management has confirmed to us it has no knowledge of any allegation of fraud or suspicions of fraud with material effect in the financial statements. We have maintained professional scepticism throughout the audit and determined overall responses to address the risk of material misstatement due to fraud in the financial statements. Based on the work performed, we have not identified any material misstatement in the financial statements due to fraud.
- c) We confirm that our audit opinion is consistent with the additional report that was prepared by us and issued to the Bank's supervisory board as of the same date.
- d) We declare that we did not provide any prohibited non-audit services referred to in paragraph 1 of article No. 5 of Regulation (EU) 537/2014 of the European Parliament and of the Council, of April 16, 2014 and that we remain independent of the Bank in conducting our audit.

20 February 2026

PricewaterhouseCoopers & Associados  
- Sociedade de Revisores Oficiais de Contas, Lda.  
represented by:

Carlos José Figueiredo Rodrigues, ROC No. 1737  
Registered with the Portuguese Securities Market Commission under No. 20161347

## **Technical data**

### **Annual Report 2025**

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### **Design, Conception and Production**

Choice – Comunicação Global, Lda.



Annual Report  
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