BIG

2021

ANNUAL REPORT

T.1 (Euro)

Consolidated	2021	2020	2019	2018
Net Interest Margin	19,942,940	18,068,113	24,207,301	23,581,515
Net Commissions and Fees	15,702,238	11,326,316	11,074,703	10,034,959
Treasury and Capital Markets	26,495,372	41,980,415	54,419,455	22,975,092
Other Income	294,259	288,742	741,773	673,770
Operating Income	**62,434,809**	**71,663,585**	**90,443,232**	**57,265,336**
Personnel Expenses	-21,070,352	-19,380,764	-20,324,787	-19,608,214
Other Administrative Costs	-12,547,803	-13,018,649	-12,009,892	-9,782,563
Cash Contributions	-1,228,416	-1,136,151	-915,163	-752,104
Operating Expenses	**-34,846,571**	**-33,535,564**	**-33,249,842**	**-30,142,881**
Operating Cash Flow	**27,588,238**	**38,128,021**	**57,193,390**	**27,122,455**
Amortizations	-3,187,138	-2,238,810	-2,375,391	-1,961,867
Provisions	1,055,500	84,000	1,730,876	1,402,500
Imparities	-625,177	-1,102,840	954,000	939,335
Operating Results	**24,831,423**	**34,870,371**	**57,502,875**	**27,502,423**
Results of Subsidiaries	0	0	0	0
Profit Before Income Tax	**24,831,423**	**34,870,371**	**57,502,875**	**27,502,423**
Current Income Tax	-2,096,910	-8,885,664	-11,610,532	-3,830,382
Deferred Tax	-986,964	-336,386	-3,340,919	-526,438
Profit Afer Income Tax Before Minority Interest	**21,747,549**	**25,648,321**	**42,551,424**	**23,145,603**
Minority Interest	-546,342	-602,381	-472,944	-89,388
Net Income	**21,201,207**	**25,045,941**	**42,078,480**	**23,056,215**

Individual	2021	2020	2019	2018
Net Income	**18,007,237**	**24,173,007**	**40,318,127**	**20,059,048**

Selected Indicators	2021	2020	2019	2018
Total Net Assets	2,772,026,509	2,203,605,500	2,268,414,317	2,277,989,803
Shareholder Funds	412,680,913	421,904,979	399,255,331	347,147,597
Own Funds	374,811,723	390,682,940	367,515,312	329,410,690
Client Deposits	1,553,888,768	1,402,939,710	1,289,576,472	1,312,210,871
Non-Performing Loans / Total Loans	0.3%	0.3%	0.1%	0.1%
Loans / Client Deposits	2.7%	2.3%	1.6%	3.0%
Loans / Total Net Assets	1.5%	1.5%	0.9%	1.7%
Assets Under Supervision (*)	6,060,342,028	4,704,561,598	3,798,642,999	3,401,529,469

(*) Assets under management, held in custody and client deposits

Profitability	2021	2020	2019	2018
Return on Average Assets (ROA)	0.9%	1.1%	1.9%	1.1%
Return on Average Equity (ROE)	5.2%	6.2%	11.4%	6.7%
Operating Income / Average Net Assets	2.5%	3.2%	4.0%	2.8%

Solvency	2021	2020	2019	2018
CET1 Capital Ratio	34.4%	45.3%	43.2%	31.5%
T1 Capital Ratio	34.4%	45.3%	43.2%	31.5%

Efficiency	2021	2020	2019	2018
Net Interest Income / Earning Assets	0.8%	0.9%	1.1%	1.1%
Operating Expense / Operating Income	58.9%	48.3%	38.4%	54.7%
Personnel Expense / Operating Income	33.7%	27.0%	22.5%	34.2%

Source: BiG

FINANCIAL INDICATORS

MANAGEMENT DISCUSSION

INTRODUCTION

The Bank – Overview

Banco de Investimento Global, S.A. (BiG, or the Bank) is a non-listed, specialized savings and investment bank, founded in 1998. With headquarters in Lisbon, the Bank is the holding company of the Group, which has physical offices in Portugal, Spain and Mozambique and a digital presence via www.big.pt, www.bancobig.es and www.bancobig.co.mz. The Bank is licensed to operate in all business areas open to the banking sector, and in 2021, generated most of its revenues in Portugal.

On 31 December 2021, on a consolidated basis, the Bank had € 2.8 billion in assets, € 1.6 billion in client deposits and € 413 million in shareholders' equity. The Bank focuses on savings, investment and advisory activities directed to individual and corporate/institutional client segments. BiG's client businesses concentrate on deposit growth, trading platforms for retail and professional clients, asset management, wealth management and advisory solutions for both retail and wholesale clients via self-directed/digital platforms and sales teams. On a daily, operational level, the Bank focuses on asset quality, liquidity and interest rate risk management, internal operating controls, reliable execution, capital preservation and the control of business risks. The Bank's capital is held by a dispersed, stable base of mainly Portuguese individual and institutional investors (see the section on Shareholder Base and Note 39). Total staff for the Group at year-end 2021 was 363.

The Bank's business model and appetite for risk are designed to prepare us to operate under adverse market conditions. With this objective in mind, the Bank's solvency, asset quality, liquidity and other operational metrics are exceptionally strong and Management's focus on financial discipline is deliberate, permanent, and strategic. Since the Bank's founding more than 20 years ago, BiG has relied on internally-generated and largely-retained earnings to finance its growth – after paying regular dividends – and to expand and improve on its business model, frequently during periods of market stress. BiG manages the business with Core Tier 1 capital, client deposits, limited wholesale funding, and have never issued debt instruments. BiG's business model features technology-driven solutions to reach clients and process their transactions. The Bank invests regularly in efficient, scalable processes and procedures and BiG encourages an operating culture that seeks to limit operational errors and credit losses to very low levels. BiG favors quality over size or market share across its business lines and has never sought to follow, or to replicate traditional, universal banking models.

BiG is independent of banking, specific shareholder, or special interest groups, and since its inception has never requested, nor required, assistance, capital or guarantees from any outside or official source.

What BiG does

For individual clients, the Bank provides savings, brokerage, custody, wealth management and general banking and payment services. For corporate and institutional clients, services include market risk management, treasury, brokerage, custody, and corporate advisory services, including debt finance. The Bank's Treasury and Capital Markets area concentrates on liquidity and balance sheet management. This area is also central to BiG's culture of managing market-related and credit risks.

The Bank's businesses, encompassing branches, subsidiaries and specialized sales and product teams are combined and presented for purposes of internal reporting as two main business lines – *Wealth Management and Advisory* and *Treasury and Capital Markets,* described in further detail in RESULTS OF OPERATIONS.

The Bank's main subsidiaries focus on investment banking (BiG Mozambique), on FinTech-related investments and activities (One Tier Partners), and on brokerage services (DIF Broker). In Spain, BiG has a branch office in Madrid, which offers deposits and banking services, platforms for client trading, and wealth management via mainly digital platforms, as well as corporate advisory.

The asset side of the Balance Sheet, as a rule, reflects geographic and sectorial diversity, which may vary over time, depending on market conditions and business opportunities. It also reflects BiG's policy of maintaining significant levels of assets that are easily convertible to liquidity. The liability side of the Balance Sheet focuses on stable, retail deposits and capital growth. The business model and Management's view on leverage have not required the issuance of debt instruments over the more than 20 years of the Bank's existence. The Bank interacts with clients through a variety of integrated channels. Retail clients are served by the online investment platforms, www.big.pt, www.bancobig.es, and by a network of 15 branches located in key regions in Portugal. Corporate and Institutional clients are the focus of sales and product teams based in Lisbon, Porto, Madrid (Spain) and Maputo (Mozambique).

The Bank's brokerage platform is supported by its direct membership in Euronext, which includes domestic and key international exchanges. In addition, the Bank maintains partnership arrangements with global financial services suppliers and clearing houses to provide access for BiG's clients to major equity, options and futures exchanges. Platforms for other "over the counter" ("OTC") products, bonds, and mutual funds, usually combine in-house technology solutions and agreements with counterparties and providers.

Main Business Lines

Wealth Management and Advisory Services

BiG´s client-facing businesses are non-credit-intensive. They focus instead on helping individual and wholesale clients manage their assets. BiG works with clients using an integrated multi-channel approach, backed by online banking and trading platforms and a network of business units in Portugal, Spain and Mozambique.

The combination of internet-based platforms and specialized sales teams helps clients execute banking transactions, manage savings, and invest via some of the world's most important regulated markets. This business provides banking services and solutions for clients ranging from the self-directed to those seeking assisted investing, with tools for daily banking needs and an array of traditional savings products and investment funds.

For private clients, institutional investors and middle market to larger corporations, the Bank's professionals from key product areas design specific financial solutions, execute trading and investment strategies, and help clients to manage their assets and business risks. The broad range of services offered includes trading in regulated markets, market research, structuring over the counter products, asset management, market risk management and corporate advisory services.

Treasury and Capital Markets

This business area focuses on the Bank's investment and credit activities, as well as liquidity and balance sheet management. It is also central to the Bank's culture of managing and analyzing market risks. In addition to managing interest rate risk associated with the Bank's credit portfolio, the area provides expertise and information for internal consumption on markets, may be involved in product design for both retail and wholesale customers, and manages the treasury and risk positions of the Bank.

Shareholder Base

The Bank is not listed on any exchange. At year-end 2021, 230 shareholders, mainly Portuguese individuals, owned common stock with voting rights. On the same date, 55.1% of the common stock was held by individuals and 44.9% were held by institutions, foundations, corporations or holding companies. The largest single shareholder, a private individual, held 11.5% of the stock with voting rights directly.

At 31/12/21, 11 shareholders were owners of at least 2% of the Bank's common stock. All are independent of one another and, in aggregate, held 64.6% of the capital. Members of the Bank's Management team held stock or voting rights equal to 21.8% of the capital and, at year-end, included 2 of the largest 5 shareholders, both founders of the Bank. The above groupings are indicative, as there are no agreements tying shareholders together.

Voting Rights

In accordance with the Bank's statutes, there are no restrictions on the voting rights of shareholders. Each share held corresponds to one vote, provided that each shareholder, or group of shareholders, holds at least 1000 shares.

People

The breakdown of average staff levels by location, category and gender during 2021 may be found in Note 12. Total staff on a consolidated basis was 363 at year-end 2021: 283 based in Portugal, 36 in Spain, and 44 in Mozambique.

The Bank's business culture derives from a resilient business model, Management's ability to execute its strategies and to control risks, and the quality, training and character of BiG's people. As a result, senior managers are involved directly in the recruitment, training and career development of employees. BiG sees employee development as a key investment and seeks to reward talent from the outset. In hiring staff, BiG invites diversity, but not in our core values. These include academic excellence, a sense of commitment, teamwork, energy, innovation, respect for others and, above all, integrity.

Regulators

The Bank's activities in Portugal are regulated by the following entities:

- *Banco de Portugal* (Portuguese Central Bank): date of special registry 5 February 1999, under Code Number 61. www.bportugal.pt/.

- *Comissão do Mercado de Valores Mobiliários* (CMVM – Securities Market Commission): date of authorization 8 March 1999, under Code Number 263. www.cmvm.pt.

- *Autoridade de Supervisão de Seguros e Fundos de Pensões* (ASF – Insurance and Pension Funds Supervisory Authority): registered as an adjunct insurance mediator. *www.asf.com.pt.*

The Bank's activity in Spain is authorized under:

- Bank of Spain registry of 31 May 2019, for *Banco de Investimento Global, S.A., Sucursal en España*, under registry number 1569. www.bde.es/bde/en/

- CNMV – Comisión Nacional del Mercado de Valores (Spanish Securities Market Commission) www.cnmv.es

The Bank´s activity in Mozambique is regulated by the following entities:

- *Banco de Moçambique* (Bank of Mozambique) registry of 16 January 2016.

- *Bolsa de Valores de Moçambique* (BVM – Securities Market Regulator): date of authorization 14 December 2015.

Because of its size, at the European level, BiG is considered a "Less Systemically Important" institution (LSI) and is supervised directly by the Banco de Portugal. The European Central Bank directly supervises "Systemically Important" institutions (SI). At the same time, the Bank is subject to the same supervisory "single rulebook" as all other banks under European Banking Authority (EBA) guidelines.

Executive Summary of 2021 Results

An overview of selected income statement and balance sheet items is provided in T.2. Further detailed analysis of financial indicators and results of business segments may be found in RESULTS OF OPERATIONS, in the FINANCIAL STATEMENTS, and in the NOTES TO THE CONSOLIDATED ACCOUNTS.

T.2 (Euro 000)

Summary of Results	2021	2020	2019	2018
Total Net Revenue	62,435	71,664	90,443	57,265
Non Interest Expense	-37,603	-36,793	-32,940	-29,763
Taxes	-3,084	-9,222	-14,951	-4,357
Net Income	21,201	25,046	42,078	23,056
Shareholders Funds	412,681	421,905	399,255	347,148
Own Funds	374,812	390,683	367,515	329,411
Total Net Assets	2,772,027	2,203,605	2,268,414	2,277,990
Loans	41,467	32,429	21,117	38,827
Deposits	1,553,889	1,402,940	1,289,576	1,312,211
CET1 Capital Ratio	34.4%	45.3%	43.2%	31.5%
T1 Capital Ratio	34.4%	45.3%	43.2%	31.5%

Source: BiG

The Bank generated consolidated Net Income of € 21.2 million in 2021, *compared with € 25.1 million in 2020;*

The Bank's Net Operating Revenues for 2021 were € 62.4 million*, as compared to € 71.7 million in 2020;*

The Bank's Shareholders´ Equity at 31/12/21 was 412.7 million*, as compared to $421.9 million for the prior year period;*

Own Funds stood at € 374.8 million at 31/12//2021*, versus 390.7 million at 31/12/20;*

Earnings per share (EPS) were € 0.12 for 2021*, as compared with 0.15 for 2020;*

Return on Average Equity (ROE) for 2021 was 5.2% *and 6,2% in 2020;*

The Book Value (BV) of BiG's common stock at 31/12/2021 was €2.21, *as compared to € 2.45 per share at 31/12/20;*

BiG's consolidated Tier 1 Capital Ratio at 31/12/2021 was 34,3%*, as compared with 45,3% at year-end 2020;*

The consolidated Leverage Ratio was 13.4% at 31/12/2021*, as compared with 17.6% at 31/12/20;*

The consolidated Liquidity Coverage Ratio at 31/12/2021 stood at 230*%, versus 307% for the prior year end;*

The ratio of Non-performing loans/Total Loans was 0.3%, in line with the historical average of very low credit losses.

For 2021, more than 90% of the Bank's revenues were generated in Portugal, with most of the remainder contributed by the Bank's investment banking unit in Mozambique. The Spain unit opened to the public in Q4 of 2020 and the incorporation process of DIF Broker's mainly Spanish-based business, acquired in Q3 2021, was in progress by year-end. Activity on the asset side of the Balance Sheet focused generally on investment grade, liquid securities in the Bank's trading and banking books. The balance sheet contains a relatively low level of loans, which are, by their nature, less liquid and are not strategic from a risk/return perspective. Given the liquid nature of the balance sheet, credit risks and concentrations are managed actively in the light of overall market conditions and investor sentiment with respect to interest rates. These activities are structural and unchanged from prior years.

BiG's analyses of credit concentrations and earnings opportunities consider Management's expectations with respect to trends in credit quality, interest rates, and market liquidity and how these issues may be influenced by economic, political, and regulatory movements. As a matter of long-term strategy and appetite for risk, a substantial majority of the Bank's exposure involved country risk exposures other than Portugal, including other European, U.S. and, to a lesser extent, other country risk exposures. For much of the year, the business environment remained affected by the global impact of the coronavirus pandemic, and related political events in Europe and the U.S. Other factors were higher equity markets and a low interest rate environment, moves by central banks to reverse that trend amidst signs of higher inflation, higher growth rates of major economies, continuing social and economic challenges posed by the pandemic, and volatility in market expectations, as a result.

In this environment, the level of the Bank's earning assets and liquidity rose, as did commissions associated with higher trading volumes by clients. Capital funds declined slightly in spite of a capital raise of €15 million in November 2021, as they reflect variations in the Fair Value Reserve, and a distribution of dividends in Q4. Net interest margin increased because of the larger base of assets, while income related to the Bank's credit and investment activities declined. These combined factors contributed to lower net revenues and net income for the year. Key performance ratios linked to asset quality, liquidity and solvency remained strong and are the primary foundations upon which Management has built a long-term strategy to invest and grow sustainably.

Key Income Statement Items

Net Operating Income for 2021 declined 13% to € 62.4 million. Gross operating results reflected higher revenues from Net Interest Margin, a decline in revenues from Treasury and Capital Markets, and higher net commissions from brokerage and asset management activities. Costs overall rose 2.5% on higher personnel expenses, lower general administration costs, higher depreciation and higher levels of expense associated with "solidarity" taxes imposed on the banking sector, classified as operating expenses. Other costs included contributions to the Portuguese resolution and European guarantee funds. Excluding expenses related resolution and deposit guarantee funds, key operating expenses related to Personnel, general administration and depreciation rose 6%, led by higher staff and depreciation expenses. The reversal of provisions combined with fair value-related imparities and non-performing assets were positive in 2021, compared to negative € 1 million in 2020. The various waves of the Covid pandemic, combined with such factors as stronger equity markets, higher inflation, and trends in monetary policy, affected business confidence in segments most associated with BiG's business model during the year.

Global equities markets were positive in 2021, while yields and credit spreads remained at historically low levels, generally, across the board. The Bank does not have significant exposure to equity markets, but it does manage fixed portfolios of income securities, and in Europe and elsewhere, interest rates and credit spreads led to growth in investments providing modest returns.

Taxes declined on lower pre-tax income and tax incentives.

Key Balance Sheet Items

Total Assets on 31 December 2021 were € 2.8 billion, or 26% higher than at the prior year-end. Growth in earning assets represented the largest part of the increase in the balance sheet. These assets are held for a combination of interest income, trading and investment gains and represented, for the most part, a diversified portfolio of mainly liquid, fixed income securities. They are measured under the headings "Hold to Collect and Sell" or "Hold to Collect," as from January 1, 2018, in accordance with IFRS 9.

The ratio of Loans/Client Deposits at year-end was 2.7%, as compared to 2.3% the prior year-end. As a percentage of Total Assets, Loans stood at 1.5%, or the same as at year-end 2020. These levels may vary slightly year on year but tend to be deliberately low over time. They also contribute to a strategy of maintaining high levels of structural liquidity and reflect reduced emphasis on commercial and consumer-related lending in the Bank's business model. The ratio of non-performing loans/Total Loans was 0.3% at 31/12/21, in line with negligible levels recorded in prior years.

The Bank's main sources of funding for 2021 were, in this order: (i) retail client deposits, (ii) sales/repurchase agreements executed with market counterparties, among which are global financial institutions, (iii) shareholders' funds, and (iv) occasional funding transactions with the European Central Bank and EUREX Repo platform, the latter for generally shorter tenors. Retail deposits and capital funds are core, while the other components are a function of market opportunities and pricing. The Bank does not issue long term debt and, considering the Bank's business model and structurally low leverage, has no plans to do so.

Common equity outstanding at year-end was € 186.9 million, corresponding to 186,947,388 million ordinary shares issued, with a nominal value of one euro each. In Q4, the Bank issued € 15 million in new common shares directed to existing shareholders and employees. The Bank's legal capital includes an issue an € 12 million of redeemable preferred stock as part of a program of medium-term equity incentives for executive Management and staff, which is expected to be redeemed in 2022 at par value.

Shareholder Funds declined to € 412.7 million from 422 million at 31/12/20, as result of the distribution of reserves in 2021 and the negative evolution in revaluation reserves, linked to volatility in the portfolio of Held to Collect and Sale. The Bank resumed dividend payments during Q4 2021, after a temporary, effective ban on dividends by the European Central Bank was lifted during the year. This payment was offset partially by the issue of new capital to existing shareholders described above. Consolidated Regulatory Capital ("Own Funds") at year-end 2021 stood at € 373.3 million, as compared to 390.7 million at 31/12/20.

Summary Analysis – Key Financial Metrics

For more detail in addition to the summaries provided below, please refer to RESULT OF OPERATIONS IN 2021 and the NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.

Capital

The level of BiG's capital provides confidence to clients and counter-parties and reflects key aspects of how the business is managed. The Bank manages capital by (i) closely monitoring potential risks as well as anticipated returns, (ii) applying the results of capital planning and stress testing processes to the daily management of BiG's balance sheet, (iii) objectively assessing the business environment and (iv) identifying and measuring potential material risks, whether specific or strategic. As discussed above, the Bank does projections on funding and capital on a regular basis and provide them to BiG's regulator on an annual basis. These analyses are fundamental to BiG's maintaining discipline in risk taking and, therefore, use of capital.

T.3

(Euro 000)

Shareholders Capital	2021	2020	2019	2018
Common Stock	186,947	171,947	171,947	171,947
Share premium	1,362	1,362	1,362	1,362
Treasury Stock	-2	-2	-2	-2
Accumulated other comprehensive income	-21,788	2,257	-2,296	-34,016
Other Reserves	220,111	217,345	197,867	184,800
Profit or loss attributable to owners of the parent	21,201	25,046	42,078	23,056
Antecipated Dividends	0	0	-15,475	0
Minority interest	4,849	3,950	3,774	0
Total Shareholders Capital	412,681	421,905	399,255	347,148
Book value per share	2.21	2.45	2.32	2.02
Net assets / Equity	6.72	5.22	5.68	6.56

Source: BiG

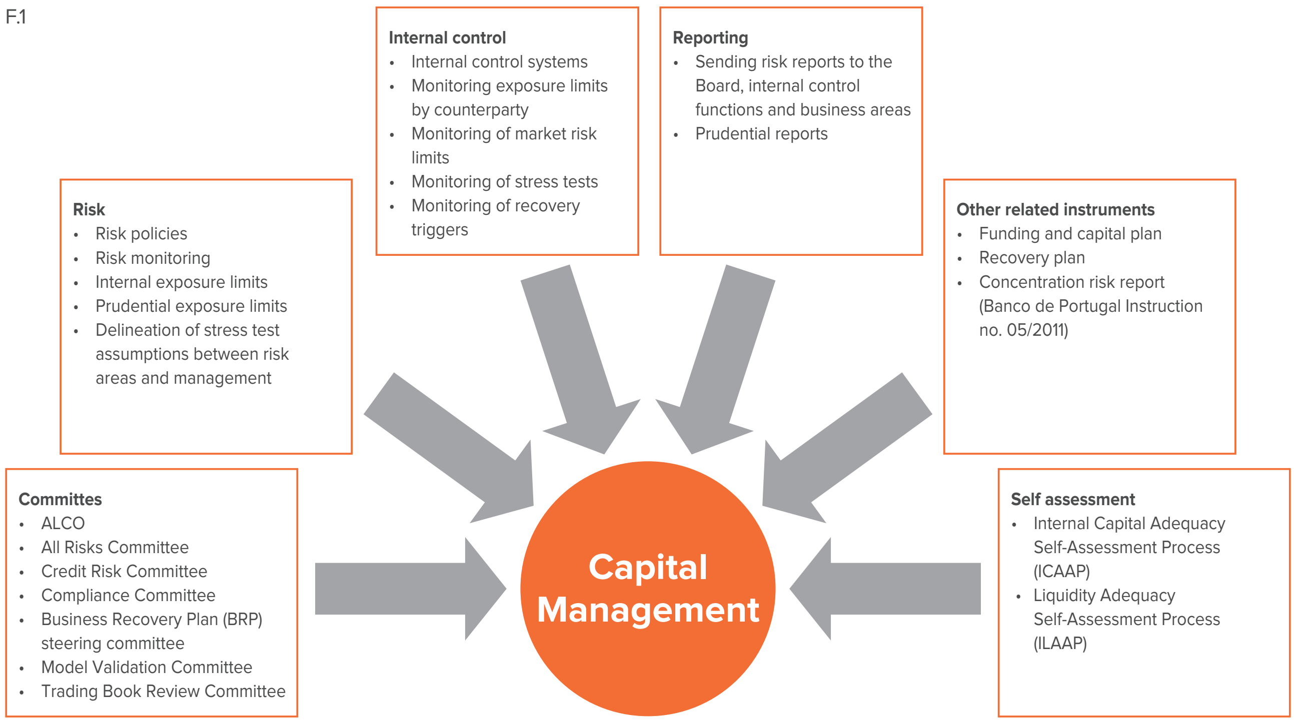
Summary of the capital management process

For 2021, the Bank's Core Tier 1 capital ratio drifted toward the historical average of mid-30 percentile, following a short period of pandemic-related, lower risk taking which resulted in the unusually high levels reported in 2020 and 2019. On average, however, the consistency is deliberate and is a function of careful management of the business model, controlled risk-taking, attention to the quality of earnings, and a policy of largely retaining profits, through often very different economic cycles and evolving regulations.

The combination of moderate earnings, the resumption of dividend payments, a Q4 rights issue of € 15 million, and a decline in the Fair Value Reserve of the capital account, resulted in a decrease in Shareholder Funds to € 413 million at 31/12/21. This compared to € 422 million at year end 2020. The total is composed entirely of shareholders' equity. At 31/12/21, BiG held a negligible amount of treasury stock. The Bank's Regulatory Capital, or "Own Funds," is calculated in accordance with Central Bank regulations and amounted to € 373.3 million at 31/12/2021, compared to € 390.7 million at 31/12/2020. This figure does not include 2021 Net Income results, as these are subject to approval by shareholders at the General Shareholders' Meeting to be held in May 2022.

The Bank's consolidated Tier 1 Capital Ratio was 34.4% at the end of 2021, down from 45.3% at the end of 2020.

F.1



This ratio has remained consistently above regulatory minimum levels, including under the most stressful market conditions over the past 20 years.

To ensure prudent use of capital and the maintenance of comfortable reserves, daily the Bank performs internally developed stress tests on the most important balance sheet items. These include (i) stress tests on solvency and (ii) controls prudential and internal limits established by the Bank. These tests are designed to measure the impact on solvency ratios resulting from adverse changes. The results of the stress tests, even though hypothetical, often serve as triggers for Management and business areas to act, by reducing risks or by diversifying concentrations. Examples of some extreme scenarios used by Management at 31/12/21 are shown below, are discussed in further detail in both the RISK MANAGEMENT AND INTERNAL CONTROL section of this report, and in Note 39. These results arise from events involving sudden falls in the price of sovereign and other debt securities.

The results of the impact on the Bank's solvency ratios at year-end December 2021 under each scenario would be as follow in T.4.

The Bank's Internal Capital Adequacy Assessment Process (ICAAP), further analyzes how we manage the Bank's balance sheet during a severe crisis, generate liquidity and/or redeploy equity capital. This assessment incorporates market risk, credit risk and operational risk and, when combined with daily scenario analyses, as described above and in the RISK MANAGMENT AND INTERNAL CONTROL section of this report, forms the basis for Management's ongoing evaluation of the Bank's capital adequacy.

Liquidity and Funding

Liquidity is a key basis for managing the Bank, and remained strong for 2021, in line with prior years.

The ratio of Loans / Deposits in 2021 was consistent with the historical trend. Financing via sale / repurchase agreements with international banking counterparties continued and increased during 2021 as investment opportunities arose. In 2021, the Bank maintained residual use of the long-term facilities made available at the ECB as a prudential measure. Overall, the Bank's potential, untapped liquidity, based on the capacity to use eligible securities as collateral for further drawdowns, continues with a substantial ratio of eligible assets / deposits. Available liquidity rises to over 100% of deposits when unencumbered, non-eligible but liquid assets available for sale, and cash are added to unused available amounts of the ECB / EUREX Pools.

On a consolidated basis, the ratio of Loans / Total Assets moved to 1.5% in 2021, unchanged from 2020. The Loans / Deposits ratio, a key measure of balance sheet liquidity, was 2.7%, versus 2.3% the year before. Traditional lending remains non-strategic, which is a key factor in BiG's business model and fundamental to the management of liquidity, the Bank's views on asset quality and the efficient use of capital.

In 2021, as in prior years, the majority of the Bank's assets are generally liquid debt instruments, recorded at fair value through other comprehensive income (HTCS), at amortized cost (HTC), or held for trading (Trading). Management believes that this strategy of maintaining liquid portfolios in a balance sheet that is substantially marked to market encourages discipline in position-taking and balance sheet growth and coincides with the culture of transparency with respect to valuations of all securities. The combination of (i) a low concentration of illiquid loans, (ii) reduced overall balance sheet gearing relative to capital and stable funding sources, and (iii) a policy of maintaining a large inventory of unencumbered assets on hand to ensure comfortable levels of liquidity, are central to Bank's business model and relative profitability during the Bank's history.

Earnings

Net Revenues declined by 13% to € 62 million for the year, from € 72 million in 2020. Consolidated Net Income decreased 16% to € 21.1 million, compared to € 25.0 million in 2020. The Bank's average Return on Equity for the year was 5.2%, compared with 6.2% for 2020.

T.4

December 2021 - Stress test	Base scenario	Scenario 1	Scenario 2
T1 Capital Ratio	34.3%	30.7%	30.0%
Total Capital Ratio	34.3%	30.7%	30.0%

Scenario 1: Negative variations in fair value recognized 100% in own funds after EBA haircuts
Scenario 2: Negative variations in fair value recognized 120% in own funds after EBA haircuts
Source: BiG

T.5

(Euro 000)

Liquidity and Funding	2021	2020	2019	2018
Loans / Client Deposits	2.7%	2.3%	1.6%	3.0%
Liquid Earning Assets / Total Net Assets	95.1%	95.6%	96.3%	95.7%
Funding from ECB	50,000	75,000	0	0
Other sources of Funding	496,759	213,180	491,760	554,334
Client Deposits / Total Liabilites & Capital	56.1%	63.7%	56.8%	57.6%

Source: BiG

T.6

(Euro)

	Average values 1st quarter 2021	Average values 2nd quarter 2021	Average values 3rd quarter 2021	Average values 4th quarter 2021
ECB - POOL value - Eligible assets (includes haircut)(1)	566,050,881	597,358,645	632,886,712	537,769,690
ECB - POOL value - Borrowed	75,000,000	75,000,000	66,666,667	50,000,000
ECB - POOL value - Available	491,050,881	522,358,645	566,220,045	487,769,690
EUREX Repo - POOL value(2)	202,844,541	249,493,899	298,078,827	317,369,507
EUREX Repo Borrowed Net (Borrowed - deposits)	39,705,046	103,776,184	171,666,667	116,666,667
EUREX Repo - Available	155,668,272	137,799,737	115,228,383	193,802,360
Eligible assets available for collateral outside the POOL's	57,594,120	71,322,272	54,198,112	51,470,735
Total eligible assets available for collateral	704,313,273	731,480,654	735,646,541	733,042,785
Eligible assets not available (given as guarantee to other counterparties)	145,658,335	154,625,913	158,235,808	264,697,673
Non eligible assets available held for collateral in repos	72,028,460	64,774,101	45,067,948	85,415,906
Non eligible assets available for collateral	718,284,229	684,141,286	694,391,008	714,662,306
Non eligible assets - Total	790,312,688	748,915,387	739,458,956	800,078,211

(1) POOL assets are valued with the ECB prices, for that reason it may not be equal to market prices.
(2) POOL of assets valued with Eurex prices.
Source: BiG

T.7

(Euro 000)

Results	2021	2020	2019	2018
Net Operating Revenues	62,435	71,664	90,443	57,265
Net Operating Expenses (net imparities)	-35,750	-34,554	-32,979	-29,950
Imparities	-625	-1,103	954	939
Pre-tax Profit	24,831	34,870	57,503	27,502
Taxation	-3,084	-9,222	-14,951	-4,357
Net Profit	21,201	25,046	42,078	23,056

Source: BiG

Stock markets ended the year at record highs, while yields and credit spreads on debt instruments, which began the year near record lows, began to rise on economic growth, inflation and signs of tightening monetary policy. The short term and long-term effects of the pandemic, which triggered highly unusual and rapid monetary and fiscal measures to counter the negative effects – combined with higher rates of vaccination globally – led to a rebound in economic growth in 2021 and higher confidence by equity markets, while a search for yield influenced prices and compressed credit spreads on debt instruments, generally.

Regardless of market conditions, the long-term strategy defined by the Board of Directors is to maintain a modest risk profile, preserve capital and grow sustainably. During 2021 the Bank (i) increased earning assets over 2020 levels, (ii) improved interest margin somewhat in exchange for higher volatility in the Bank's Fair Value Reserve account, which affects capital funds, (iii) moved to expand BiG's client base in Spain with the acquisition of DIF Broker, and (iv) and grew the Bank's core digital approach to commission-based, non-credit-intensive client business.

On the expense side, key operating expenses increased, with combined compensation expense, general administrative expenses and depreciation rising, linked to the Bank's growth, namely in the Spanish market. In 2021, the efficiency ratio, defined as Operating Costs/Operating Income, rose to 58.9%, from 48.3% in 2020, as a function of lower revenues and higher costs.

Net provisions and imparities remained low, and expenses related to credit losses were close to zero.

The Bank's provision for taxes in 2021 dropped to € 2.1 million, from € 9.2 million the year before, due to lower pre-tax earnings and a SIFIDE II tax benefit. This translated to an effective tax rate of 9.7% for 2021, as compared to 26.4% for 2020.

Dividend policy

Shareholders have approved, since the Bank's inception, a policy of building the capital base through retained earnings. Proposals to pay dividends are made generally by Management and are subject to prior approval by the Banco de Portugal, in accordance with current regulations, prior to being ratified by the shareholders in the Annual Shareholders' Meeting.

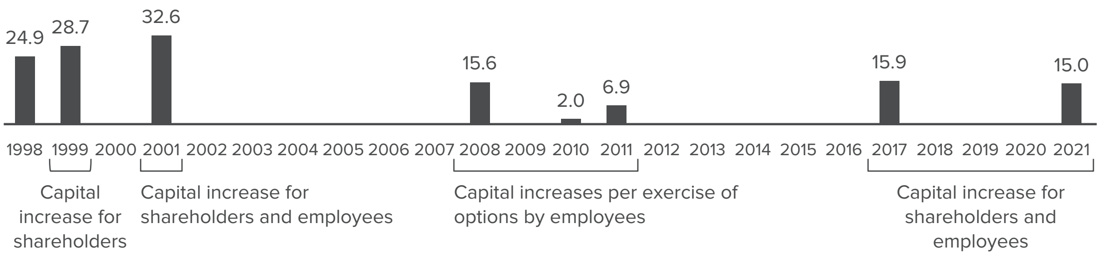
The Bank began paying annual dividends in 2004. Since that date, the Bank has retained, on average for the period, approximately 56% of Net Income and distributed approximately 44% in dividends, while maintaining high levels of solvency

The Bank's recent history of payouts is described in table T. 8.

Considering the proposed dividend for 2021, the Bank has distributed to the Shareholders approximately € 203.9 million since 2003, which exceeds the total amount of capital injections by Shareholders in the Bank, since inception, of € 141.7 million.

F.2

Capital Injections *(€ millions)*

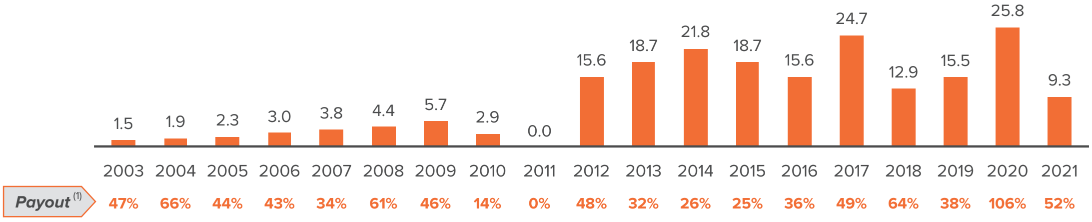


Total capital injections, including the initial capital

€ 141.7 million

F.3

Distributed Dividends *(€ millions)*



(1) Based on the individual net income.

Total distributed dividends: € 203.9 million

Average *payout* 2003-2021: **44%**

T.8

(Euro)

Dividends	2021[1)]	2020[2)]	2019	2018	2017
Dividend per share	0.050	0.150	0.090	0.075	0.150
% Individual net income distributed	52%	106%	38%	64%	49%

1) Subject to the shareholders' approval at the General Assembly
2) Distribution of reserves in November 2021
Source: BiG

Operating environment 2021

Introduction

Some COVID-19 restrictions remained in 2021. Nevertheless, there was still a sharp rise in consumption, which increased the pressure on supply chains, triggering transport price rises. Oil prices rose due to strong demand and limited supply, as did natural gas in Europe. The increase in inflation altered the stance of the main Central banks, which dropped the term "transitory" and tightened monetary policies.

According to preliminary data from the National Statistics Institute, after an historic decrease of 8.4% in 2020, the Portugal's GDP registered real growth in the order of 4.9% in 2021. The Portuguese economy benefited from a positive contribution from domestic demand, through a noticeable recovery of private consumption and investment. With the reopening of borders, and also the investment made possible through European funding, 2022 should create a favourable environment for continued economic recovery. Portugal, which already showed substantially higher levels of public debt than the limit stipulated by the Stability and Pact Growth, saw its debt ratio worsen during the pandemic to 135.2% of GDP in 2020. And although growth in 2021 has reduced the pressure on the debt ratio by the effect of a higher economic base, the debt remains high given the prospect of rising interest rates by way of a contraction in money supply – the interest rate on 10-year government debt went from 0.007% on the first trading day of the year, to 0.462% on 31 December 2021.

The market events which most affected the Bank's performance and their prospects during 2021 were largely related to trends in the debt market, global movements in interest rates, prospects for economic recovery in the main world economies and increased appetite for financial assets by clients in a context of high market volatility. Also of importance are the policies, risks and opportunities associated with the management of the Public Administration, the intensity and volume of the regulation in a pandemic context, and the legacy effects of the Bank's main competitors. The first set of factors is fundamental for the Bank's business model, for the management of its balance sheet and for business with clients and is also key for creating value for shareholders. The second set has also become critical in the context of the permanent monitoring of the reputation of entities sovereign and others in the south in Europe by external creditors and institutional investors, while the impact on the banking sector and competitive pressures remain relevant.

The Bank's understanding of and framework for business opportunities and regulatory, tax, labour, social and competitive issues are discussed in this section in more detail and throughout the Board of Directors' report.

Global

In 2021 vaccination plans were initiated in developed countries. Countries with a high vaccination rate, like the United Kingdom, thus managed to significantly reduce the number of internments and fatalities, especially in the outbreaks caused by the Omicron variant. Even so, partial confinements were implemented which had an impact especially on the tourism sector.

With IMF projected growth of 5.9% for the world economy, in 2021 we saw a sharp recovery in consumption, which caused greater pressure on supply chains, combined with a rise in energy prices. These factors contributed towards high levels of inflation during the year, precipitating the European Central Bank and the US Federal Reserve to signal a reversal of their monetary policy.

T.9

Macroeconomic Indicators and Economic Trends - Detail	GDP Growth 2020	GDP Growth 2021E	GDP Growth 2022E	Inflation 2020	Inflation 2021E	Inflation 2022E
World	-3.1%	5.9%	4.9%	--	--	--
Advanced Economies	-4.5%	5.2%	4.5%	0.7%	2.8%	2.3%
USA	-3.4%	6.0%	5.2%	1.2%	4.3%	3.5%
Euro Zone	-6.3%	5.0%	4.3%	0.3%	2.2%	1.7%
Germany	-4.6%	3.1%	4.6%	0.4%	2.9%	1.5%
Spain	-10.8%	5.7%	6.4%	-0.3%	2.2%	1.6%
Portugal	-8.4%	4.4%	5.1%	-0.1%	1.2%	1.3%
Japan	-4.6%	2.4%	3.2%	0.0%	-0.2%	0.5%
United Kingdom	-9.8%	6.8%	5.0%	0.9%	2.2%	2.6%
Emerging Economies	-2.1%	6.4%	5.1%	5.1%	5.5%	4.9%
Emerging Asia	-0.8%	7.2%	6.3%	3.1%	2.3%	2.7%
China	2.3%	8.0%	5.6%	2.4%	1.1%	1.8%
India	-7.3%	9.5%	8.5%	6.2%	5.6%	4.9%
Russia	-3.0%	4.7%	2.9%	3.4%	5.9%	4.8%
Latin America	-7.0%	6.3%	3.0%	6.4%	9.3%	7.8%
Brazil	-4.1%	5.2%	1.5%	3.2%	7.7%	5.3%

Note: E = Forecasts
Source: FMI WEO Oct. 2021

USA

According to the preliminary data of the Bureau of Economic Analysis, the North American economy recorded growth of 5.7% in real GDP in 2021. The evolution of GDP was dictated by an increase in all main categories, the most important being: private consumption, investment in non-residential fixed assets, exports, investment in residential fixed assets and investment in inventories in the private sector; with the increase in imports having, to a certain extent, offset the advance of GDP. This growth, although impressive, reflects a direct comparison with a product economic impacted by the most critical phase of the pandemic. However, the North American economy benefited from a strong recovery of consumption as a result of a dynamic labour market, high savings accumulated during 2020 and a favourable interest rate environment. Consequently, this significant increase in consumption exacerbated disruptions in supply chains, thereby limiting the ability of businesses to meet demand and, therefore, limiting potential economic recovery and exacerbated the evolution of prices in the economy.

The pandemic left some scars on the North American economic structure, the most visible being the reduction of the workforce. This reduction, combined with the reopening of the economy, caused an imbalance between the demand and supply of labour, causing positive pressure on the evolution of salaries that was not accompanied – in the same measure – by productivity gains, leading companies to increase prices to preserve their margins.

In this inflationary context, the Federal Reserve, which maintained an ultra-accommodative stance for most of 2021, started, at the end of the year, a gradual reduction in the pace of bond purchases in order to completely terminate net asset purchases in the first half of 2022. Given the positive and persistent trend in inflation, in its last meeting of 2021, the Federal Reserve announced an acceleration of the pace of reduction in asset purchases and accompanied this announcement with the disclosure of the latest macroeconomic projections, revealing – through the famous dotplot – the willingness for increases in the key interest rate in 2022.

The year 2021 saw a change in the US presidency, with President Joe Biden's first year in office being marked by some episodes, like the military evacuation of Afghanistan and the partial failure of the vaccination campaign, which damaged his approval among the American public. The loss of approval for the President's policies, related to inflation at record highs in recent decades, limited Biden's economic agenda at a time when the Democrats had a majority in Congress and were planning to put in place large fiscal stimuli through the Build Back Better plan. Inflation not only caused a reversal in the Fed's decision-making, but became a political weakness for the Democratic Party, which will face a mid-term election in 2022 in the face of high social protest.

Europe

The Eurozone economy grew 5.2% in 2021, according to preliminary data from Eurostat. Even though growth has been significant, the recovery of the European economy was limited by containment measures related with the pandemic that affected consumption in services, especially tourism, hospitality and entertainment. The high cost of energy has reduced people's purchasing power and companies' margins, thus limiting consumption and investment. Furthermore, the scarcity of human and physical capital continues to slow down productive activity.

The pandemic accentuated the problem, which dates back to the post-financial crisis of 2008/2009 and, consequently, the European sovereign debt crisis, of the high asymmetry in the economic stability of the different countries that constitute the economic bloc. Correcting or limiting this divergence among the countries of northern and southern Europe will be fundamental for the execution of the European Recovery Plan based on the axis of resilience, digital transition and climate transition. The timely application of the funds from the European program, together with a greater capacity of the economy to overcome the challenges presented by the pandemic, should ensure robust growth in 2022.

At monetary policy level, the ECB was instrumental in preserving liquidity and maintaining stable levels of spreads on the debt of the diverse Member States by keeping its emergency asset purchase programme, PEPP, in operation. With inflation increasing steadily, the Central Bank adjusted its inflation estimates for the time horizon and, at the December meeting, restated that the PEPP will end in March of 2022 and that it will gradually compensate through the traditional asset purchase program, the APP.

In the European context, it is important to emphasise the geopolitical risk that was gaining traction at the end of the year with the concentration of thousands of soldiers by Russia on its border with Ukraine. Should this risk materialise with an invasion of Ukrainian territory by Russia, it would have a very significant socio-economic impact on the economic bloc. Sanctions applied by part of Europe and the USA on Russia could lead to a direct response in the exports of natural gas to the European Continent, thus worsening the energy crisis and consequently inflation.

Portugal

The pandemic brought challenges, but also, to a certain extent, opportunities for the Portuguese economy. As more European aid will make available the funds necessary to the government for a forward-thinking economic recovery. The funds attributed through the European Recovery Plan, will form the foundation necessary so that the country can develop sectors with greater productive and competitive capacity.

In line with economic growth, the real estate market maintained its trend in recent years. High demand, combined with scarce supply in urban centres has accelerated the natural upward trend in house prices. House prices in Portugal, measured by the housing price index of the National Statistics Institute, increased 7.6% in the first 9 months of 2021.

In these last two years of the pandemic, the Portuguese banking sector, which still showed some fragilities caused by the unfolding of the financial crisis and, subsequently, the European sovereign debt crisis, was in a delicate position as it was the vehicle for conducting monetary policy for the real economy, at the same time as having to safeguard against a possible rise in the levels of overdue credit (NPLs).

Perspectives of Business for 2022

At the start of 2022, the main topics at a global level are:

- The transition of Covid-19 from pandemic to endemic;
- Reversal of the monetary policy of the main central banks;
- Inflation caused by the prices of energy and supply chain disruptions;
- Geopolitical tensions.

Relevant Accounting Policies

BiG's financial statements are prepared in accordance with the International Financial Reporting Standards ("IAS/IFRS") as issued by the International Accounting Standards Board ("IASB"). The preparation of the financial statements in accordance with IAS/IFRS, requires the Bank to make a number of judgements and estimates and uses assumptions that can affect the application of the accounting policies and the amounts of revenue, costs, assets and liabilities. These analyses reflect the accumulated experience and perspectives of the Board of Directors, among other factors, and are periodically reassessed in light of the operating environment. Possible alterations to these estimates and assumptions may have a significant impact on the financial statements of the Bank in the periods in which they occur. The Board of Directors considers that the estimates and assumptions adopted appropriately reflect the current environment, and that the financial statements adequately present BiG's financial situation, the operating results and the cash flows on 31 December 2021, in accordance with IFRS standards.

The relevant accounting policies used by the Bank are presented in detail in the Notes to the Consolidated Financial Statements. The most relevant for the Bank corresponds to the fair value measurement of financial instruments. This results from the fact that the portfolio of earning assets mostly consists of liquid assets, of fixed or variable income, as opposed to less liquid assets. As a result, most of the Balance Sheet is assessed at market prices (marked to market), which leads to greater transparency in accounting information. However, this model requires greater financial discipline, given the impact that market volatility has on certain key categories of the Balance Sheet. In part, this financial discipline is reflected in the Bank's low gearing, in its focus on quality, solid assets and its high levels of solvency. In view of the occurrence of events that reduce transparency and/or liquidity in the markets, as has occurred occasionally in recent years, thus generating market volatility, the use of this fair value measurement policy can have a significant impact on the way in which financial assets are assessed and, consequently, on the Bank's financial statements.

In accordance with accounting standard IFRS 13, the calculation of the fair value of the assets can be based on three levels of information, corresponding to different degrees of uncertainty. The method with the lowest level of uncertainty corresponds to the price quotation of the asset in a highly liquid market (Level 1). When an asset is not traded on a liquid market or when there are no quoted prices, fair value may be calculated through evaluation methodologies based on market information of comparable financial assets (Level 2). The method with the highest level of uncertainty corresponds to the calculation of fair value through valuation techniques incorporating relevant market information that is not observable (Level 3).

Valuation methodologies based on non-observable market data imply a higher degree of judgement compared to methodologies based entirely on observable data. Practically all of the Bank's financial assets are valued on the basis of prices and market information that reflect the use of Level 1 and 2 methodologies described above. When other valuation techniques, namely the use of financial models, are used to calculate the fair value of some assets, these techniques are periodically reviewed and validated. The models are adjusted in order to guarantee that the respective conclusions reflect the prices and the market information on comparable assets. Furthermore, the models prioritise the incorporation of market information, when available, over the incorporation of unobservable information. The selection of appropriate financial models and the incorporation of information require a higher degree of discretionary analysis when there is no market information immediately available.

In accordance with IFRS 9 – Financial instruments ("IFRS 9") and according to the business model the Bank classifies its financial assets according to the following categories: (i) financial assets held for trading (Trading), (ii) financial assets entered in the accounts at fair value through other comprehensive income (Hold to Collect and Sell or HTCS) and (iii) financial assets carried at amortised cost (Hold to Collect or HTC).

Financial assets held for trading correspond to assets acquired with the aim of realising capital gains through their sale before their maturity. In this category, variations in the fair value of the assets are recognised in the income statement.

Financial assets entered in the accounts at fair value through other comprehensive income correspond to financial instruments acquired with the aim of receiving the contractual cash-flows, as well as, depending on the market conditions, realising gains or limiting losses with their sale before their maturity. In this category, variations in the fair value of the assets are recognised in revaluation reserves, or rather, in equity.

Financial assets carried at amortised cost are long-term financial instruments acquired with the aim of receiving all contractual cash flows.

In order to be able to measure financial instruments at fair value through other comprehensive income or at amortised cost, the cash-flows should be solely composed of capital and interest. In this way, the Bank analyses the characteristics of the financial instruments in order to ensure that they comply with the definition of SPPI (Solely Payment of Principal and Interests) as defined in IFRS 9.

For these three categories, financial instruments are recognised or not recognised on their trade date, or rather, on the date on which the Bank undertakes to purchase or sell the asset.

Financial assets entered in the accounts at fair value through other comprehensive income and financial assets entered in the accounts at amortised cost are subject to impairment losses, their recognition and measurement being calculated from an "expected loss" perspective. The Bank's model focuses on the concept of significant increase in the credit risk, whose determination is based on the evolution of market factors such as ratings and prices.

The increase in credit risk is classified based on three different stages:

Stage 1 – Financial assets are classified in stage 1 whenever no significant increase in the credit risk is noted from the date of its initial recognition. For these assets the expected credit impairment loss resulting from events of non-compliance occurring during 12 months after the reporting date should be recognised in the income statement of the year;

Stage 2 – Incorporates the financial assets in which there has been a significant increase in the credit risk from the date of their initial recognition, even though this situation may not have led to concrete losses and are only indications. For these financial assets expected credit impairment losses are recognised over the assets' lifetime;

Stage 3 – Financial assets classified in this stage present objective evidence of impairment on the reporting date as a result of one or more events that have already occurred that result in a loss. In this case, the expected credit impairment during the expected residual life of the financial assets loss will be recognised in the income statement of the year.

To ascertain the expected credit loss, the Bank implemented a model whose parameters incorporate point in time, through the cycle and forward-looking requirements, calculated monthly. In the case of the securities portfolio, which is the one that is more significant in the balance sheet, the probability of default (PD) is estimated based on the credit spreads that are obtained from the market interest rate curves (issuer interest rate curve vs. risk-free interest rate curve).

Financial liabilities, including deposits and financing through sale/repurchase agreements, are measured at amortised cost.

Financial liabilities, including deposits and financing through sale/repurchase agreements, are measured at amortised cost.

Results of the Expected Credit Losses (ECL) model

Expected credit losses, according to internal modeling, have fluctuated within acceptable levels over the past 3 years. During 2021, ECL rose as a result of perceptions of higher risk among emerging market corporate issuers.

T.10

Country / Geography	Type of exposure	Expected Credit Losses in euros dec/18	dec/19	dec/20	dec/21
Spain	Sovereign	68,256	-	-	-
	Corporates	-	7,073	38,116	20,407
	Financials	-	8,724	-	4,647
Italy	Sovereign	745,722	86,447	-	20,353
	Corporates	3,617	2,200	31,457	40,272
	Financials	670	13,011	68,125	16,498
Portugal	Sovereign	-	-	-	-
	Corporates	212,336	141,186	443,533	184,458
	Financials	1,777	28,397	40,987	82,615
Emergent markets	Sovereign	277,209	80,643	203,850	103,697
	Corporates	151,677	28,765	325,372	1,365,287
	Financials	-	-	-	-
Europe & USA	Sovereign	-	-	-	4,772
	Corporates	646	12,923	130,651	63,357
	Financials	2,673	18,293	76,676	30,014
Mozambique	Sovereign	53,707	88,575	20,050	74,491
	Corporates	-	11,452	-	-
	Financials	5,658	66	2	2,468
ABS	Corporates	-	2,623	15,935	1,296
	Financials	-	35,103	135,486	20,391
		1,523,948	**565,482**	**1,530,240**	**2,035,022**

Other relevant accounting items for 2021 include:

Deferred tax: Deferred tax assets can arise from a variety of factors, the most significant of which are: (i) potential losses with financial assets entered in the accounts at fair value through other comprehensive income recorded at market prices, which may lead to future losses recognisable for tax purposes, (ii) losses recorded in the Income Statement that can only be recognised for tax purposes when the corresponding cash flow is recorded and (iii) tax losses that may be recognised in the future. Deferred tax is calculated according to the tax rules in force or substantially approved and using the tax rates on the balance sheet date and are expected to be applied when the temporary differences are reversed. Deferred tax assets are recognised only when it can be expected that there will be taxed profits in the future.

Control over valuation of financial instruments: The control infrastructures are independent of the revenue generating areas. These processes, together with the methodologies mentioned above, are defined by the Executive Committee and controlled or revised by the internal and external audit functions of the Bank.

Review of net income and expenditure: The accounting of income and expenses is the responsibility of independent and control functions and is checked daily by the Executive Committee. The objective is to identify and resolve potential problems associated to the fair or book value of revenues on an objective and regular basis.

Regulatory development 2021

2021 was also marked by the pandemic and by the consequent adjustment of legislative deadlines taking into consideration the social and economic impacts of Covid-19.

However, in this period the financial sector and particularly the European banking sector continued to be characterised by a very demanding legislative environment. While legislators assess the impact and efficiency of current regulations on institutions' activity, there continues to be a trend towards strengthening the existing regulatory framework rather than reducing it. 2021 was also characterised by the flexibilisation of interactions with the regulators through increasingly digital mechanisms made available by the regulators.

2021 also continued to be influenced by some of the regulations and legislative changes issued in 2020 in terms of organisation and governance with the entry in force of Notice no. 3/2020 of the Banco de Portugal. More specifically, the alterations refer to topics of organisational culture, namely (i) organizational structure and strategic planning, (ii) internal control system and risk management, (iii) related parties and conflicts of interest, (iv) reporting of irregularities, (v) outsourcing the operational tasks of the internal control functions and of the computer system to support the reporting of irregularities, (vi) policies for the selection and appointment of external auditors, (vii) remuneration policies and practices, (viii) financial groups, (ix) self-assessment by the entities regulated of the matters contemplated therein, and (x) of the documentation, systematisation of information and disclosure of information to the public.

This Notice has strengthened the role of the administrative and supervisory body, namely through a set of duties of regular supervision over the institution with more active monitoring promoting a transparent organisational culture that conveys confidence to employees and all stakeholders.

For 2021, BiG highlights the following legislative or regulatory changes which, although some of them came into force during the beginning of 2022, had a strong organisational impact during the year under review:

Legal Regime for Cyberspace Security

On 10 August 2021, Decree Law no. 65/2021, of 30 July, came into force to regulate the Legal Regime for Cyberspace Security, established by Law no. 46/2018, of 13 August, and which defines the obligations concerning cybersecurity certification, in implementation of Regulation (EU) 2019/881 of the European Parliament, of 17 April 2019, namely:

- Need to appoint a permanent contact point in order to ensure the flow of operational and technical information with the National Cyber Security Centre (CNCS);
- Appointment of a security officer to the CNCS concerning security requirements and incident reporting, pursuant to the Legal Regime for Cyberspace Security and the Decree Law;
- Preparation of an inventory of essential assets to provide the respective services, and it should be signed by the security officer;
- Elaboration of a security plan, duly documented and signed by the security officer, that contains, namely, (a) the security policy, (b) the description of all measures adopted concerning security requirements and incident reporting, (c) identification of the security officer and (d) identification of the permanent contact point;
- Elaboration of an annual report that, in relation to the calendar year to which it refers, contains a description of the main activities, indicators, analyses, recommendations or other information concerning security of networks and information services;
- Conduct risk analysis in relation to all the assets which guarantee the continuity of the operation of the networks and information systems;
- Incident reporting obligation to the CNCS of the occurrence of incidents with a relevant or substantial impact.

Securities settlement in the European Union

Delegated Regulation (EU) no. 2018/1229 of the Commission, of 25 May 2018, pursuant to its article 42. (with the wording given by Delegated Regulation (EU) 2021/70 of the Commission, of 23 October 2020), came into force on 1 February 2022. This regulation aims to promote a set of measures intended to prevent the occurrence of securities settlement fails in the European Union and to establish uniform requirements for the settlement of financial instruments and rules concerning the organisation and conduct of the Central Securities Depositories (CSDs) in the Union, in order to promote safe, efficient and simple settlement, as a rule, applicable to the settlement of all financial instruments and all activities of the CSDs.

Decree Law no. 109-H/2021, of 10 December – Investment Company Regime

This Decree Law transposes Directive (EU) 2019/2034, of the European Parliament and of the Council, of 27 November 2019, relating to the prudential supervision of investment companies, approving the Investment Company Regime. This new regime aligns the national regulatory framework with the harmonised requirements under EU law. It reinforces the competitiveness and appeal of the national market for investors and operators and adopts a coherent and proportional approach of the national regulatory framework, vis-à-vis the European framework, taking into account, in particular, integration in the European Capital Markets Union.

This Decree Law will also eliminate the existing supervisory burden on this type of company and will also transpose Delegated Directive (EU) 2021/1269, of the Commission, of 21 April 2021, which requires the integration and appraisal of risk and sustainability factors in fulfilment of the duties relating to the governance and distribution of financial instruments and structured deposits, in line with regulatory developments in the area of sustainable financing and which eventually came into force in an integrated manner in February 2022.

The principles that guided the publication of the new regime were, namely (i) the reinforcement of competitiveness, in the market and of national companies, through the alignment of the national regime with the European regime, adopting a coherent and proportional approach of the national regulatory framework, vis-à-vis the European framework and (ii) the simplification and predictability of the respective application, in order to increase the certainty, suitability and proportionality of the applicable rules, more adequately responding to the characteristics and specific features of investment companies, reflecting the nature of the activity of these entities and their role in the functioning of the market.

Banco de Portugal Instruction no. 2/2021 – Definition of low and high risk factors for money laundering and terrorist financing and specific simplified or reinforced identification and due diligence measures.

This Instruction defined other low and high risk factors for money laundering and terrorist financing and specific simplified or enhanced identification and due diligence measures. The diploma also complemented the provisions in article 6 of Notice no. 2/2018, incorporating the Guidelines on risk factors and simplified and enhanced due diligence measures (“JC/GL/2017/37”), issued by the European Supervisory Authorities, in accordance with Article 17 and article 18(4) of Directive (EU) 2015/849, of the European Parliament and of the Council, of 20 May 2015, relating to the prevention of the use of the financial system and activities and professions especially designated for the purpose of money laundering and terrorist financing.

Definition of supervisory expectations on the identification and management of financial risks related with climate and environmental change for less significant institutions

In order to guarantee a consistent and balanced treatment between supervised entities, the Banco de Portugal considered that the supervisory expectations for the management of climate and environmental risks, disclosed by the European Central Bank, should be extended to the less significant banks under its direct supervision. This enlargement of the scope of application of the Guide on climate and environmental risks takes into account the recommendation that the competent national authorities of the Single Supervisory Mechanism adopt these recommendations for less significant banks. With the entry in force of Regulation (EU) 2019/2088, financial institutions should implement policies on the integration of sustainability risks and, additionally, should:

- Define an investment strategy taking into consideration the ESG – Environmental, Social and Governance criteria;
- Inform and provide customers with information on the ESG criteria of the products it sells;
- Assess together with the product managers/investment managers the privilege of the investments with a high ESG rating.

These European rules are related to the harmonisation “of transparency applicable to financial market participants and financial advisors with regard to the integration of sustainability risks and consideration of adverse sustainability impacts on their processes, and the provision of sustainability-related information in relation to financial products”.

The new rules require the integration of sustainability risks in fulfilment of general organisational requirements as well as the integration of clients’ sustainability preferences in assessing the suitability of financial instruments, reflecting clients’ sustainability preferences in the offer of financial instruments made available, given that it will be necessary to ensure the investments to be made.

Other Regulatory Assessments

Internal Capital Adequacy Assessment Process (ICAAP)

Within the scope of the annual Internal Capital Adequacy Assessment Process (“ICAAP”) process, BiG performs an internal analysis of the techniques and models used in the qualitative and quantitative assessment of internal capital and risks to which it is or could be exposed. BiG also carries out a critical analysis of: (i) the suitability of its capital and risk management and monitoring processes, (ii) prospects for the evolution of internal capital and materially relevant risks, (iii) its risk profile and (iv) the adequacy of internal capital levels and assessment of capital requirements.

From a qualitative point of view, this report also reflects a descriptive analysis: (i) of the internal capital and risk management and monitoring processes and (ii) of the adequacy of the organisation, structure and processes in view of the internal capital needs and the risks incurred.

With regard to the quantitative aspects, there should be (i) an identification and quantification of the materially relevant risks, (ii) a description of the process of aggregating risk assessments, (iii) a global assessment of capital requirements, which should contemplate, namely, uncertainty about the model used, weaknesses in procedures, risk systems and controls and the differences between equity funds and internal capital.

The ICAAP process also includes: (i) a description of the contingency plan to ensure business management and internal capital adequacy in the event of a recession or crisis, (ii) indication of the macroeconomic factors considered relevant for the purpose of a recession or crisis scenario and (iii) indication of the main shortcomings detected in the ICAAP and the measures defined to overcome such shortcomings, including the respective calendarisation.

The regulatory framework of this report is Instruction no. 03/2019 of the Banco de Portugal, reported on an annual basis, which can be more detailed or simplified at the regulator's discretion.

In its annual ICAAP report, the Bank presents a self-assessment analysis of the main risks: market, credit, operational, interest rate, concentration, information systems, compliance and reputation. Of the various risks to which the Bank is subject, BiG considers as materially relevant those that are defined in Pillar I (market, credit, operational and credit valuation adjustment), the interest rate risk of the banking book, the concentration risk, the sovereign risk and credit spread risk. Capital requirements are calculated for each of these types of risk. The starting point for the methodologies adopted to establish the requirements for Pillar I risks is the regulatory models. For Pillar II risks (interest rate risk of the banking book, concentration, sovereign and credit spread) internal models are used or models based on methodologies developed by other Central Banks.

Following the annual exercise conducted by BiG, the Board of Directors considers that the current levels of capital and liquidity are appropriate taking into account: (i) the risk profile, (ii) the current conditions, (iii) the prospects for the near future and (iv) the dimension and complexity of the Bank.

Internal Liquidity Adequacy Assessment Process (ILAAP)

Instruction no. 02/2019 of the Banco de Portugal intends to fulfil the guidelines of EBA/GL/2016/10 – Guidelines on ICAAP and ILAAP information collected for the purpose of the broader Supervisory Review and Evaluation Process (SREP). This instruction's objective is to define the procedures relating to the ILAAP process and to establish the respective reporting templates for the Banco de Portugal, in order to guarantee that the liquidity risk to which the institutions are exposed is adequately assessed and that these maintain adequate levels of liquidity. Institutions are required to: (i) guarantee that the liquidity and funding risks to which they are exposed are adequately identified, measured, managed and monitored and that their liquidity is appropriate in view of the respective risk profile, (ii) have an internally developed process to identify, measure, manage and monitor the liquidity that complies with the minimum requirements and guidelines defined in Instruction no. 02/2019 of the Banco de Portugal.

The ILAAP is a process that: (i) is part of the management process and culture of the institution, is regularly reviewed and considers the regulatory context and the economic environment in which the institution operates; (ii) takes into account the type, dimension, complexity and business model of the institution, and also the operating environment and nature and risks of the activities performed; and (iii) is forward looking with reference to the institutions that have an internal strategy to maintain adequate levels of liquidity.

Supervisory Review and Evaluation Process (SREP)

The SREP is the process of analysis and assessment, conducted by the supervisory authorities, to ensure that each credit institution has strategies, processes, capital and liquidity that are adequate for the risks to which it is or may come to be exposed. This process is part of the second Pillar of Basel.

The supervisor aims to determine the capital and liquidity requirements and other supervisory measures to address the specific weaknesses of each institution taking into account not only the characteristics of each institution, but also the risk it poses for the financial system.

SREP is a process that is applied to both significant and non-significant entities, taking into account the principle of proportionality. The frequency and depth of the assessment made in the SREP by the supervisor can vary according to: (i) the potential impact of each institution on the financial system and (ii) the respective risk profile.

The analysis made by the supervisor within the scope of the SREP establishes that the risks to which the institutions are exposed must be assessed. This analysis should include: (i) the business model, (ii) internal governance and risk management, (iii) risks for capital and (iv) risks for liquidity and financing.

Following this analysis, an overall assessment is made based on a holistic approach, where decisions are taken relating to quantitative capital and liquidity measures, as well as other supervisory measures.

The following exercises are included in this approach of SREP by the supervisor:

Risk assessment

Risk assessment allows the continuous evaluation of the risk levels to which the institution is exposed and the respective internal controls. This assessment is based on a quantitative and qualitative analysis and uses retrospective and prospective indicators.

Risks that have an impact on capital and liquidity are assessed by risk levels and by the corresponding risk control/mitigation procedures implemented. The Banco de Portugal assesses the business risk and profitability of the institutions, as well as the respective internal governance and risk management. All evaluations are later integrated into a global assessment.

Assessment of Capital and Liquidity Adequacy

SREP comprises a comprehensive review of the internal processes of capital adequacy assessment – ICAAP and liquidity assessment – ILAAP. These are key risk management processes of institutions, which help to determine capital and liquidity requirements.

The supervisor assesses the fulfilment of the capital requirements defined in Pillar I of the Basel Accords, which it considers as minimum limits. Furthermore, institutions should set up specific additional own funds and liquidity requirements to cover risks not covered, or not fully covered, by Pillar I. For the purpose, institutions have to use their internal methods of calculation and assessment, reflected in their ICAAP and ILAAP processes.

Quantification of Capital and Liquidity

In SREP, Banco de Portugal uses information on each institution: (i) periodic reporting, (ii) ICAAP and ILAAP, (iii) risk appetite, (iv) supervisory benchmarks or proxies used to verify and test institutions' estimates, (v) risk assessment results, (vi) stress test results, and (vii) general priorities of the Banco de Portugal concerning risks.

Based on the information analysed and assessed throughout the SREP, the Banco de Portugal makes an overall assessment of the adequacy of the equity funds and liquidity of the credit institution and prepares decisions. SREP decisions include an overall conclusion on the adequate level of equity funds and liquidity of the institution assessed. They may also include qualitative measures, for example addressing deficiencies in the institutions' risk management. The conclusions of this analysis and any corrective action necessary are communicated to the credit institution, which is given the opportunity to present in writing to the Banco de Portugal observations on the facts, objections and legal grounds relevant for the decision.

Recovery Plan

The Recovery Plan is an instrument designed to help financial institutions prepare for financial crisis management. The Recovery Plan describes the measures and procedures to be adopted to return to financial equilibrium and normal operation of the business after the occurrence of an event of this kind.

The main objectives of the Recovery Plan involve establishing an organised and preventive planning process of the management measures to follow in the event of a financial crisis, idiosyncratic or systemic, ensuring that the Bank has the capacity to react in a timely and adequate manner to it.

The regulatory framework for this reporting is Notice no. 03/2015 of the Banco de Portugal, Art. 116 D of the RGICSF and Delegated Regulation (EU) 2016/1075 of the Commission.

BiG's Recovery Plan provides for a set of recovery measures aimed at strengthening the Bank's liquidity, capital or equity funds, describing the mechanisms and assumptions underlying their possible triggering in a scenario of severe macroeconomic and financial tension. These mechanisms provide for, namely, the possibility of the divestment of the Bank's assets in order to correct financial shortfalls or needs, access to means of financing as a way to maintain the normal development of the activity, and a capital increase in order to reinforce the levels of solvency of the Bank.

As an integral part of the management, and for the purpose of preparing the Recovery Plan, BiG identified the relevant recovery indicators. The nature of these indicators is: (i) capital, (ii) liquidity, (iii) quality of the assets and (iv) profitability of the assets. These indicators are essentially preventive alerts for the activation of recovery measures. These are reflected, in practice, in values resulting from the monitoring of events and/or in results of the stress tests and analysis of scenarios made, in some cases, daily within the scope of the Bank's risk management and control structure. This monitoring allows a prompt response and immediate action to be taken in order to ensure the viability and financial solidity of the Bank.

The regulatory framework provides that the Recovery Plan must define an alert level and an activation level for each of the recovery indicators. If any of the triggers is reached, institutions will have to notify the Banco de Portugal of this fact as well as assess the need to take any recovery measures. These levels are preventive signals that aim to anticipate, mitigate and avoid possible financial problems in the Institution. Besides the alert and activation levels, BiG has also defined pre-alert levels for each of the recovery indicators. These pre-alert levels constitute an internal warning and have as their objective that the necessary measures are taken proactively so that the alert and activation levels are never reached.

Funding and Capital Plan

The Funding and Capital Plan is a medium to long-term forecasting exercise carried out annually by the Bank, which relates to the expected future evolution of the main captions of results, assets, liabilities and equity funds of the Bank. It is an element of information submitted periodically by national financial institutions to the Banco de Portugal under its functions of prudential supervision, and as contemplated in Instruction no. 18/2015 of the Banco de Portugal.

Since 2011, the year in which the requirement of this reporting by financial institutions was established, then in the context of the Economic and Financial Assistance Program to Portugal, the

Funding and Capital Plan has undergone changes, including in its frequency and format, content and level of detail. Currently, the Plan is prepared and reported by the Bank annually and contains detailed forecasts of captions of results, balance and equity funds for a time horizon of 3 years, including quarterly forecasts for the financial year in progress at the reporting date.

The Bank's planning process

The preparation of the Plan by the Bank is to a large extent based on an internal medium-to-long term financial planning process coordinated by the Board of Directors. This planning process incorporates a set of expectations regarding the management of the Bank's earning assets and sources of funding. In as much as it is a forward-looking exercise, the Bank typically assumes normal market conditions, although BiG has identified a number of risk factors with potential impact on the Bank's business and, therefore, on the forecasts made.

Normally, the Bank does not estimate a specific rate for the growth of its assets. Conversely, the growth of the Balance Sheet derives from the funds available, market conditions, and existence of a capital base that guarantees resilience in scenarios of greater stress.

In parallel, according to market conditions, the Bank may make adjustments to the different business areas, offer of products and distribution channels, with a view to increasing stable funding and to ensure the preservation of capital and increase revenues. It should be noted that this exercise takes place during the first quarter of the year, and so the projections may not coincide with the actual results at the end of the same period.

The Bank's planning: summary of guidelines and projected development for selected indicators

The key assumptions considered by the Bank include sustainable organic growth and a continuous focus on a business model based on low gearing, high levels of capital and comfortable levels of liquidity. BiG's asset structure is mostly made up of financial assets with quality and liquidity, cash and short-term investments.

The Bank's base of earning assets has focused on investment grade bonds and corporate and sovereign debt securities issued by Eurozone member countries and the USA. This strategy should remain, given the risk profile of the alternatives and based on the Board of Directors' experience with these specific markets.

BiG's reduced focus on traditional lending is based on the perception of risk levels and return as being inadequate over the past two decades. The Board of Directors expects that the Bank's loans/deposits ratio will remain below the market average for the near future.

BiG's funding structure consists mainly of a base of retail deposits, resources from other banks and the Bank's own capital.

At the start of 2021, it was expected that the Bank's profile would be maintained over the next few years, above all based on stable resources and reduced dependence on the money market.

For strategic reasons, the Bank has used its capital conservatively, and this trend is expected to continue. Over the years, and despite the payment of dividends since 2004, the Bank's equity has increased, essentially through retained earnings.

T.11 (Euro)

				Funding and Capital Plan Apr 2021	
	2019	2020	2021	2022E	2023E
Financial assets portfolio	**1,977,172**	**1,861,823**	**2,167,067**	**2,208,739**	**2,407,016**
% growth	48.8%	-5.8%	16.4%	1.9%	9.0%
Net credit	**21,117**	**32,429**	**41,467**	**38,659**	**42,332**
% growth	-87.4%	53.6%	27.9%	-6.8%	9.5%

Source: BiG

T.12 (Euro)

				Funding and Capital Plan Apr 2021	
	2019	2020	2021	2022E	2023E
Demand deposits	803,363	921,023	981,634	1,116,331	1,159,343
Time deposits	460,186	447,641	453,182	542,566	656,194
Other	26,027	34,276	119,072	41,544	45,467
Total client deposits	**1,289,576**	**1,402,940**	**1,553,889**	**1,700,441**	**1,861,003**
% growth	26.7%	8.8%	10.8%	9.4%	9.4%

Source: BiG

T.13

	2019	2020	2021	Funding and Capital Plan Apr 2021 2022E	2023E
Common Equity Tier 1	43.1%	45.3%	34.4%	39.5%	37.5%

Source: BiG

Legal Structure and Corporate Bodies

Overview

The organizational structure reflects key aspects of the business culture, which focuses on the Bank's goal to ensure the resilience and integrity of the Bank's business model and the ability to withstand any type of crisis, financial or otherwise. To this end, the Bank seeks seek to be transparent, flexible, focused on market risks and managed to be able to react quickly to perceived increases in business opportunities. The business model is based on the following pillars: comfortable liquidity levels, solid asset quality and a robust capital profile. The Bank's strategy has sought to adapt to the volatile political-economic context and the challenges it poses to the financial sector, notably through ongoing investment in information systems and often daily adjustments to managing of each of BiG lines of business.

BiG's corporate structure is headed by the Bank. At year-end, the Bank held interests in five subsidiaries: (i) DIF Broker – Sociedade Financeira de Corretagem, S.A., acquired in 2021, (ii) ONETIER Partners, SCR, S.A., which manages investments in FinTech companies, (iii) ONETIER – Fundo de Capital de Risco, investment fund focused in FinTech companies, (iv) BiG Serviços Financeiros, S.A., responsible for providing auxiliary and financial advisory services, (v) Banco BiG Moçambique, SA, a wholesale bank based in Maputo, majority-owned by BiG and launched in 2016. BiG Diversified Macro Fund is an open-end investment fund headquartered in Dublin, Ireland.

The Bank also operates a branch in Madrid, Spain, which focuses on digital investment platforms, Wealth Management and Corporate Advisory.

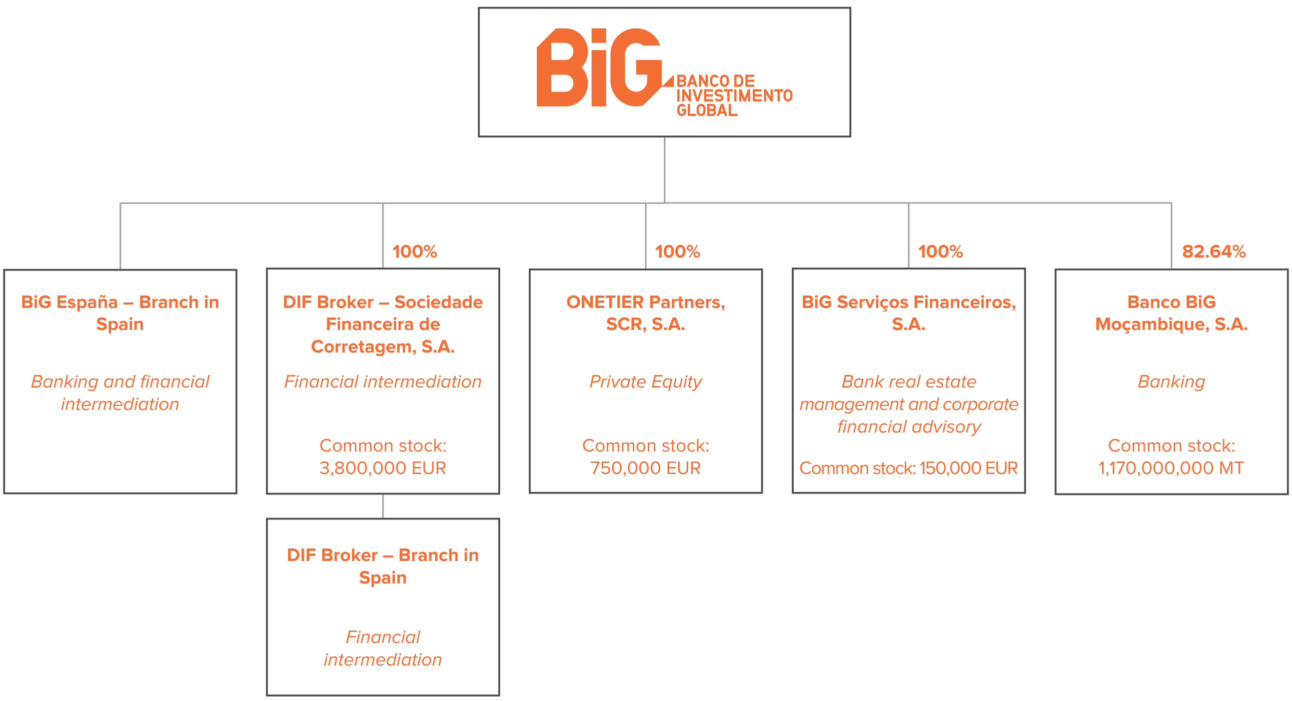
The Bank's retail business combines internet-based platforms, www.big.pt and www.bancobig.es, and integrated sales teams located in Portugal and Spain, with concentrations in the Lisbon, Porto and Madrid. Institutional Clients are covered by teams located in Lisbon, Oporto, Madrid and Maputo.

In its business model, the Bank does not operate any offshore entity or special purpose vehicle (SPV).

Properties occupied by the Bank are either leased or directly owned by the Bank. The Bank's head office building at Av. 24 de Julho in Lisbon is owned directly by the Bank.

In its approach to the market, the Bank uses the following brands: *BiG – Banco de Investimento Global*, *Banco BiG* and *bigonline*.

F.4



Description of Corporate Bodies

F.5

BiG's Corporate Governance	
General Assembly	General Assembly meets at least once a year and is presided over by a President and Secretary, elected by the shareholders for four year terms. Responsibilities include electing the governing bodies, evaluating annual management reports and accounts and approving the application of results.
Advisory Board	Composed typically of fifteen individuals, it includes the main shareholders of BiG and other elements whose presence is considered relevant. The Chairman and the members of the Advisory Board are invited by the Chairman of the Board of Directors, who also has a seat in this body. The Advisory Board meets on average three times per year, or when invited by the Chairman, to discuss strategy and main policies of the Bank, formulating recommendations on this matter. The decisions of the Advisory Board are not formally binding on the Board of Directors.
Board of Directors	Consists of eight members: three members with supervisory responsibilities, and five executive members ("Executive Committee"), to whom the Board has delegated day to day management responsibilities. The three non-executive/supervisory members include the Chairman, the Vice Chairman, and one Independent member, who preside over the following Board committees: Nominations, Risk and Compensation, respectively. The Chief Executive Officer / CEO is nominated by the Board of Directors, from among the executive board members, to preside over the Bank's Executive Committee.
Fiscal Board	The Fiscal Board is the independent supervisory body, consisting of three effective members and an alternate member, elected for four year terms. This body reports directly to the shareholders. Responsibilities include periodic reviews and validation of internal control mechanisms, in accordance with internal and external regulations in line with international accounting policies and standards. The Fiscal Board is also responsible for the election of a CPA. The independent CPA performs periodic audits and also provides an opinion of the accounts.
Compensation Committee	Consisting of three independent individuals elected by the General Assembly for four year terms, this body reports directly to the shareholders. Compensation for the Board of Directors, Audit Committee and key function holders is determined periodically by this Committee. It is also responsible for the periodic review of compensation policies.

Internal Oversight

The system of internal control is defined by a set of strategies, systems, processes, policies and procedures established by the Board and implemented by the Executive Committee. Functional management responsibilities lie with the members of the Bank's Executive Committee, to whom the general Board of Directors has delegated day to day management. During 2021, of the 8 members of the Board, 3 have supervisory functions and head key committees, while 5 were members of the Executive Committee. As such, these members supervise the various heads of trading, front office, back office, and control functions. Under its internal control system, the Bank also has a set of Bank-wide committees which provide management and oversight functions, described in detail in the RISK MANAGEMENT AND INTERNAL CONTROL section of this report. Together, they ensure informed and independent management of key areas of the Bank and assess the risks and effectiveness of Bank controls by ensuring oversight functions by area.

Executive Summary: Risk Management Policies and Procedures

In broad terms, the Bank is in the business of assuming and managing risk in a prudential manner to create value for their shareholders. Policies and practices designed to control these fundamental aspects of BiG's business ensure a sound operating environment and allow the Bank to meet the expectations of the stakeholders.

F.6

Internal Committees

Trading Book Review	Assets & Liabilities	All Risks	*Compliance*	Credit Risk
Whistleblowing	*Business Recovery Plan (BRP)*	Product Governance	Validation of Findings	*Models assessment*

The Bank's view to managing risk involves regular and frequent contacts between business units, control areas, and internal supervisory bodies, to ensure that general policies and procedures are well designed, disciplined, independent, objective and quantitative. This process seeks to be compliant with regulatory standards and sensible business practices. Processes to manage risks associated with global markets, lending, processing, technology and general business risks are designed and monitored to ensure the integrity of the Bank's business model, to preserve stability and to enhance profitability.

While stressing a culture of personal responsibility and mutual surveillance in the common interest, the Bank seeks to generate revenues from diversified sources. The business implies assuming a certain level of exposure to a variety of risks and operating within reasonable guidelines. These guidelines combine basic, prudential aspects of the banking business, reflect the specific experience of Management and BiG's business managers, and are updated via regulatory or legislative measures. Internal communications on risk include, but are not limited to, the Bank's adherence to prudential regulations and capacity to monitor transactions appropriately, BiG's knowledge of clients and understanding of markets, the regulatory environment in which it operates, and the appetite from time to time for certain risks given market conditions.

The main risks to which the Bank is exposed are summarized in the following graph and are described in the RISK MANAGEMENT and INTERNAL CONTROL section of this Annual Report.

Risk Appetite

Appetite for assuming risks is reviewed at regular intervals, from daily to annually, as reflected in the Bank's *Risk Appetite Framework (RAF)* document, which forms part of the Bank's annual capital adequacy self-assessment process. This appetite is reflected in limits, and controls over exposures against those limits. The Bank's business relies heavily on the confidence it has in their people and on the reliability of the systems to process operations on a continuous and relatively error-free basis. Generally, the process begins with identifying risk, then measuring, controlling and eventually reporting risk internally and externally at appropriate intervals.

Risk Measurement

Bank-wide, Management and control units use several different techniques to review and analyze the risks to which BiG is exposed. These include financial, non-financial and other risks, with a primary focus on market risks, credit risks, operational risk, and reputational risk. Control processes involve a range of stress tests, performed daily, which are adjusted periodically, and which examine results of scenarios for all major asset classes and portfolios.

For the year, credit exposures involving mainly investment grade risks have grown, while asset quality, as measured by the current and historical level of non-performing assets and credit-at-risk remained satisfactory. Assessments made by major external credit rating agencies on the long-term debt ratings of prime Portuguese issuers, which include the Government and the major banks, have remained stable. In the case of the sovereign, all major ratings agencies maintained their assessment of investment grade during 2021. Internal and external ratings are employed to measure levels of expected credit losses and to evaluate positions and their expected evolution. For BiG, credit-related losses, as well as costs associated with operating risks, were negligible for the year 2021, in line with prior years.

Factors that affect BiG's Business

The Bank manages a number of risks inherent to the banking business. Besides the risks summarised previously, and which are discussed in greater detail in this Management Report and in the Notes to the Consolidated Financial Statements, economic, political, competitive and regulatory conditions and changes also affect the Bank's business.

A set of risk factors which may have an impact on financial markets and on BiG are presented below:

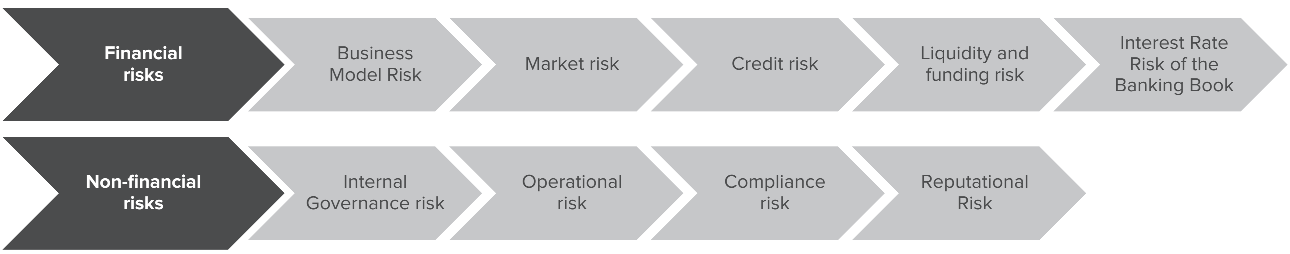
- Political, economic and social impacts due to the military conflict in Ukraine resulting from its invasion by Russia;

- Impacts on financial markets arising from international tensions of various kinds, namely associated to commercial conflicts between major international powers (e.g. USA and China);

- Political and economic consequences of the application of sanctions to Russia;

- Risks of new disruptions in the financial markets and in the international economy arising from new variants of Covid-19 and the emergence of new waves during the course of this year;

F.7



- Slower economic recovery in Portugal and Spain, as well as in the large international blocs and in countries with which these maintain strong commercial relations (USA, Germany, France United Kingdom, etc.);

- Impacts resulting from alterations in monetary expansion policies to stimulate European economies and consequences for peripheral countries with weakened financial situations;

- Risks of a rise in inflation in the USA and in Europe and the consequent response of the central banks by changing interest rates;

- Constraints or delays in the implementation of the Recovery and Resilience Plan that may jeopardise relaunching the economy;

- Rolling back policies or delay in the implementation of structural reforms needed to restore the economic competitiveness of the Country;

- Impact of excessive and complex regulation, with an impact on the cost/resource structures required (systems, people, etc.) and worsening of the operational risk associated with the possible inability of operational infrastructures to respond to the growing number and complexity of standards, regulations, laws, guidelines, etc.;

- Rating downgrades on securities / issues with potential negative impact on their respective risk weighting;

- Potential negative impacts arising from substantial charges for the Resolution Fund, Single Resolution Fund, contributions to the banking sector and additional solidarity contribution;

- Negative impacts of the fiscal framework in Portugal and that could lead to business and capital relocations abroad over the coming years;

- Increased competition from the State in attracting deposits, with new offers of savings products;

- Restrictions on access to funding from market counterparties, namely in the use of securities as funding collateral, associated with the perception of Portugal's risk;

- Reduction in exports and subsequent impacts on the external trade balance and economic growth.

Events Following the Year End 2021

Market Conditions

Markets have been extremely volatile since the beginning of 2022. Most central banks have adopted a policy of monetary tightening, as a result of higher-than-expected rates of inflation and fears that the recent spikes may not be temporary. Yields on sovereign debt have risen, with ten-year U.S. Treasuries jumping 40 basis points to 1.93% in mid-February. Equity markets have fallen markedly, with one of the largest drops experienced by the technology, led by a decline of 14% in the Nasdaq 100 index. Meanwhile, tensions with respect to Russia/Ukraine have dominated geo-political concerns, leading to unprecedented sanctions and significant swings in nearly all asset categories, rises in commodity prices and a flight to safety among investors.

Covid 19

As of the beginning of 2022, BiG is still officially in the grips of a global pandemic. With massive levels of vaccination achieved and many restrictions still in force, there are tentative signs that the worst may be behind us. There is hope that much of the world will be able to return to some sort of normalcy by the end of Q1 and into Q2. While much of the market volatility described above has other sources and reflects global economic realities, the effects of the Covid 19 pandemic on business cannot be under-stated.

The measures implemented in early 2020, which continued for most of 2021 and into the early months of 2022, have permitted employees to continue the normal activity of the Bank, while working remotely and safely with the necessary resources and equipment. The Bank´s COVID-19 contingency plan, which comprises a set of operating procedures to face possible adverse events resulting from the spreading of the pandemic, has been in force for over a year, with periodic enhancements made as necessary.

War in Ukraine

In 2022, the tensions and resulting war between Russia and Ukraine have dominated the global geopolitical concerns. This military conflict and the unprecedent economic sanction imposed on Russia, have been reflected in higher market volatility levels, significant changes in almost every asset class, increases in the prices of raw materials, increase in inflation and flight to quality movements by investors.

This context of high uncertainty may affect the Bank's activity, namely if it causes a general asset devaluation in the international financial markets. The Bank will be particularly attentive to the evolution of these events and to the market conditions, to be prepared to adopt the necessary management measures and minimize potential negative impacts.

RESULTS OF OPERATIONS FOR 2021

T.14 (Euro 000)

Revenues	2021	2020	2019	2018
Interest income	36,794	37,795	45,006	51,296
Interest expense	-16,851	-19,727	-20,798	-27,715
Net interest margin	**19,943**	**18,068**	**24,207**	**23,582**
Income from capital instruments	47	41	26	0
Fee and comission income	19,570	14,339	13,560	12,184
Fee and comission expenses	-3,868	-3,012	-2,485	-2,149
Profit / loss of assets and liabilities at fair value through Profit & Loss	1,234	5,157	4,656	4,667
Financial assets at fair value through other comprehensive income	16,651	34,748	49,127	17,424
Exchange differences, net	8,535	2,074	610	760
Income from the sale of other assets	29	-40	0	124
Other income	294	289	742	674
Net operating income	**62,435**	**71,664**	**90,443**	**57,265**

Source: BiG

The components of the Bank's net operating income have remained consistent for several years, with variations year to year due to changing financial conditions, as well as regulatory economic conditions globally and domestically. For 2021, the Bank's results reflect (i) higher net interest margin, (ii) a rise in net commissions, (iii) lower results from investing and credit activities, (iv) increased operating expenses, and (v) lower taxes due to the decline in pre-tax profit, and a specific tax incentive.

Net Interest Margin was € 19.9 million in 2021 versus € 18.1 million in 2020. Earning assets rose, which resulted in higher revenues in a lower interest rate environment. Relatively less expensive funding from mainly market counterparties also increased, although in general, opportunities to increase assets at an appropriate level of risk were limited. Net interest margin represented 31.9% of total net revenues in 2021, as compared with 25.2% in 2020.

Non-interest income for the year was € 42.5 million in 2021, down from € 53.6 million in 2021. The components of this category include (i) income from capital instruments, (ii) net commissions from client trading activity and banking services, managing and distributing assets, and advisory assignments for corporate and institutional customers, (iii) realized gains associated with managing credit risk and interest rate risk via the trading and assets held for sale portfolio, and (iv) other income.

Net commissions derive largely from asset management and brokerage activities with retail and wholesale clients. These businesses include a variety of managed investments and largely self-directed, client trading platforms placed at the disposition of clients to trade cash equities, warrants, futures, foreign exchange, and certificates for difference. This category also includes fees from distribution and custody services, banking fees, such as revenues from ATMs, and retainers and commissions associated with corporate advisory mandates. Revenues from asset management and financial intermediation were 39% higher in 2021 than in 2020, as markets re-bounded and major indices rose strongly during the year. The Bank has focused on building its Wealth Management business over the past several years and expects this trend to continue.

Net Revenues from credit and investing combine all categories of non-interest income, less net revenues from fees and commissions. In aggregate, income from the Treasury and Markets business for 2021 on an internal management basis declined to € 27.1 million, as compared to € 41.9 million in 2020. Within this group of categories, both trading and investment revenues declined year on year, while net foreign exchange gains rose. While the first two form key components of the Bank's business model, they also tend to be dependent on market conditions, which were less favorable in 2021. These revenues usually involve some margin income, plus realized gains from investing and credit activities in a diversified portfolio of liquid, fixed income securities. They are associated with management of credit concentrations, diversified maturities and country risks. This portfolio is a key to the Bank's management of liquidity and interest rate positions.

BiG expects that revenues going forward will consist largely of the categories described above. With adjustments in the management and measurement of financial assets with the introduction of IFRS 9 in 2018, the Bank has not made significant alterations to the current business model, other than to intensify investments in client, fee-generating businesses. The respective proportions may vary as client deposits and assets under custody and management rise, the balance sheet gradually expands, and as the Bank's coverage of the domestic and selected international markets grows. Areas of emphasis include investment and advisory services, assets under supervision, savings products, and balance sheet management, with a permanent focus on sound asset quality and comfortable levels of liquidity.

Operating Expenses: Total costs include operating costs, provisions and imparities. These are influenced primarily by compensation, the growth in headcount and management's confidence regarding levels of business activity.

T.15 (Euro 000)

Expenses	2021	2020	2019	2018
Administrative expenses				
Staff expenses	-21,070	-19,381	-20,325	-19,608
Other administrative expenses	-12,548	-13,019	-12,010	-9,783
Cash Contributions	-1,228	-1,136	-915	-752
Depreciation	-3,187	-2,239	-2,375	-1,962
Provisions	1,056	84	1,731	1,403
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss				
Financial assets at fair value through other comprehensive income	-475	-1,029	566	1,256
Financial assets at amortised cost	-32	-34	394	-318
Financial asset available for sale	0	0	0	0
Impairment or reversal of impairment on non-financial assets				
Other	-118	-39	-6	1
Total costs	**-37,603**	**-36,793**	**-32,940**	**-29,763**

Source: BiG

In 2021, total net costs including impairments and provisions, were € 37.6 million, compared to € 36.7 million in 2020, an increase of 2.2%. Impairments halved in 2021 versus 2020.

Net operating costs, – i.e. personnel costs, administrative expenses and depreciation/amortization – totaled € 36.8 million, 6% higher than in 2020, on higher personnel expense, lower general administrative expenses, but higher depreciation, with growth associated with investments in the Spain unit. In growing the headcount in Portugal, and building businesses in Spain, operating expenses for 2021 were above the past four-year average. With lower revenues, the Bank's operating costs/total net revenues ratio moved to 58.9% in 2021, as compared with 49.9% for the prior year.

Compensation, traditionally the Bank's largest single operating expense category, increased 8.7% and to represented 56.0% of net operating costs in 2021, as compared with 52.7% in 2020. This figure was below the past four-year average.

Besides compensation-related expenses, dominant operating expense categories include administrative costs. These expenses include communications, information services, publicity, license fees, arrangements with stock exchanges and related suppliers, consultants, occupancy and other expenses related to the normal functioning of the Bank. They tend to be correlated closely with growth in personnel, the level of business activity, and/or associated with specific investments. Administrative expenses declined by 3.6% in 2021 in 2020, in part because of lower investments in marketing. *Cash Contributions* refer to the rising costs of the Portuguese resolution fund, associated with the various bank resolutions since 2014, plus the additional costs of the European Resolution Fund. In prior years, these amounts were classified in "Other Income."

Amortization expenses are related principally to real estate occupied by the Bank, investments in hardware and other equipment, initial license fees associated with software agreements and rights of use resulting from leases, namely real estate and vehicle leasing contracts. The portion associated with premises includes the head office building and investments in and improvements to the Bank's branch and ATM network. The Bank regularly invests in its IT infrastructure to ensure quality execution, state of the art security and appropriate redundancy. BiG invests in third-party IT solutions and equipment to support the infrastructure and has dedicated resources to managing the infrastructure with in-house solutions. This expense category represented 8.5% of the in 2021, as compared with 6.0% in 2020.

Costs associated with net impairments declined by half and remained low. Credit-related losses in 2021 were consistent with prior years' levels of close to zero.

Pre-tax income and Taxation: Pre-Tax income was € 24.8 million in 2021, compared with 34.9 million in 2020. For 2021, net provisions for taxes were € 3.1 million, versus € 9.2 million in 2020, affected in part by the SIFIDE II tax incentives (see Note 37). The effective tax rate for 2021 was 12.2%, as compared with 26.4% for the prior year.

Results of Business Lines

Internally, Management reviews the performance of the Bank at the level of major business lines, sales teams and product areas, using objective criteria and the Bank's accounting results as a base. Performance is reviewed at various levels and for dozens of individual profit centers. These, for purposes of presentation, are combined below into two broad segments: *Wealth Management and Advisory* activities, and *Treasury and Capital Markets*. Operating results on a "management" basis involve allocating revenues and expenses by client segment or business area. Costs are allocated based on actual expenditures by area and a general division of other operating expenses based on criteria decided by the Executive Committee.

The combined business areas under general Wealth Management and Advisory

T.16 (Euro 000)

Results and Taxation	2021	2020	2019	2018
Operating results	**24,831**	**34,870**	**57,503**	**27,502**
Results of subsidiaries	0	0	0	0
Profit or loss before tax and minority interests	**24,831**	**34,870**	**57,503**	**27,502**
Tax expense or (-) income related to profit or loss from continuing operations				
Current Taxes	-2,097	-8,886	-11,611	-3,830
Deferred Taxes	-987	-336	-3,341	-526
Net income before minority interests	**21,748**	**25,648**	**42,551**	**23,146**
Minority Interests	-546	-602	-473	-89
Profit or loss for the year	**21,201**	**25,046**	**42,078**	**23,056**

Source: BiG

T.17 (Euro 000)

Wealth Management and Advisory Services	2021	(%)	2020	(%)	2019	(%)	2018	(%)
Fees and Commissions - Core Business	13,633	39%	12,000	39%	9,676	29%	7,563	24%
Margin	7,740	22%	7,264	24%	7,972	24%	7,266	23%
Other Banking Commissions	901	3%	627	2%	1,161	3%	1,678	5%
Trading / Sales	1,700	5%	1,626	5%	825	2%	887	3%
Corporate Finance	1,485	4%	895	3%	2,131	6%	2,567	8%
Additional Margin Allocated	9,496	27%	8,268	27%	11,633	35%	12,166	38%
Net Revenues	**34,955**	**100%**	**30,680**	**100%**	**33,397**	**100%**	**32,127**	**100%**
Operating Expenses	-26,380		-23,121		-21,422		-21,399	
Pre-tax Income	8,574		7,560		11,975		10,729	
% Operating Revenues / Total Segments Revenues	56%		42%		36%		53%	
% Operating Expenses / Total Segments Expenses	78%		76%		72%		75%	

(Euro 000)

Client Assets	2021	2020	2019	2018
Deposits	1,553,889	1,402,940	1,289,576	1,312,211
Managed solutions	1,024,601	936,551	666,639	583,035
Equity/Custody	2,470,882	1,582,373	1,124,557	959,607

Source: BiG

Services contributed € 35.0 million in 2021, as compared with € 30.7 million in net revenues for 2020. The main contributions came from net commissions, which included brokerage and asset management activities, and margin income, associated with the liability margin allocated from mainly savings and investment products. Fees and commissions from client trading and advisory activities rose 17% in 2021. Growth in this segment tends to be sustained, not explosive. This area generates most of the client-related funding of the Bank. The contribution of the segment to total net revenue rose on a relative basis, in view of the lower income from markets.

Commissions from brokerage, asset management and banking operations represented 39% of the total revenues generated by this segment, versus 41% in 2020. The trend reflects the emphasis on asset accumulation, involving activities in savings, investment, trading, custody and other banking transactions.

The retail sub-segment of BiG Wealth Management and Advisory business is a combination of a brokerage and investment platforms and an integrated, specialized banking offering for the private individual. The approach combines “high touch,” or personalized service, with “low touch,” associated with electronic means of transacting business. Products and services include checking accounts, debit and credit cards, payment services and, to a lesser extent, certain consumer credit arrangements, such as margin accounts. The platform provides a range of savings and investment products from general banking and credit arrangements for the client requiring assistance, to more sophisticated online trading and investment platforms for self-directed clients. These include trading in equities, warrants, futures, foreign exchange, CFDs (contracts for difference), and third-party mutual funds. The Bank reaches clients via internet, telephone and physical branches, staffed by financial consultants. The range of products and distribution methods are designed to reach target clients with different investment profiles, appetite for risk and transaction needs profiles in an efficient manner.

The Institutional and Corporate Advisory sub-segments of this business feature specialized sales teams and tailored solutions for wholesale clients with specific needs. Product offerings include institutional asset management, brokerage, risk management, sales of tailored investment products, and independent advisory services for corporate, banking and institutional clients.

The Treasury and Capital Markets business segment seeks to generate revenues, while managing the exposure of the Bank in such areas as interest rates, foreign exchange, fixed income, equities and derivative instruments. The business focuses on managing the Bank's liquidity and exposure to interest rate risk, in conjunction with credit activities and their concentrations. Credit exposures feature liquid debt instruments of quality corporate, financial and sovereign issuers for a variety of maturities. The Bank may also trade in major foreign currency instruments, interest rate and equity futures, futures on major indices and similar instruments, mainly in connection with the Bank's hedging activities. In managing the various trading books, the activity of the Treasury and Capital Markets team touches on many areas internally and is a source of expertise, market risk management and consistent profitability for the organization.

Balance Sheet and Sources of Funding

Balance Sheet Management

Management's view on risks and expanding the balance sheet considers the stability of BiG's core capital, mainly through reinvested earnings, growth in core retail

T.18 (Euro 000)

Treasury & Capital Markets	2021	(%)	2020	(%)	2019	(%)	2018	(%)
Income from capital instruments	47	0%	41	0%	26	0%	0	0%
Profit / loss of assets and liabilities at fair value through Profit & Loss	1,234	5%	5,157	12%	4,656	8%	4,667	16%
Gains or (-) losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	16,651	62%	34,748	83%	49,127	84%	17,424	61%
Exchange differences, net	6,835	25%	448	1%	-215	0%	760	3%
Results from sale of other assets	29	0%	0	0%	0	0%	124	0%
(Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss)	-475	-2%	-1,029	-2%	566	1%	1,256	4%
Financial assets available for sale	0	0%	0	0%	0	0%	0	0%
Additional Margin Allocated	2,744	10%	2,536	6%	4,603	8%	4,150	15%
Net Revenues	27,064	100%	41,901	100%	58,763	100%	28,381	100%
Operating Expenses	-7,527		-7,188		-8,476		-7,299	
Pre-tax Income	19,537		34,714		50,287		21,082	
% Operating Revenues / Total Segments Revenues	44%		58%		64%		47%	
% Operating Expenses / Total Segments Expenses	22%		24%		28%		25%	

Source: BiG

T.19 (Euro 000)

Key Balance Sheet Items	2021	2020	2019	2018
Total Net Assets	2,772,027	2,203,605	2,268,414	2,277,990
Earning Assets	2,635,644	2,105,776	2,185,302	2,179,606
Loans to Total Net Assets	1.5%	1.5%	0.9%	1.7%
Deposits from Central Banks	50,000	75,000	0	0
Funding from other Credit Institutions	496,759	213,180	491,760	554,334
Deposits from Clients	1,553,889	1,402,940	1,289,576	1,312,211

Source: BiG

deposits, opportunities to acquire manage liquid assets, and to a lesser extent, the availability of short term funding under agreements with third parties. Generally, and as in prior years, changes in nature of the balance sheet are gradual, with year-end levels of assets not differing materially from balance sheets on other reporting dates throughout the year.

Close attention to the size and composition of the Bank's balance sheet is one of Management's most important exercises in risk management. Assets and liabilities frequently change due to client activity, market conditions and available business opportunities, but the size and composition of the Bank's balance sheet at any given time may reflect a variety of factors. These include (i) the nature and availability of stable sources of funding, (ii) the level of the Bank's capital or own funds, based on actual and stressed, or hypothetical levels, and (iii) Management's overall view of opportunities and associated risks. The process involves frequent review of Management's appetite for risk, planning of available investment opportunities and funding strategies via the ALCO (asset and liability) committee, limits on balance sheet growth by business, asset class or concentration, daily monitoring of key metrics by Risk Management, and importantly, the use of scenario analyses and stress tests as an essential tool in maintaining financial discipline. Most earning assets of the Bank are securities classified as financial assets at fair value through other comprehensive income. They are marked to market daily and are used to manage the Bank's exposure to movements in interest rates and to invest excess liquid funds.

The Bank's risk framework has been based, for many years, on a core strategy of maintaining an exceptionally liquid balance sheet. The Bank's processes and procedures encourage a dynamic management of BiG's assets and liabilities and include:

- Daily review and at least weekly planning of key asset and liability items;
- Daily monitoring of key risk measures and utilization of capital;
- Analysis of different scenarios compiled and measured daily;
- Annual projections of funding and capital requirements for a multi-year period;
- Annual review of limits, or more frequently, as required.

Key inter-related concepts of liquidity management, control over asset quality and capital adequacy are discussed in the chapters contained in this Management Discussion covering Market Risk Management, Credit Risk Management and Internal Capital Adequacy.

Total Net Assets at year-end 2021 were € 2.8 billion, as compared with € 2.2 billion at 31/12/20. Earning Assets at 31/12/21 were € 2.6 billion, or 25% higher than on the prior year-end, and were 95.1% of Total Net Assets.

Deposits with Banks are used to manage short-term liquidity and reserve requirements with the central bank and main counterparties. A small portion of the Bank's loan book at year-end included mainly margin accounts to retail clients. At year-end 2021, essentially all of loan assets in this class were fully collateralized and are, therefore, lower risk. Loans of this nature to clients tend to grow with a rising market and to decline in periods of stress. (see Credit Risk Management).

The Held to Collect and Sale portfolio (HTCS) remained stable relative to the prior year and represented grew because of higher levels of liquidity, representing 66% of total earning assets at 31/12/21, or at about the same level as for prior year, and included a mix of sovereign, financial and senior corporate debt instruments. Factors that may affect the size of the portfolio include the opportunities for creating either margin or investment revenue during the year. The decision to either hold securities for margin income or divest is discussed daily, and more formally at the level of the Bank's Asset and Liability Committee (ALCO), and takes into consideration market conditions, credit concentrations and the Bank's over-all liquidity profile.

Main sources of funding were, as in prior years, client deposits, capital, and funding via sale/repurchase agreements with market participants, such as EUREX Repo and other banks. Client deposits are mainly retail in nature and rose to above € 1.55 billion. Deposits taken from other banks are mainly repurchase agreements with international counterparties, and include EUREX REPO, which the Bank joined as clearing member during 2011, and the European Central Bank.

Through the ALCO process, which provides a view of the nature of the concentrations and liquidity of the Bank assets, combined with conservative management of the funding mix described before, it

T.20 (Euro 000)

Earning Assets	2021	2020	2019	2018
Deposits with Banks	427,109	211,524	187,013	160,835
Financial assets at amortized cost				
Debt securities	338,030	359,812	384,840	336,293
Loans and advances	41,467	32,429	21,117	38,827
Financial assets held for trading	82,886	50,107	50,444	73,246
Financial assets at fair value through other comprehensive income	1,746,150	1,451,904	1,541,888	1,570,405
Available for sale assets	0	0	0	0
Held to Maturity				
Total	**2,635,644**	**2,105,776**	**2,185,302**	**2,179,606**

Source: BiG

T.21

(Euro 000)

Main Liabilities and Capital	2021	2020	2019	2018
Deposits from central banks	50,000	75,000	0	0
Financial liabilities held for trading	25,820	23	60	183
Deposits from other banks	496,759	213,180	491,760	554,334
Clients Deposits	1,553,889	1,402,940	1,289,576	1,312,211
Shareholder funds	412,681	421,905	399,255	347,148

Source: BiG

seeks to ensure that substantial excess cash positions are maintained to meet normal and hypothetical out-flows of funds. For further details on secured funding and client deposits, please refer to *Summary Analysis – Liquidity and Liquidity Risk Management* and Note 40.

Shareholder Funds: Shareholder Funds at 31/12/21 were € 412.7 million, as compared with € 421.9 million on the same date in 2020. The number of common shares issued – each with a nominal value of one euro each, fully subscribed and paid up – rose to 186.9 million, including the result of a €15 million rights issue executed in Q4 2021.

Regulatory Capital: BiG's primary regulator is the Banco de Portugal and in accordance with banking regulations, BiG is subject to consolidated risk-based regulatory capital requirements. In broad terms, regulatory capital is used as a basis for measuring key aspects of BiG's banking business and involves a variety of regular adjustments to the Bank's capital account, which are then reported regularly. Capital requirements are expressed as capital ratios that compare adjusted capital to risk-weighted assets. The Bank's regular and required reporting of Core Tier 1 and other solvency ratios are a key part of the regulatory capital process.

Key measures of profitability declined in 2021. **Return on Average Equity (ROE) was 5.2%,** compared to 6.2% for 2020. The Bank's operating expenses / operating income ratio moved to 58.9%, from 48.3% in 2020.

T.22

(Euro 000)

Shareholders' capital	2021	2020	2019	2018
Common stock	186,947	171,947	171,947	171,947
Share premium	1,362	1,362	1,362	1,362
Treasury stock	-2	-2	-2	-2
Accumulated other comprehensive income	-21,788	2,257	-2,296	-34,016
Other reserves	220,111	217,345	197,867	184,800
Profit or loss attrbutable to owners of the parent	21,201	25,046	42,078	23,056
Antecipated dividends	0	0	-15,475	0
Minority interessents	4,849	3,950	3,774	0
Total shareholders' capital	412,681	421,905	399,255	347,148
Book value per share	2.21	2.45	2.32	2.02
Net assets / equity	6.72	5.22	5.68	6.56

Source: BiG

T.23

(Euro 000)

Consolidated Regulatory Capital	2021	2020	2019	2018
Shareholders Equity	**412,681**	**421,905**	**399,255**	**347,148**
Dividends payable	0	0	15,475	-12,896
Net Income	-21,201	-25,046	-42,078	0
Intangible Assets	-11,790	-4,053	-2,938	-2,114
Revaluation Reserves	0	0	0	0
Loans to Employees	-344	-568	-569	-1,065
Value adjustments due to the requirements for prudent valuation	-2,044	-1,555	-1,630	-1,662
Other	-2,490	0	0	0
Own Funds	**374,812**	**390,683**	**367,515**	**329,411**
Risk-weighted assets	1,088,419	863,321	851,619	1,047,326
CET 1 Capital Ratio	34.4%	45.3%	43.2%	31.5%
CET 1 Capital Ratio	34.4%	45.3%	43.2%	31.5%
T1 Capital Ratio	34.4%	45.3%	43.2%	31.5%

Source: BiG

T.24

Performance Measures	2021	2020	2019	2018
Profitability				
Return on Assets (ROA)	0.9%	1.1%	1.9%	1.1%
Return on Equity (ROE)	5.2%	6.2%	11.4%	6.7%
Operating Revenues / Average Net Assets	2.5%	3.2%	4.0%	2.8%
Efficiency				
Net Margin / Earning Assets	0.8%	0.9%	1.1%	1.1%
Operating Expenses / Operating Income	60.9%	49.9%	39.4%	56.1%
Personnel Expenses / Operating Income	33.7%	27.0%	22.5%	34.2%
Solvency				
CET1 Capital Ratio	34.4%	45.3%	43.2%	31.5%
T1 Capital Ratio	34.4%	45.3%	43.2%	31.5%

Source: BiG

RISK MANAGEMENT AND INTERNAL CONTROL

Overview

The assumption and control of Risks are basic concepts inherent to BiG's business. These include *direct financial risks,* such as capital, market, liquidity, interest rate, and credit risks; and *indirect financial risks*, including strategic or business model risk, operational, technological, compliance, and reputational risks. Controls over risks include (i) the need for a well-designed, continuously evolving internal structure of governance, (ii) the understanding, identification, and acceptance of responsibility by individuals within the organization, and (iii) ownership of risk assessment, control, and management by the oversight functions within business units.

To identify and manage these risks, which are inter-related, the Bank maintains a comprehensive and integrated system of internal controls, policies and procedures. These are both quantitative and qualitative in nature. The Board reviews, approves, and oversees the respective risk management functions and ensures compliance with policies and procedures, either as a group or by delegation. Generally, the Bank's systems and policies are designed to ensure effective processing, reliable systems, appropriate risk taking, daily or intra-day measurement of positions, independent reporting and responsible behavior. Policies and procedures on enforcement also seek to ensure respect for and adherence to internal, regulatory, legal and prudential guidelines designed to protect the interests of clients and shareholders, while preserving and protecting the reputation of the Bank.

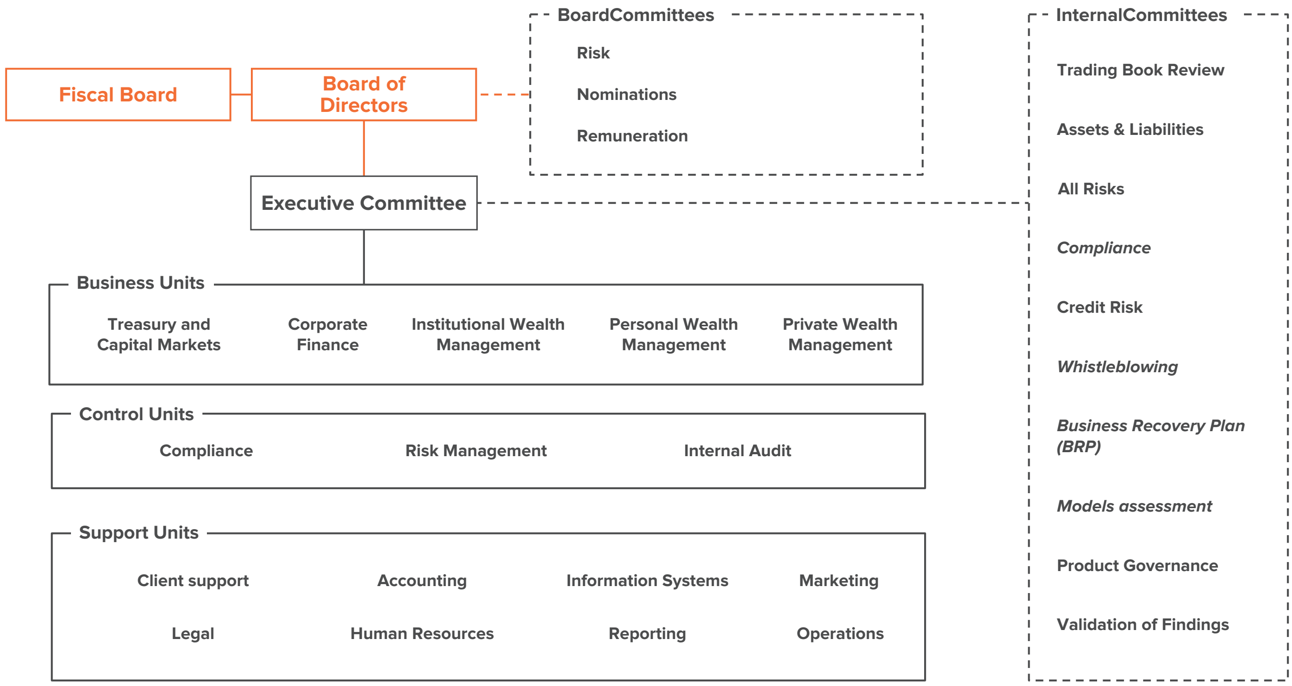
As part of its processes to measure the main risks inherent to banking, mentioned above, Management relies on Value at Risk measurements and stress testing scenarios in addition to other methodologies. They are subject to continuous review and have responded well to the paradigm-changing events associated with domestic and global political and economic events, which have defined the recent years. These have had a significant impact on market practices, the regulatory environment, the nature of audits and ratings, as well as on competition, strategic planning, assumptions, market prices and expectations. Taken together, the major risk categories figure prominently in BiG's view and measurement of market, liquidity and credit risks.

The *risk framework*, in broad terms, includes *(i) the governance structure, (ii) the Bank's policies and procedures, and (iii) the people involved directly in the firm-wide or individual risk control units.* This latter group forms the *3 lines of defense* associated with the risk management process, starting with *business units*, which own the responsibility for identifying and controlling risks, *support functions*, which control and report the process from approval to execution, and the *Internal Audit function*, which assesses and advises on proper implementation of the process. For additional information, including stress tests for reputational and correlation risks, please refer to Note 43.

Governance Structure

Primary responsibility for monitoring risks throughout the Bank rests with Board of Directors, the Executive Committee, the Bank's All Risks Committee, the business units, and various sub-groups, which monitor specific risk areas. The *All Risks Committee* combines the various individual control functions and functional groups overseeing Risk Management (discussed in detail below) and the Compliance area of the Bank.

F.8



F.9

1. Identifying

- Risk units
- Internal Audit
- Internal Control
- Board of Directors / Executive Committee
- Business Units

2. Measuring and Monitoring

- Risk units
- Business Units
- Accounting
- Internal Audit
- Internal Control
- Operations

3. Reporting

- Risk units
- Reporting
- Operations
- Internal Control
- Accounting
- Internal Audit

4. Action plan

- Board of Directors / Executive Committee
- Internal Committees
- Business Managers

Presiding over the governance structure is the Board of Directors, which delegates day to day matters to the Bank's Executive Committee. This group is accountable, and may refer matters to, the general Board of Directors, whose non-executive members preside over specific Board committees and liaise, at least quarterly, with the Bank's statutory Fiscal Board. It is the responsibility of the Board as a group, and its members, individually – with both supervisory and executive functions – to provide guidance on strategy and risk appetite, approve policies and maintain an integrated view of risk exposures.

Oversight by the Board, as a group and through its committees, includes such areas as:

- Strategy;
- Risk Appetite;
- Risk Management and Internal Control;
- Financial Performance and Reporting;
- Remuneration of key executives / relation to Performance over a cycle;
- Nominations and Succession Planning;
- Culture and *Tone from the Top.*

General Policies and Processes

The Board of Directors reviews policies, procedures and any underlying regulatory changes regularly, and seeks to ensure their clear communication throughout the organization as a basis for building a sound, operating environment. The nature of the governance structure for risk and the existence of clear policies aim to ensure that processes associated with four key steps in the risk management process – identifying, measuring, controlling and reporting risk exposures to potential losses – are in accordance with sound banking practices and regulatory standards.

In managing its exposures to various risks, the Bank is guided by the following basic principles:

- Regular review of policies, procedures and regulations by The Board of Directors;
- Formal definition of responsibilities for risk management in the Bank;
- Policies and procedures to ensure independent oversight;
- Appropriate diversification of risks and formal review of concentrations;
- Systems of independent measurement and reporting;
- Overlapping systems to measure and control risk;
- Training to assist in identifying risk across business areas.

Critical policies and processes include: (i) the active review and management of the Bank's positions, (ii) marking to market substantially all BiG's earning assets on a daily basis, (iii) daily or intraday review of the Bank's financial exposures and net revenues, (iv) continuous, independent review of credit exposures, controls over limits and accounting processes, (v) independent reporting and regular dialogue among revenue-producing teams and independent risk control and support functions, (vi) extensive stress testing procedures, including the application of extreme scenarios, and (vii) the direct involvement of Management in the process of controlling and assessing the Bank's appetite for risk. In addition, Management encourages and expects the rapid communication and escalation of important trends and potentially significant risks.

Measuring Risk

In taking decisions and in managing risk, Management applies its business judgment in combination with a variety of quantitative tools and systems used to monitor and measure exposures. These are discussed in the following sections and include:

- Scenario stress testing;

- Market Risk Limits based on VaR (Value at Risk);
- Sensitivity analyses, particularly with interest rate risk;
- Measurement of exposures based on Basis Point Values (bpvs);
- Control of limits by counterparty, family, asset class and portfolio;
- Concentration Limits;
- Qualitative analysis and procedures.

The process involves regular self-assessment exercises, updates in techniques and periodic changes of assumptions, as well as adherence to changing regulatory and accounting issues. As a result, this is a daily focus of Management, line functions and support areas. BiG assumes as part of the process that no single methodology to measure risks is enough, by itself, to provide a complete picture of BiG's exposures. Management and risk oversight teams, therefore, often review risks, particularly market-related risks, with a combination of approaches. As a policy, the Bank seeks to quantify the potential for losses associated with every aspect of its business, to have a reasonable prior estimate of potential damages in the event of unexpected events. These can range from those that are possible, based on recent historical data, to those that BiG deem to be highly unlikely, but which nevertheless can be estimated based on the assumption of certain extreme scenarios.

Generally,

Market risk involves at least a daily review of all the above key points;

Liquidity risk and Interest rate risk focus on several methodologies, among which basis point values and scenario analyses;

Credit risk focuses on nominal and fractional exposures, concentrations by borrower/issuer by group, sector or geography, and on stress testing;

Derivatives exposures are measured with sensitivity analyses of exposures measured in basis points;

Operational risk monitors potential risks and losses associated with people, systems, external events, legal matters and compliance risks;

Reputation risk and Correlation risk involve some of the more subjective risks to which the Bank may be exposed, and usually depend on scenario analyses in order arrive at quantitative estimates.

Limits and Controls

Limits on all risk activities involve a series of frequently reviewed controls organized by class of product, by tenor, and by team or individual decision-maker. They may be measured via a combination of non-statistical measures, including basis point values (bpvs), and statistical measures, such as value at risk (VaR), discussed below.

Management and the Risk functions work closely to ensure continuous update, daily reporting, dialogue and review of assumptions and models. A variety of criteria are used for determining appropriate limits on risk-taking associated with trading and investment risk-taking, including BiG's current and historical analyses of markets, statistics on volatility and liquidity, fundamental and technical analysis, the level of experience and performance of traders and managers, and importantly, the Bank's appetite for risk in accordance with market conditions.

Approved limits specifying authorized exposures by counterparty and concentrations by asset class are reviewed on a periodic basis and are communicated formally and periodically to managers, traders, sales staff and back-office personnel. All personnel are responsible for adhering to approved limits, which are monitored by separate and independent middle and back-office functions to ensure that positions are valued and recorded accurately.

Reporting

Daily, risk management and back-office functions compile and report positions to Management based on established statistical and non-statistical measures. Exceeded limits are reported to Senior Management immediately and action is taken to guarantee compliance with the limit. Formal controls are enhanced by informal systems of monitoring position taking and limits, including at least daily meetings by senior managers with markets areas to review positions and evaluate trends. Reports on daily stress tests serve as a basis for discussion on the appropriateness of exposures, or as a trigger to review concentrations of risk, via the sale or repositioning of BiG's positions or hedging of risks.

Risk control units

Each of the internal risk committees – the Asset and Liability Committee, the Credit Risk function, and groups responsible for such areas as Internal Audit, Compliance, Operating risks and Technology risks – includes individuals responsible for the day-to-day controls. Each also involve, normally, at least two other members of the Board. Within limits established by the Board, these risk groups have decision-making authority in their respective areas. Daily events of an exceptional nature require the approval of at least two Executive Directors. Major exposures or significant policy decisions falling outside of these limits require review and approval of the general Board of Directors. In addition, the Bank's All Risks Committee meets regularly to ensure proper communication, regulatory compliance and understanding of the inter-relationship of risks across various areas of the Bank.

Capital Risk

Capital risk management ensures that the Bank has acceptable capital funds and operating ratios to support the institution's strategy, business activities, and underlying risks during both normal and stressed operating conditions.

As capital risk and strategy are closely linked in BiG's business, Management's views on leverage, minimum capital targets, and sustained capital growth, mainly through retained earnings, within the context of competitive, market and regulatory conditions, in effect, determine the Bank's strategy and risk appetite. These issues are a focus of the Board's Risk Committee. They are discussed extensively in the sections on *Funding and Capital Planning,* are formally addressed as part of the Bank's *ICAAP* (Internal Capital Adequacy *and Assessment Process*) review sent to regulators annually and are the target of daily position reporting and stress testing. The management of capital risk is directly connected to Management's long-established views on what constitutes acceptable capital ratios and buffer, asset quality and balance sheet management, dividend policy, ROE targets, the nature of shareholder funds versus regulatory capital, and general risk management.

The results of daily controls discussed in the individual, but inter-related, risks discussed below combine to provide Management with a clear picture on capital risk management. The objective is to maintain levels of capital to:

- Invest and grow the business through cycles and moments of stress;
- Meet regulatory requirements by a comfortable margin;
- Distribute dividends, while ensuring a "well-capitalized" business;
- Retain flexibility when opportunities present themselves; and
- Protect the integrity of the Bank's business model and its reputation.

Strategic Risk

Strategic Risk is the risk that the core assumptions of the Bank's strategy may be disrupted, and transverses the various risks described above. It includes the risk to current and anticipated earnings, the integrity of capital and liquidity positions, the Bank's intrinsic value and/or reputation arising from business decisions or deficient execution and requires consideration of external factors. As a result, it is one of the most important risks for Management to consider in the middle of a secular pandemic and the unknowns or opportunities deriving from the recent period.

Oversight of strategic risk ranges from daily review of results, balance sheet strategy and risk appetite, to Annual Plans, review of new business investments, and periodic Strategic Plans approved by the Board of Directors.

The process involves:

- The planning process by business unit;
- Review of risk strategies;
- Trends in revenues, asset composition and quality, their mix and concentrations;
- Scenario planning;
- Digital transformation and investment;
- Review of client needs and expectations;
- Competition, regulatory and market environment;
- Building a culture able to respond to unexpected changes in market conditions.

The Bank's global view of the risks mentioned above derive from the strategic decisions of Management, and how the results are executed and measured. They involve processes to assess the risks – as well as opportunities and advantages – to the business model from competitive factors, technology, regulation and changes to the external environment, and may involve decisions to invest in new business opportunities and/or to modify or exit current businesses. The process considers regular and frequent interaction with clients, suppliers, analysts, counterparties, the Bank's advisory council, and shareholders.

Regulatory Risk

Regulatory Risk, deemed by Management to be a *sub-risk* of Strategic Risk, **is the risk of a change in regulations and laws that might affect an industry or a business, materially**. Changes in regulations can reduce the attractiveness of an industry and the capacity of that industry to attract investment and capital. In banking, changes designed to improve solidity and efficiency, can lead to increased costs and may affect the competitive landscape of a highly regulated sector, as compared to other sectors, with respect to one of the industry's key stakeholders: shareholders.

In Portugal, special taxes classified as "solidarity contributions" applied only to the banking industry, and the existence of two "resolution funds" – one domestic to deal with large shortfalls involving banks resolved only recently, and one Europe-wide, featuring a still un-unified deposit guarantee system – add to the costs of doing business. They reduce profitability, can affect the competitiveness of the domestic banking sector in relation to peers in other countries, and may require adjustments to strategy. Recommendations by regulators for banks to suspend their remuneration policies to shareholders via cash dividends or stock repurchases, may add constraints to Capital Risk management, and can lead potentially, in the case of strongly capitalized banks, to an increase in business risks.

Regulatory risks can be difficult to predict, often requiring Management to be re-active, rather than pro-active. These factors may contribute to the challenges of planning, implementing strategy, controlling costs, and managing the expectations of stakeholders.

Market Risk

Market Risk represents the possible decline in the value of financial instruments as a result of changes in market conditions.

Key risks that BiG manages in their market activities, which have a direct impact on the Bank's daily profit and loss account, and/or on the Fair Value Reserve of the capital account, include:

- *Fixed Income Risks*, resulting from movements in prices in assets held for trading or for longer periods;
- *Equity Price Risk*, resulting from exposures to changes in underlying prices and volatility;

- *Currency Rate Risk*, resulting from exposure to changes in spot prices, forward prices and volatility;

- *Derivatives Risk*, resulting from the management of BiG's exposure to changes in the prices of underlying assets used to hedge client product and positions.

In managing the above risks, the Board exercises oversight through its Risk Committee. Day-to-day oversight and management is delegated to the Executive Committee, the Bank's Asset and Liability Committee ("ALCO") and the Market Risk Unit. The ALCO may include supervisory and other members of the Board, in addition to business managers of both revenue-producing units and risk control teams.

Underlying the committees are the primary risk control units – Market and Credit Risk – which are responsible for reviewing methodologies for measuring risk and limits for all investment and trading activities. They also control broad investment management issues discussed at the level of ALCO, review of models and analytics associated with calculating value at risk limits within both Bank and client portfolios and are responsible for conducting daily portfolio stress tests. They also oversee the independent control and enforcement of limits on risk taking by front office personnel. As a result, the Bank group seeks to ensure an efficient balance between risks and return, as well an appropriate level of volatility in operating results.

In its Treasury and Market activities, BiG seeks to generate or to protect revenues while managing its exposure to changes in the value of financial instruments across various markets, products and portfolios. To manage and report risks, Management establishes and reviews, on a periodic basis, comprehensive procedures and systems designed to ensure levels of control commensurate with the Bank's capital and business objectives.

The Market Risk function, along with Management, Compliance and other operating areas, reviews policies and procedures on product development to ensure that levels of risk assumed by clients, and as marketed by BiG, are appropriate in the circumstances. Some members of the ALCO are also part of the Bank's Investment Committee, which oversees trends, allocations and policies with respect to the management of client assets, including responsibilities associated with advisory and discretionary mandates. The activities of this area, while separate from the Bank's own portfolio, are subject to the same type of control mechanisms and procedures as those exercised by the Bank in the management of its own capital. Both groups meet regularly and, as they normally include two or more Board members, have the authority to decide on day-to-day issues. Major exposures or significant policies are generally put before the general Board of Directors for prior review.

Methodologies

The Bank utilizes a variety of methodologies to measure and control market-related exposures, which are analyzed in conjunction with information covering country and counter-party risks. Often risks are managed through a process of diversifying exposures, controlling position sizes, and establishing hedges in related securities or derivatives. Key quantitative tools used to measure, and control exposures efficiently include statistical measures and non-statistical measures, among which:

- VaR (Value at Risk);

- Stress testing;

- Calculations of basis point values;

- Sensitivity testing.

The Bank employs these systems simultaneously with others, such as loss advisories and daily controls of concentrations to ensure the integrity of the process if one or more methodologies should fail, as a result of some extraordinary event occurring in the markets.

Value at Risk (VaR)

VaR, which measures risk assuming normal market conditions, is combined with non-statistical measures, including stress testing, back testing and stop loss advisories, to ensure proper controls of expected returns by risk type under all market conditions. The Bank calculates VaR using historical series to calculate the volatility, the one-year time horizon and a 99% confidence level. This means that the Bank would expect to incur losses greater than the predicted VaR estimates only once in every 100 trading days or approximately 2.5 times per year. Since VaR is a theoretical approach based on historical returns, the model has limitations and may not always produce accurate predictions of future market risk. Changes in VaR between reporting periods, for example, are due generally to changes in levels of exposure, volatility and correlation among securities.

Utilization of trading limits, as indicated below and in line with prior years, was lower used, on average, than investment limits, with most value at risk concentrated in the Bank's Held to Collect and Sell portfolio (HTCS).

Components and concentrations of the portfolio are typically dynamic as the Bank seeks to maximize stable flows of revenue, while maximizing flexibility to recognize gains and to maintain high levels of available liquidity. The highest levels of VaR were associated with the fixed income portfolio, reflecting concentrations in that class of instrument. Further detail on exposures may be found in the Concentration Risk section of this report.

Stress Testing Trading and Investment Portfolios

The Bank does extensive stress testing of its positions daily, and considers this approach, in combination with VaR measurements, to be an essential tool for managing market risks. With stress testing, the Bank seeks to estimate the potential losses associated with an instrument or portfolio under different scenarios. Each day BiG applies 16 scenarios to test 96 different positions across the Bank's trading and investment portfolios assuming certain worst-case historical market events. These scenarios are revised frequently as market conditions change. When historical

T.25 (Euro)

Trading VaR 2021 (vs 2020)	2021 December	2021 Average	2021 Maximum	2021 Minimum	2020 December	2020 Average	2020 Maximum	2020 Minimum
Foreign exchange risk	14,524	10,663	51,980	1,365	8,868	15,857	63,365	2,291
Interest rate risk	177,948	315,784	835,502	69,280	460,489	314,058	748,052	33,631
Equity	123,070	15,631	128,596	0	0	16,227	182,793	0
Options	0	782	65,954	0	7,338	3,452	15,424	0
Diversification	38%	13%			16%	19%		
	195,301	**298,245**	**807,148**	**60,998**	**401,419**	**284,581**	**710,501**	**30,307**

Source: BiG

VaR: *Loss expected, in the worst case, within the confidence level indicated; larger losses may be possible but have a correspondingly lower probability of happening.*
Back-testing: *Process of validating a model by comparing its predictions to actual results.*
Confidence level: *Probability that actual losses will not exceed the estimated value at risk, the greater the confidence level, the higher the value at risk.*
Diversification Effect: *Represents the gain, in risk terms, of having a diversified portfolio.*

data is not available, underlying assets from identical classes and with a higher level of correlation may be used.

Most tests are based on historical events and known reactions by markets to those events.

Historical scenarios observed are used given the adverse periods in the market and used as a basis for running daily tests identified as “C1, C2….C5.” The historical scenarios described in T. 27 are applied to current exposures to estimate potential gains or losses in major trading or investment books. Results are then compiled and reported daily to Management by the Bank’s Market Risk area.

Liquidity Risk

Liquidity Risk arises from the management of the Bank’s assets and liabilities.

BiG’s policy on liquidity and funding is based on the following principles: (i) pre-funding of assets prior to their acquisition; (ii) the ability to convert a significant part of BiG’s investments to liquidity within a very short timeframe; (iii) a program of building a stable client deposit base, and (iv) the assumption that BiG will maintain a reasonable level of independence from wholesale funding markets. These principles define the Bank’s business model, which is non-credit-intensive, commission and service-based, and implies an asset base composed largely of highly liquid securities as opposed to illiquid loans.

In practice, the Bank’s liquidity management process is both a daily and strategic issue for Management. It encompasses detailed controls of inflows and outflows, pricing and reputational issues, controls over collateral, considerations on liquid versus less liquid assets, eligibility requirements, the ALCO process and the aspects of BiG’s business recovery plan that touch on the fundamental nature of the Bank’s business model: liquid, flexible, quality assets funded conservatively by mainly stable deposits and capital.

Interest Rate Risk

Interest Rate Risk results from exposure to changes in the level, slope and curvature of the yield curve, volatility of interest rates, duration and credit spreads.

Interest Rate Risk measures the probability of impacts on the Bank’s earnings or capital due to changes in the absolute level of interest rates, in spreads between two rates or in the shape of the yield curve, among other factors. BiG controls its exposure to adverse events through diversification and via hedging techniques.

The Bank measures interest rate risk in bpvs, meaning that for each change of 0.01% in the rates, BiG can calculate the economic impact of such movements on the value of assets, usually fixed rate securities that are interest rate sensitive.

Table T.28 shows assets and liabilities by maturity as of 31 December 2021 and the corresponding basis point values (*bpvs*) per period.

Earnings at risk associated with movements in interest rates are measured by assuming a variety of scenarios on a regular basis, namely a rise or decline of 200 basis points or a similar rise or decline of 50 basis points for maturities over 1 year.

Table T.29 measures the impact of the before-mentioned movements on revenues on 31 December 2021.

Table T.30 shows the impact of a movement of 200 basis points in the interest rate curve on the value of the own funds for the last 3 semesters.

T.26 (Euro 000)

Positions at 31/12/21:

Trading Book	Worst Scenarios - Equity					Worst Scenarios - Bonds					Worst Scenarios - FX					Commodity
	C1	C2	C3	C4	C5	C1	C2	C3	C4	C5	C1	C2	C3	C4	C5	C1
Equity	40	73	49	226	226	(37)	(22)	(34)	(81)	(123)	60	63	6	81	149	99
Options	159	224	211	469	696	46	187	81	92	295	274	213	57	191	461	132
FX	(8)	195	(297)	(166)	(196)	(63)	(1)	(47)	731	(392)	(230)	(127)	64	96	307	(32)
Interest Rate Risk	(14)	(341)	(94)	(868)	(314)	2,314	(518)	(969)	(149)	(544)	185	(1,033)	(605)	(1)	(271)	(345)
Total	177	151	(132)	(339)	412	2,260	(353)	(969)	593	(764)	289	(884)	(478)	365	646	(145)

Investimento	Worst Scenarios - Equity					Worst Scenarios - Bonds					Worst Scenarios - FX					Commodity
	C1	C2	C3	C4	C5	C1	C2	C3	C4	C5	C1	C2	C3	C4	C5	C1
Interest Rate Risk	(6,028)	(22,409)	(10,248)	(19,129)	(24,505)	(14,741)	(20,472)	(23,236)	(20,463)	1,884	(12,923)	(13,618)	(13,201)	(14,844)	(25,445)	(12,020)
Equity	(111)	(199)	(178)	(298)	(811)	(67)	(219)	(24)	(116)	(174)	(269)	(201)	(16)	(175)	(508)	(30)
Total	(6,139)	(22,608)	(10,426)	(19,427)	(25,316)	(14,808)	(20,690)	(23,261)	(20,580)	1,710	(13,191)	(13,819)	(13,218)	(15,019)	(25,953)	(12,051)

T.27 (Euro 000)

Historical scenarios:

Equity Worst Scenarios		
C1	Decision of Federal Reserve to cut the monetary stimulus plan	23-01-2014
C2	Greek crisis and, consequently in the Eurozone	26-06-2015
C3	First fears from the spread of COVID-19	26-02-2020
C4	Black Monday of 2020	06-03-2020
C5	COVID-19 declared as global pandemic	11-03-2020

Bonds Worst Scenarios		
C1	Portugal downgraded by Moody's	05-07-2011
C2	Greek political crisis	11-05-2012
C3	Germany rejects Eurobonds	22-06-2012
C4	New uncertainties in the Euro zone – Italy	28-05-2018
C5	Growing concerns on the impacts of COVID-19	17-03-2020

FX Worst Scenarios		
C1	Renewed worries that Europe's debt crisis could spread	17-08-2011
C2	Libor Manipulation	02-04-2012
C3	Low expectation on US economy	05-06-2013
C4	Global events affect markets around the world	10-02-2016
C5	Brexit referendum	17-03-2020

Commodity Worst Scenario		
C1	US oil prices collapse	20-04-2020

Source: BiG

T.28 (Euro)

Interest rate risk Maturity	Assets	Liabilities	*Hedge Derivatives (+)*	*Hedge Derivatives (-)*	*Extrapatrimoniais Ativo*	*Extrapatrimoniais Passivo*	Net	bpv's
Overnight	316,560,553	280,908,793	0	0	90,782,533	0	35,651,761	40
O/N < t ≤1M	390,703,964	345,069,604	242,203,491	0	0	0	287,837,852	-1,028
1M < t ≤3M	337,190,572	324,207,313	50,485,376	0	0	0	63,468,635	-1,093
3M < t ≤6M	54,183,439	189,322,233	53,498,023	0	0	0	-81,640,771	2,426
6M < t ≤9M	3,303,101	43,923,250	0	0	0	0	-40,620,148	2,550
9M < t ≤1Y	20,572,067	91,409,275	0	0	0	0	-70,837,209	5,637
1Y < t ≤1.5Y	1,042,324	44,884,221	0	0	0	0	-43,841,896	5,425
1.5Y < t ≤2Y	6,966,121	43,231,627	0	0	0	0	-36,265,506	6,266
2Y < t ≤3Y	22,240,158	729,858,820	0	0	0	0	-707,618,661	176,270
3Y < t ≤4Y	27,654,934	6,240,038	0	0	0	0	21,414,896	-7,561
4Y < t ≤5Y	96,017,091	4,735,927	0	93,401,240	0	0	-2,120,076	5,497
5Y < t ≤6Y	68,206,352	0	0	0	0	0	68,206,352	-34,945
6Y < t ≤7Y	51,872,173	0	0	115,885,187	0	0	-64,013,013	39,343
7Y < t ≤8Y	53,939,985	0	0	0	0	0	53,939,985	-37,996
8Y < t ≤9Y	150,782,886	0	0	20,576,400	0	0	130,206,486	-97,976
9Y < t ≤10Y	106,539,036	0	0	315,870,220	0	0	-209,331,184	196,153
10Y < t ≤15Y	482,849,054	0	0	386,832,137	0	0	96,016,917	-94,581
15Y < t ≤20Y	266,964,049	0	0	17,990,078	0	0	248,973,971	-392,589
tCF>20Y	134,023,050	0	0	215,761,974	0	0	-81,738,924	173,031
	2,591,610,909	**2,103,791,100**	**346,186,890**	**1,166,317,236**	**90,782,533**	**0**	**(332,310,536)**	**(55,133)**

T.29 (Euro)

December 2021			
Parralel increase of 200 bp	**Parralel decrease of 200 bp**	**Increase of 50 bp after 1 year**	**Decrease of 50 bp after 1 year**
-11,026,548	11,026,548	-3,183,157	3,183,157

Source: BiG

T.30

Interest Rate Risk - Semi-annual Evolution Date	Parallel increase of 200 b.p. in the interest rate curve	% Impact on own funds
Dec/20	-8,041,037	-2.1%
Jun/21	-28,832,730	-7.1%
Dec/21	-11,026,548	-3.0%

Source: BiG

Credit and Investment Risk

Credit Risk is defined as the loss the Bank would incur if a borrower, counter-party or issuer of securities or other instruments BiG holds as investments failed to perform under its contractual obligations to the Bank.

Overview

The Bank is exposed to credit risks associated with most of its activities. These include, mainly, direct exposure to credit risks associated with securities issued by third parties and held as investment or trading assets of the Bank. Credit risks arising from dealings with professional counterparties as well as issuers of listed securities represent most of our exposures and, given their nature, are assessed in combination with procedures for managing market risks discussed above in Market Risk. To a lesser extent, they also include direct exposure to clients who have contracted loans, usually on a margin basis as part of their normal trading activities, and market or settlement risk associated with trading activities by clients.

Credit exposures at BiG may include corporate and sovereign bonds acquired in the market, direct loans to customers, full value and replacement value inter-bank risks, securities-related settlement risk, receivables under derivative and foreign exchange contracts, and to a lesser extent, lending-related commitments under guarantees and similar facilities. Credit exposures may result also from failures in operational controls and are implicit in BiG's relationships with key third-party suppliers. In its process of analysis and approval, the Bank assesses these exposures at several levels: at the level of individual transaction, at the level of maximum exposure to the client and related "family," and, separately, at the level of respective portfolios to measure concentration of risks of a given class of assets, sector, industry or geographic location. As a matter of policy, all exposures are assessed and processed for approval, whether on or off-balance sheet in nature.

Processes

As an activity inherent to banking, credit risk is a normal part of the Bank's business model and fundamental to generating revenue and value for the shareholders. Given the importance of developing profitable business while taking risk and using capital prudently, the credit risk process aims to preserve the independence of the approval process, while allowing an effective integration with the management of business objectives. This process begins with the Board of Directors, which approves general policies and guidelines for credit risks, and which exercises oversight through its committees and members of the Executive Committee, by delegation. The Board also delegates appropriate authorities to credit officers and support personnel. The Executive Committee oversees day-to-day implementation of respective policies and responsibilities, which include:

- Quantitative and qualitative guidelines for credit reviews;
- Quantitative and qualitative guidelines and procedures for control of credit quality issues;
- Control of client, family and "house limit" risks;
- Documentation, control and filing systems;
- Management and control of risk monitoring systems and procedures;
- Maintenance of a credit scoring and approval matrix;
- Attention to the integrity and independence of the approval process;
- Adherence to regulatory guidelines;
- Pricing policy.

Nature of Credit Exposures

The nature of credit risks BiG manages has not varied substantially over the past several years and reflects the Bank's business objectives and underlying model.

In broad terms, the Bank's business strategy reduces credit risk to two broad categories:

- *Secured facilities*, which arise from BiG's relationships with mainly retail clients. These are secured generally by cash, eligible marketable securities. This category also includes issues by banks of residential mortgage-backed securities and covered bonds;
- *Unsecured facilities*, which arise out from managing BiG's main credit risks, namely, portfolio investments in corporate or government issuers of debt, and market trading activities with professional counterparties. Exposures classified by the Bank as unsecured may involve sovereign debt issues, or debt issues of any number of entities guaranteed by sovereign guarantors. Given the size of the Bank's investment portfolio of corporate and sovereign senior bonds, this type of facility represents the largest portion of credit exposure for the Bank.

Credit Procedures

In accordance with the Bank's Credit Policy, the basis for approving credit exposures, whether secured or unsecured, includes a determination of a risk score for the credit exposure, calculated based on primarily objective criteria. The results of the process of financial analysis and risk scoring serve as the basis for deciding the returns associated with the risk assumed, including considerations on minimum pricing, acceptable structure, tenor and appropriate documentation.

In the process, the Bank follows a pre-established approval matrix, which combines the results of credit scoring, tenors, maximum levels of overall exposure including any transaction under consideration, and the pre-approved levels of lending authorities granted to credit officers by the Board of Directors. Other criteria for determining levels of signature include the existence and type of collateral underlying the full-value exposure.

Unsecured exposures

Extensions of credit or related exposures that are not fully collateralized, or where the collateral offered may not be liquid, are subject to an objective and periodic review of historical financials and conservative projections as a basis for approving any type of facility. This process may be accompanied by information provided by an international rating service, particularly in the case of non-domestic issuers and financial institutions. Other criteria used as part of the approval process include qualitative considerations, such as the quality and reputation of management, the borrower's positioning and performance within its peer group and other relevant information.

Principal, full-value unsecured exposures are those to financial institutions via the interbank market, where the Bank may act as a lender to other banks, to the financial, corporate and sovereign sector represented usually by quoted debt securities of varying maturities.

Concentration of Risks

The Bank views its exposure to concentrations of risk by category: credit risk, market risk, liquidity risk and operational risk.

In the case of managing credit concentrations, Management and the Bank's risk area focus on daily reports which summarize the largest concentrations of risk, including direct, indirect and contingent exposures. These are divided by financial and non-financial exposures. The reports among others serve as a management tool to monitor large exposures regularly and serve as a basis for periodic reporting of regulatory limits, including exposures equal to 10% of own funds and legal lending limits, representing 25% of consolidated regulatory capital. Sector, investment class, country and rating exposures at 31 December 2021 are presented in tables T.31 to T.34.

Stress Testing

The Bank measures all relevant exposures in several manners, but none is deemed by Management as important as the series of stress tests BiG runs. As with other portfolios, whose risks are measured in a variety of manners daily, the Bank's investment portfolio, consisting of mainly fixed income securities of varying tenors, is subject to different stress tests to provide Management with an assessment of potential losses, assuming a number of hypothetical scenarios. In addition to historical scenarios, the Bank focus daily on extreme or highly unlikely scenarios, which are applied to positions to test the resiliency of the Bank's balance sheet and capital adequacy. When applied to this portfolio, these scenarios seek to measure potential losses by class, by largest individual potential loss, and by industrial sector.

The simulations presented are based on the impact on the movement of credit spreads and yields in evaluating debt securities, along with their maturity and duration. Another variable is the size of the hedge covering the fixed income portfolio. The objective of the tests is to determine the extent to which earnings may be affected and shareholder funds may be depleted in theoretical circumstances. The results of these tests are used to maintain discipline and control position-taking or excessive concentrations.

The results on 31 December 2021 follow (T.36) and show that, under the most extreme circumstances, with spreads and

T.31 (Euro)

Exposure by sector	Amount
Government	1,102,118,548
Asset backed securities	461,784,148
Financial	198,891,479
Utilities	108,273,182
Energy	74,903,315
Basic Materials	65,053,585
Consumer, Non-Cyclical	48,549,693
Communications	30,467,897
Industrial	25,882,754
Consumer, Cyclical	18,797,132
Technology	15,890,041
Real Estate	1,939,352
Total	**2,152,551,127**

T.32 (Euro)

December 2021 Exposure by Investment Strategy	Montante
Bonds	2,152,551,127
Equity	14,096,111
Cash & Near Cash	219,056,533
Forex	2,965,172
Total	**2,388,668,943**

T.33 (Euro)

Exposure by Country - top 15	Amount
Italy	692,225,180
Portugal	559,354,685
Spain	376,575,913
United States of America	103,862,357
Mexico	56,619,663
Brazil	52,114,515
France	44,903,177
Germany	42,181,033
Chile	33,456,436
Mozambique	25,858,511
Colombia	23,167,357
Peru	18,837,742
Indonesia	18,749,604
United Kingdom	14,921,281
Netherlands	13,361,900
Total	**2,076,189,354**

T.34 (Euro)

Exposure by rating	Aaa	Aa	A	Baa	Ba	Caa	NA	Total
Supranational Debt	0	2,002,130	520,285	0	0	0	0	2,522,415
Government Debt	41,470,412	3,552,036	296,248,551	679,829,165	56,208,851	24,809,535	0	1,102,118,548
Regional Debt	3,015,913	0	0	0	0	0	0	3,015,913
ABS	9,754,173	4,350,936	93,326,578	52,621,254	23,614,606	0	1,048,976	184,716,522
Covered - Banks	0	19,329,867	37,845,539	144,940,106	63,932,811	0	112,707,681	378,756,005
Senior - Banks	0	0	0	0	0	0	156,277	156,277
Subordinated - Banks	0	0	2,096,554	7,410,687	8,681,465	0	0	18,188,705
Senior Debt	0	0	0	1,292,593	0	0	0	1,292,593
Subordinated - Corporate	0	432,539,043	17,378,429	11,866,676	0	0	0	461,784,148
Total	**54,240,497**	**461,774,013**	**447,415,935**	**897,960,480**	**152,437,732**	**24,809,535**	**113,912,934**	**2,152,551,127**

Source: BiG

yields changes in the range between 120% and 130%, theoretical losses would be significant but would not affect the overall solvency of the Bank, which would remain comfortably above levels necessary to continue operations.

Table T.36 shows the range of testing results during 2021.

Credit Exposure to Derivatives

Derivatives contracts are financial instruments, such as futures, forwards, swaps and options, which derive their value from underlying assets, indices, interest rates or currency exchange rates, among others. BiG utilizes derivative financial instruments and foreign exchange instruments to manage the Bank's exposures to the markets to generate revenues through its trading activities. In assessing risks, the Bank follows the same credit procedures for derivatives and foreign exchange-related exposures, as it does for traditional lending products described above. Credit limits for these products are calculated and controlled based on potential exposure, which takes into consideration current market values and estimates of future movements in market rates based on statistical criteria.

T.35 (Euro)

Country (Top 10)	Extreme scenarios
Italy	23,512,597
Portugal	11,158,142
Spain	4,905,059
Mexico	4,293,670
Brazil	2,609,099
United States	2,312,674
France	1,204,053
China	1,082,922
Colombia	905,956
Chile	710,736
Total	**52,694,909**

T.36 (Euro 000)

Maximum and minimum losses			
Maximum (*)	Minimum (*)	Average	Std Deviation
-58,731	-33,753	-46,876	5,943

(*) Maximum and minimum losses

Source: BiG

As part of the process, BiG calculates the cost of replacing a derivative or foreign exchange contract as the primary measure of exposure to credit risk. This refers to the cost of replacing a contract at extreme market conditions should a counterparty default prior to the date of settlement. The Bank uses mark to market procedures to assess the cost of replacing a derivative or foreign exchange contract in the open market.

A summary of notional derivatives exposure and related receivables under contracts with counterparties on 31 December 2021 may be found in Note 25.

Model Risk

Model risk is a sub-category of the Bank's Market, Credit and Operational risk management processes. It reflects the use by the Bank of estimations and financial analyses underlying some BiG's daily assessments and the potential that incorrect formulas or assumptions might lead to inappropriate decisions.

The methods used to make estimates about the Bank business are applied to valuing positions, measuring risk, calculating regulatory requirements, monitoring appetite for risk via stress testing models, and estimating potential credit losses, among others. They range from simple to varying levels of complexity and require frequent review by the users/owners to ensure their integrity. A separate function, the *Model Validation committee*, analyzes and challenges the appropriateness of models on a regular basis, may approve or recommend changes, depending on the level of underlying risk, and reports findings to the Board.

Operational Risk

Operational risk may arise from inadequate procedures or systems, human risk or external events.

The Bank, given the nature of its business, is exposed to potential losses and/or risk to BiG's reputation from human or systems-related operational errors, unexpected interruptions in business processing or insufficient execution on the part of third-party suppliers of significant components of the Bank's complete business model.

In the process of managing operating risks pro-actively to keep exposures to minimal levels, the Bank reviews its system of internal governance on a regular basis to ensure the smooth running of the business under both normal and unusual circumstances.

These systems and procedures are designed to reduce the risks of fraud from internal or external sources, or of errors or breakdowns, which can be the result of unexpected events associated with the technology and systems infrastructure, procedures and telecommunications (see Note 43).

Limiting operating risk by adhering to internal procedures is essential to providing a competent service to BiG's clients and to reducing the risk of loss or regulatory sanctions. Responsibility for managing operating risks lies with the heads of individual business and support units. To monitor risks and the execution and enforcement of procedures throughout the Bank is a separate governance structure, consisting of the following internal oversight groups, which meet separately with their functional supervisors on the Executive Committee, and form part of the Bank's All Risk Committee:

- Operational Risk, which reviews the appropriateness of internal procedures, adequacy of human and systems support to conduct normal business functions and day to day risks to which the Bank is exposed, based on self-assessment processes, controls over operational errors by area, and planned internal and external audits;

Technology Risk, which oversees the adequacy and security of the complex technical infrastructure supporting every aspect of the Bank's internal processing, reporting and links with third party suppliers of information and execution services.

The respective internal committees also conduct self-assessment exercises periodically, usually with their direct reports, to identify and act on risks associated with operations, technology, and regulatory compliance. The control processes include, as examples, frequent review of relevant operating procedures, adherence to regulatory guidelines, internal and external audits of operating departments, systems, commercial and trading areas, back-up procedures and maintenance of outsourcing arrangements and an appropriate business recovery plan to reduce the effects of any unforeseen interruption of the Bank's business activities.

Because of the nature of BiG's business, operating errors do occur on occasion. It is the aim of the above governance structure and internal departments to ensure adherence to prudential and regulatory guidelines, such that the costs of such errors are kept to levels commensurate with the Bank's capital and business strategy.

To assist in this control, the Bank has internal procedures for reporting data associated with operational errors to Senior Management on a regular basis. Such analyses and reporting allow for problems to be identified at their source and amended accordingly. The data compiled is extensive and permits a detailed analysis of actual operational losses incurred by type of event, by business line, by impact, and by specific or average amounts.

A key to controlling operational risks and maintaining avoidable operational losses at acceptable levels is the Bank's culture of risk identification and mitigation. Management encourages the rapid escalation of actual or potential operational issues to senior managers and their pro-active resolution. The Bank uses tools such as Logic Manager to manage operational risk, internal audit, policies and procedures, customer claims, and IT governance.

Business Continuity and Information Security

The continuity of the Bank's business in stressed circumstances, or in a disaster scenario, is the subject of extensive planning, a key assumption underlying the business model, and a matter of daily attention of Management.

To this end, BiG works to ensure that the business can operate under the most extenuating circumstances and that the procedures, risk management and internal controls, information and systems are secure and reliable. These issues imply continuous review and upgrades as the Bank grows and as market conditions and the regulatory environment change. As reviewed above, BiG's daily controls on risks address the ability to ensure the sustainability of the Bank on a financial basis.

During the past year, tensions surrounding the issue of cyber-security escalated, as expected, culminating in serious, unprecedented events in Portugal both in sophistication and service disruption. BiG expect this tendency to persist, either promoted by geo-political tensions, or by

T.37

Operational Risk event types (Basel)	Total '20	Q1 '21	Events # Q2 '21	Q3 '21	Q4 '21	Total '21
Internal fraud	0	0	0	0	0	0
External fraud	2	0	2	2	1	5
Employment practices and workplace safety	0	0	0	0	0	0
Clients, products and business practice	11	3	3	1	4	11
Damage to physical assets	0	0	0	0	0	0
Business disruption and systems failures	33	25	19	27	45	116
Execution, delivery and process management	115	28	27	45	42	142
	161	**56**	**51**	**75**	**92**	**274**

T.38 (Euro)

Operational Risk event types (Basel)	Total '20	Q1 '21	Events amount Q2 '21	Q3 '21	Q4 '21	Total '21
Internal fraud	0	0	0	0	0	0
External fraud	0	0	0	0	0	0
Employment practices and workplace safety	0	0	0	0	0	0
Clients, products and business practice	-177,040	0	1,085	0	0	1,085
Damage to physical assets	0	0	0	0	0	0
Business disruption and systems failures	-82,729	31,224	0	-3,311	-1,098	26,815
Execution, delivery and process management	-88,404	-6,129	-2,391	-12,853	-11,261	-32,634
	-348,173	**25,095**	**-1,306**	**-16,164**	**-12,359**	**-4,734**

T.39

Operational Risk events by Business Lines (Basel)	Total '20	Q1 '21	Events # Q2 '21	Q3 '21	Q4 '21	Total '21
1. Corporate finance	0	0	0	0	0	0
2. Trading and sales	9	0	3	6	4	13
3. Payment and settlement	8	9	11	10	9	39
4. Commercial banking	9	0	0	0	0	0
5. Agency services	3	5	1	1	2	9
6. Retail banking	37	25	11	22	13	71
7. Retail brokerage	66	7	14	23	39	83
8. Asset management	7	6	6	5	6	23
9. Other	22	4	5	8	19	36
	161	**56**	**51**	**75**	**92**	**274**

T.40

(Euro)

Operational Risk events by Business Lines (Basel)	Total '20	Q1 '21	Events amount Q2 '21	Q3 '21	Q4 '21	Total '21
1. Corporate finance	0	0	0	0	0	0
2. Trading and sales	-1,498	0	0	-2,860	-4,731	-7,591
3. Payment and settlement	0	-3	0	-9,481	-1,103	-10,587
4. Commercial banking	-315	0	0	0	0	0
5. Agency services	0	-5,209	0	-43	0	-5,252
6. Retail banking	-63,735	36,619	0	-563	0	36,056
7. Retail brokerage	-93,998	-244	1,162	-141	-273	503
8. Asset management	-9,477	-6,069	-2,469	-2,703	0	-11,240
9. Others	-179,150	0	0	-372	-6,252	-6,623
	-348,173	**25,095**	**-1,306**	**-16,164**	**-12,359**	**-4,734**

T.41

Events by Region	Portugal	Mozambique	Spain	BiG Group
# Op Risk Incidents	238	8	28	274
Value (EUR)	-4,737	0	0	-4,737

T.42

Summary of incidents as a percentage of Operating Income:	Op Risk Incidents	Earnings	%
2017	-78,385	105,457,380	0.07%
2018	-71,593	57,265,336	0.13%
2019	-41,921	90,443,231	0.05%
2020	-348,173	71,663,585	0.49%
2021	-4,737	62,434,704	0.01%

a significant increase in the footprint of players in the digital market. Although none of the incidents has affected domestic financial institutions seriously, to date, BiG expects the sector to be an obvious target. Warnings by regulators of eventual attacks on the European banking community have grown, as have regulatory concerns via an increase in assessments, reports and mandatory requirements on cybersecurity.

The Bank´s partners with specialized providers and the CSIRT community to ensure a continuous feed of information on cybersecurity trends, which helps to focus BiG's investment on the relevant systems and services. A major concern relates to human behavioral patterns, which tend to play a central role in cyber attacks. Key measures to minimize the Bank´s exposure to behavioral risks include user awareness initiatives, centralized management of corporate devices and security endpoints, clear policies on systems updates and investment in identity protection.

Security by design has become transversal and is a common best practice in major areas, including staff onboarding, information access, project management, software development, customer relationship and KYC. The Bank undergoes independent audits and assessments made by internal and external specialized auditors, and actions to close any findings contribute to full transparency in terms of these risks across the organization.

Pandemic restrictions and a global demand for remote working present reasonable challenges on resource retention, security procedures on remote access to the Bank's systems and Cloud resources. On the other hand, these challenges also increased the Bank's overall resilience and provide Management with reasonable confidence regarding business continuity. Consolidation of security projects and business protection procedures, and continuous investment in research and monitoring are the main goals for 2022.

The Bank continues to operate with non-core information assets in the cloud. This provides unparalleled security for the Bank's documents and email, as well as a full compliance with General Data Protection Regulations (GPDR).

BiG expects to continue to directly manage the core and most critical parts of its infrastructure, while using technology and services from IBM, to guarantee higher uptime and security to its systems. Also, the agreement with IBM includes Business Continuity support, to be integrated with the Bank's global Business Continuity Plan, thus leveraging this supplier's best practices and datacenters in Europe to assist in recovery of BiG's infrastructure in case of disaster.

Internal Audit

Internal Audit plays a key role in the Bank, acting as the third line of defense, responsible for the independent verification of the adequacy and effectiveness of the organizational culture and the internal control and governance systems.

Internal Audit is responsible for evaluating the adequacy and effectiveness of (i) control processes and risk management policies, (ii) internal control mechanisms, (iii) governance issues, and (iv) compliance with internal procedures and regulations.

Internal audit prepares audit plans using a risk-based approach, which consider the priorities set by the Board and by regulatory requirements. The audit universe includes business, activity and all geographic areas and considers their inherent risks and associated controls.

The Audit function complies with international standards for Internal Audit and performs its work with independence, objectivity, high standards of conduct and integrity, and executes its activity according to a quality assurance program.

This function reports directly to the Board of Directors. The communication of the results of any engagement results in an auditor´s opinion, conclusions, recommendations and action plans, as well as procedures to monitor the progress of the implementation of recommendations and agreed action plans.

Compliance Risk

The Bank's internal control system is based on a culture of compliance with the law and the different norms applicable to the banking activity, as well as compliance with the policies and procedures related with contractual obligations, personal conduct and relationship with Clients. Together, these systems and procedures aim to mitigate the risk that the Bank may incur losses associated with potential sanctions, litigation, limitations to its activity, and/or loss of reputation as a result of a contractual breach or a negative perception of the Bank's public image.

Compliance is both a key function within the Bank and an integral part the internal culture. Each business line, therefore, is seen to be accountable for managing compliance risk. In this context, the Bank selects staff as much for their values as for their capacities and experience and seek to make transparency, respect for regulations and responsible behavior competitive selling points for the Bank in dealing with clients.

The Compliance function, as a unit, is independent and reports to the Board of Directors. Compliance has the necessary autonomy to act independently from all other areas of the Bank, in order to ensure an adequate monitoring and maintenance of the Bank's internal control systems.

The Bank's Compliance function is responsible for:

(i) ensuring respect for applicable legal and regulatory requirements, including approved terms and standards of internal codes of conduct;

(ii) promoting an environment of control and transparency in the organizational structure that is commensurate with the complexity of services offered and the size of the institution;

(iii) monitoring the adequacy and efficiency of controls associated with banking risks;

(iv) protecting the Bank's reputation;

(v) ensuring and maintaining relationships and interactions with supervisory bodies.

With respect to anti-money laundering and risks associated with financing of terrorism, the Bank's compliance function is responsible for controlling and detecting suspicious transactions and for monitoring the execution of duties in accordance with current legislation regarding the opening of bank accounts and "know your client" rules. Moreover, it is responsible for market abuse prevention and combat mechanisms, namely through transaction and event monitoring, assuring the existence of robust controls in terms of market safety. In both subjects, the Compliance function is responsible for centralizing the reporting of and interacting with law enforcement and supervisory entities, with respect to investigation and analysis of suspicious processes and transactions.

Compliance is also responsible for analyzing and reviewing new products and services in the light of current regulation, promoting pro-active management and prior validation of the risks of such services, and identifying and preventing conflicts of interest.

Conduct Risk

Conduct Risk is of increasing importance to the financial services industry, given the reputational risk and potential loss of confidence by clients and stakeholders. It is intrinsically related to compliance-related issues and is of paramount importance to Management and the Bank's stakeholders.

As discussed above, the Bank encourages a culture of transparency and control, with clear lines of communication, training and a policy of appropriate behavior toward clients. Management and respective internal control functions are responsible for transmitting guidelines and standards on relations with clients and stakeholders, on professional ethics and on socially responsible behavior. The Bank's Code of Conduct establishes principles, values and rules on proper behavior and is fundamental to orienting and disciplining staff. Management is particularly attentive to conflicts of interest, potential mis-selling of financial products and compliance with current legislation and regulation.

The Bank's internal governance and internal control procedures are clear on the responsibility of the Board and business units, as well as the capacity of internal control functions to act and to evaluate process and events in an independent manner. This includes i) identifying and assessing conduct risk vulnerabilities throughout the organization, (ii) monitoring key conduct risk metrics and (iii) educating and training staff about their conduct risk avoidance responsibilities.

Application of results for Banco de Investimento Global, S.A.

In 2021 Banco de Investimento Global S.A. recorded a consolidated net income of € 21,201,206.52 (twenty-one million, two hundred and one thousand, two-hundred and six euros and fifty-two cents) and individual net income of € 18,007,237.21 (eighteen million, seven thousand, two hundred and thirty-seven euros and twenty-one cents). In its individual accounts, Banco de Investimento Global, S.A. shall, in accordance with article 97, paragraph 1, of the General Regime of Credit Institutions and Financial Companies, allocate 10% of net income to the formation of a legal reserve.

The Board of Directors proposes that, with respect to 2021, a dividend of € 0.05 (five cents of euro) / share be paid to each of the 186,947,388 ordinary shares and to each of the 12,000,000 preferred redeemable shares, representative of the common stock at 31 December 2021. The total dividend per ordinary share implies a dividend pay-out of 51.91% of the individual profit of the year.

Thus, pursuant to Article 30, paragraph 1 of the By-Laws, the Board of Directors proposes the following application of the individual results of the year:

Legal Reserve .... € 1,800,723.72

Dividends .... € 9,347,239.50

Free Reserve .... € 6,859,273.99

Additionally, it also proposes to deliberate the allocation to BiG employees of a maximum amount of € 1,100,000 (one million and one hundred thousand euros), as participation on BiG's profits (Balance Sheet Allowances already reflected in the individual net income, according to the accounting rules), under the terms to be defined by the Board of Directors.

Lisbon, 25th March 2022

Board of Directors,

Carlos Adolfo Coelho Figueiredo Rodrigues
Chairman

Nicholas Leo Racich
Vice Chairman

José Galamba de Oliveira
Director

Mário João Abreu Galhardo Bolota
Executive Director / CEO

Paulo José Caramelo de Figueiredo
Executive Director

Ana Rita Gil Simões
Executive Director

Peter Alexander Baptista Rodrigues
Executive Director

João Miguel Barrier Henrique
Executive Director

Statutory Audit Report

(Free translation from the original in Portuguese)

Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements of Banco de Investimento Global, S.A. (the Group), which comprise the consolidated statement of financial position as at 31 December 2021 (which shows total assets of Euros 2,772,026,509 and total shareholders' equity of Euros 412,680,913, including a net profit attributable to Bank's shareholders of Euros 21,201,207), the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly in all material respects, the consolidated financial position of Banco de Investimento Global, S.A. as at 31 December 2021, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and recommendations issued by the Institute of Statutory Auditors. Our responsibilities under those standards are described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section below. In accordance with the law we are independent of the entities that are included in the Group and we have fulfilled our other ethical responsibilities in accordance with the ethics code of the Institute of Statutory Auditors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	Summary of the Audit Approach
Measurement of financial instruments not listed in an active market at fair value *Measurement and disclosures regarding the fair value of financial instruments not listed in an active market and presented in notes 2.5, 2.10, 3.2, 19, 20 and 42 of the Bank's consolidated financial statements.*	
Due to its relevance in the context of the Bank's consolidated financial statements and the associated judgment, the fair value measurement of financial instruments not quoted in an active market was a relevant matter for the purposes of our audit. As at 31 December 2021, financial instruments on level 2 and 3 of the fair value hierarchy or which are subjected to hedge accounting value adjustments amount to 870,685,725 euros of assets and 33,163,940 euros of liabilities. As at 31 December 2021 the financial instruments not listed in an active market are composed by (i) debt financial instruments whose business model is "hold to collect and sell", classified in the financial statements as financial assets measured at fair value through other comprehensive income or trading assets; (ii) derivatives classified as trading or hedging; (iii) equity instruments; (iv) assets and liabilities subject to hedge accounting adjustments, mainly securities whose business model is hold to collect. For financial instruments classified on level 2 and 3 of the fair value hierarchy, the Bank determines fair value using estimates, mainly through (i) prices used in similar and recent market transactions; (ii) multiples of comparable societies, namely in terms of activity sector, size, leverage and returns; (iii) models of discounted cash flows; and (iv) other methodologies based on the fulfilment of the main milestones defined on initial investment, as provided for on the International Private Equity and Venture Capital Valuation Guidelines, and which usually involve a high level of judgement by management in defining the main assumptions and inputs to be used. In this context, changes in the assumptions used in the valuation techniques used may cause an impact in the fair value determination of the instruments not listed in an active market recognized in the Bank's consolidated financial statements.	The audit procedures we have developed included the identification, assessment and evaluation of key controls implemented by the Bank, to identify, quantify and monitoring the market risk, as well as key controls underlying fair value measurement methodologies. In the specific scope of our audit work, we developed, among others, the following procedures: • Understanding of the Bank's governance process, mainly in what concerns the implemented controls over the review and approval of the main assumptions and judgements used in the definition and monitoring the results of the valuation models used; • Analysis of the methodological documents for the valuation of these financial instruments, prepared by the Bank and review of their adherence to the principles stated in the IFRS 9 and IFRS 13; • Review, on a sampling basis, of the combined application of the tests to the characteristics of the financial assets' contractual cash flows and the Bank's business models, based on the analysis of the available supporting documentation; • For a sample of financial instruments for which measurement was determined based mostly on unobservable data, our procedures also included the assessment of whether (i) the valuation models developed by the Bank and (ii) the data and (iii) the assumptions used are adequate, having compared, for this purpose, the observable data with market information retrieved from external and independent sources, whenever available; and • For a sample of financial instruments whose measurement was determined based mostly on unobservable data in the market, our procedures included the recalculation of the fair value of those financial instruments, taking into consideration the models and inputs previously analysed.

Key Audit Matter	*Summary of the Audit Approach*
	Our audit procedures also included the review of the disclosures regarding financial instruments not listed in an active market, included on the notes to the Bank's consolidated financial statements, considering the applicable accounting policies.
Impairment losses on debt securities *Measurement and disclosures regarding the credit losses recognized for the securities portfolio and presented in notes 2.5, 3.1, 20, 21 and 43 of the Bank's financial statements.* The significant expression of the debt securities financial statement lines, as well as the associated credit impairment losses, whose measurement requires the application of a set of assumptions and complex judgments by the Bank's management in what concerns the identification of securities with a significant increase in credit risk, as well as the corresponding expected credit loss amount, justify the establishment of a key matter for our audit. As at 31 December 2021 the total securities amounts to 2,078,156,476 euros (of which 1,740,115,708 euros are classified as financial assets measured at fair value through other comprehensive income, as described in note 20 of the financial statements, and 338,040,768 euros, classified as financial assets at amortized cost under the title debt securities, as described in note 21 of the consolidated financial statements). The respective expected credit losses recognized at that date amount to 2,035,034 euros. The measurement of expected credit losses for debt securities, as well as the respective significant increase in credit risk are calculated by the Bank, mainly using information provided by external providers such as rating agencies and/or market information from data providers. For these exposures, the Bank developed analysis models for measurement of expected credit losses in accordance with IFRS 9 requirements, namely the classification of the exposures by different stages according to the risk behaviour since the inception (stages 1, 2 or 3). These models are based on (i) historical default and recovery information made available by external providers and (ii) other information from the market, such as issuers credit spreads on credit default swaps traded, or the respective issuers yield curves. In this context, changes in assumptions or methodologies, or available information by external	The audit procedures developed included the identification, understanding and assessment of key controls implemented by the Bank regarding the approval, recording and monitoring of credit risk on debt securities, as well as the Bank's key controls underlying the timely identification, recording and appropriate measurement of expected credit losses. In the scope of our audit work, we developed, among others, the following procedures: • Understanding of the Bank's governance process, mainly in what concerns to the implemented controls over the review and approval of the main assumptions and future economic perspectives used in the models defined for measuring impairment losses; and • Analysis of the methodology documentation prepared by the Bank and revision of its adherence to the principles of the mentioned accounting standard. In what concerns the models used by the Bank, we have developed a set of procedures in order to assess whether the assumptions made by management respond to the IFRS 9 requirements, namely: (i) review of the methodological documentation underlying the model used; (ii) review and testing the portfolio segmentation; (iii) analysis of the Bank's default definition and the criteria applied in the staging classification, on a sampling basis; (iv) review and testing of the main risk parameters; (v) critical analysis of the main assumptions and data sources used in the future recoveries incorporated in the LGD (Loss Given Default) measurement; and (vi) recalculation of Expected Credit Loss. Our audit procedures also included the review of disclosures regarding financial instruments not listed in an active market as well as the respective impairments, included in the notes to the Bank's

Key Audit Matter	Summary of the Audit Approach
providers used by the Bank in the analysis and quantification of expected credit losses on debt securities may have a relevant impact on the estimate of cash flow recovery and the timing of its receipt, and consequently on the determination of expected credit losses recognized as impairment on the Banks' consolidated financial statements as at 31 December 2021.	consolidated financial statements, considering the applicable accounting policies.

Responsibilities of management and supervisory board for the consolidated financial statements

Management is responsible for:

a) the preparation of the consolidated financial statements, which present fairly the consolidated financial position, the consolidated financial performance and cash flows of the Group in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union;

b) the preparation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error;

d) the adoption of appropriate accounting policies and criteria; and

e) the assessment of the Group's ability to continue as a going concern, disclosing, as applicable, events or conditions that may cast significant doubt on the Group's ability to continue its activities.

The supervisory board is responsible for overseeing the process of preparation and disclosure of the Group's financial information.

Auditor's responsibilities for the audit of the consolidated financial statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

a) identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

b) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

d) conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

e) evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

f) obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion;

g) communicate with those charged with governance, including the supervisory board, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;

h) of the matters we have communicated to those charged with governance, including the supervisory board, we determine which one's were the most important in the audit of the consolidated financial statements of the current year, these being the key audit matters. We describe these matters in our report, except when the law or regulation prohibits their public disclosure; and

i) confirm to the supervisory board that we comply with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Our responsibility also includes verifying that the information included in the consolidated Directors' report is consistent with the consolidated financial statements.

Report on other legal and regulatory requirements

Consolidated Directors' report

In compliance with paragraph 3 e) of article No. 451 of the Portuguese Company Law, it is our opinion that the consolidated Directors' report has been prepared in accordance with applicable requirements of the law and regulation, that the information included in the consolidated Directors' report is consistent with the audited consolidated financial statements and, taking into account the knowledge and assessment about the Group, no material misstatements were identified.

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 16 April 2014, and in addition to the key audit matters referred to above, we also provide the following information:

a) We were first appointed as Bank's auditors in the Shareholders' General Meeting of 8 May 2014 for the period from 2014 to 2017, having remained in functions until the current period. Our last appointment was in the Shareholders' General Meeting of 10 May 2018 for the period from 2018 to 2021;

b) The management has confirmed to us it has no knowledge of any allegation of fraud or suspicions of fraud with material effect in the financial statements. We have maintained professional scepticism throughout the audit and determined overall responses to address the risk of material misstatement due to fraud in the consolidated financial statements. Based on the work performed, we have not identified any material misstatement in the consolidated financial statements due to fraud;

c) We confirm that our audit opinion is consistent with the additional report that was prepared by us and issued to the Group's supervisory board as of this date; and

d) We declare that we did not provide any prohibited non-audit services referred to in paragraph 1 of article No. 5 of Regulation (EU) 537/2014 of the European Parliament and of the Council, of 16 April 2014 and that we remain independent of the Group in conducting our audit.

8 April 2022

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda.
represented by:

[Original in Portuguese signed by]

João Ricardo Amorim Gravito, ROC no.1917
Registered with the Portuguese Securities Market Commission under no. 20210027

Report and Opinion of the Supervisory Board of
Banco de Investimento Global, S.A. on the Group's consolidated financial statements

To the Shareholders,

As per the articles no. 508-D and no. 420 of the Portuguese Commercial Companies Code, and to the no. 2 of the Twenty-Fourth article of the Articles of Association of Banco de Investimento Global, S.A. (hereinafter referred to as "BiG" ou "Bank"), it is the Supervisory Board's competence to examine the consolidated financial statements of the Group presented to it by the BiG's board of directors with respect to the year ended December 31 2021.

Therefore, in the course of 2021, we have actively accompanied the activity, as and when deemed necessary, the management and the results of the Bank and its subsidiaries (Group). We have verified the adequacy of the accounting records and the correctness of the corresponding consolidated accounts documentation and the valuation criteria adopted by BiG for the correct appraisal of its assets and results.

We have also verified the effectiveness of the systems of internal control, risk management and internal audit, both in general for the whole Group and specifically regarding the anti-money laundering and terrorist financing prevention system, namely the relevant controls for the Group's activity. The Supervisory Board issued a report on the adequacy and effectiveness of the Group's internal control system.

We have analyzed and accompanied the Auditing plan, also in a Group perspective.

We have also monitored the work performed by PriceWaterhouseCoopers & Associados – SROC, Lda, as the external statutory auditors of the Group (PWC) that audited throughout the year and at the end of the year the consolidated accounts that the Board of Directors produced as per the Law and Articles of Association, and we reviewed their Statutory Audit Report, in attachment, with which we concur. In its review of the consolidated Financial Statements of the year, we also took into special consideration the report on the Supervisory Body produced by PWC.

The Statutory Audit Report on the Group present an unqualified opinion and we concur with its content.

Within the scope of our mandate, we have verified that:

i) the consolidated Balance Sheet, the consolidated Income Statement by nature, the consolidated Statement of Comprehensive Income, the consolidated Statement of Changes in Equity, the consolidated Statement of Cash Flows and the corresponding Notes to the accounts allow for an adequate understanding of the financial position of the Group, its results, comprehensive income, changes in equity and the cash flows;

ii) the adopted accounting policies and valuation criteria are adequate;

iii) the consolidated management report is sufficiently clear as to the evolution of the businesses and the position of the Group and the subsidiaries included in the consolidation, and highlights the most significant aspects;

On this basis, and considering the information obtained from the Board of Directors and the conclusions in the statutory audit report, by unanimous decision, we issue a positive opinion on the following topics:

i) Approval of the consolidated management report;

ii) Approval of the consolidated financial statements;

iii) Approval of the proposal for application of results.

Finally, we would like to express our gratitude to the Board of Directors and to all the Group's employees who we contacted, for their valuable cooperation.

Lisbon, April 08, 2022

The President of the Supervisory Board
Mr. Pedro Rogério Barata do Ouro Lameira

Member
Mr. Jorge Alegria Gaspar de Aguiar

Member
Dr. João Augusto Cantiga Esteves

CONSOLIDATED FINANCIAL STATEMENTS

for the years ended on 31 December 2021

CONSOLIDATED INCOME STATEMENT

For the year ended 31 december 2021
(Amounts in Euros)

	Notes	2021	2020
Interest income	4	36,794,353	37,795,019
Interest costs	4	(16,851,413)	(19,726,906)
Net interest income		**19,942,940**	**18,068,113**
Income from dividends	5	47,207	41,476
Income from fees and commission	6	19,569,999	14,338,782
Expenses from fees and commission	6	(3,867,761)	(3,012,467)
Gains or losses with the derecognition of financial assets and liabilities not measured at fair value through the income statement	7	16,650,614	34,748,018
Gains or losses with financial assets and liabilities held for trading and hedge accounting	8	1,233,812	5,156,644
Exchange differences	9	8,534,913	2,074,427
Profit/loss from sale of other assets	10	28,826	(40,151)
Other operating results	11	294,259	288,742
Operating income		**62,434,809**	**71,663,584**
Administrative costs			
Staff costs	12	(21,070,352)	(19,380,764)
Other administrative costs	14	(12,547,803)	(13,018,649)
Cash contributions for resolution funds and deposit guarantee schemes	15	(1,228,416)	(1,136,151)
Depreciation	26 and 27	(3,187,138)	(2,238,810)
Provisions or reversal of provisions	34	1,055,500	84,000
Impairment or reversal of impairment of financial assets not measured at fair value through the income statement			
Financial assets at fair value through other comprehensive income	20	(475,369)	(1,029,493)
Assets at amortised cost	22, 23 and 24	(31,532)	(34,103)
Impairment or reversal of impairment of non-financial assets			
Other	29	(118,276)	(39,243)
Operating costs		**(37,603,386)**	**(36,793,213)**
Pre-tax profit		**24,831,423**	**34,870,371**
Tax expenses or revenue			
Current	37	(2,096,910)	(8,885,664)
Deferred	37	(986,964)	(336,386)
Profit or loss of the year before minority interests		**21,747,549**	**25,648,321**
Minority interests		(546,342)	(602,381)
Profit or loss of the year		**21,201,207**	**25,045,940**
Earnings per basic share	16	0.12	0.15
Earnings per diluted share	16	0.12	0.15

The explanatory Notes attached form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 december 2021
(Amounts in Euros)

		2021			2020		
	Note	Total	Attributable to shareholders of the bank	Minority interests	Total	Attributable to shareholders of the bank	Minority interests
Net Profit / Loss of the year		21,747,549	21,201,207	546,342	25,648,321	25,045,940	602,381
Items which could be reclassified for results							
Debt instruments at fair value through other comprehensive income							
Gains and losses of the year	39	(54,506,718)	(54,464,726)	(41,993)	11,905,673	12,077,713	(172,040)
Reclassification of Gains and Losses	39	16,263,135	16,263,135	-	(5,658,353)	(5,658,353)	-
Deferred tax	39	11,961,436	11,948,602	12,834	(1,967,584)	(2,022,435)	54,851
Exchange differences	39	5,849,600	5,096,744	752,856	(6,867,551)	(5,675,063)	(1,192,488)
Items which could not be reclassified for results							
Equity instruments at fair value through other comprehensive income							
Gains and losses of the year	39	246,544	249,584	(3,040)	(566,701)	(566,701)	-
Current tax	39	-	-	-	155,843	155,843	-
Deferred tax	39	6,083	5,027	1,056	-	-	-
Variation of Other Comprehensive Income of the year		**(20,179,920)**	**(20,901,634)**	**721,713**	**(2,998,673)**	**(1,688,996)**	**(1,309,677)**
Total comprehensive income for the year		**1,567,629**	**299,573**	**1,268,055**	**22,649,648**	**23,356,944**	**(707,296)**

The explanatory Notes attached form part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

For the year ended 31 december 2021
(Amounts in Euros)

	Notes	2021	2020
Assets			
Cash, cash balances in central banks and other demand deposits			
Cash and cash reserves in Central Banks	17	47,968,473	89,352,772
Other demand deposits	18	171,088,061	107,996,726
Financial assets held for trading	19	82,886,349	50,106,609
Financial assets at fair value through other comprehensive income	20	1,746,150,320	1,451,903,913
Financial assets at amortised cost			
Debt securities	21	338,030,213	359,812,199
Loans and advances - Clients	22	41,467,260	32,428,823
Loans and advances - Central Banks	23	15,037,521	8,017,812
Loans and advances - Banks	24	193,015,319	6,157,106
Derivatives - Hedge accounting	25	1,197,229	-
Tangible assets	26	19,865,820	19,120,552
Intangible assets	27	11,789,978	4,053,211
Tax assets			
Current tax assets	28	8,274,305	2,689,184
Deferred tax assets	37	9,714,878	-
Other assets	29	85,540,783	71,966,593
Total Assets		**2,772,026,509**	**2,203,605,500**
Liabilities			
Financial liabilities held for trading	19	25,819,649	22,899
Financial liabilities accounted at fair value through profit and loss	30	156,232,960	-
Financial liabilities measured at amortised cost			
Funding from clients	33	1,553,888,768	1,402,939,710
Funding from central banks	32	50,000,000	75,000,000
Funding from other banks	31	496,758,527	213,180,134
Derivatives - Hedge accounting	25	31,965,908	52,915,036
Provisions	34	808,726	1,523,413
Tax liabilities			
Deferred tax liabilities	37	692,167	1,362,564
Share capital reimbursable at sight	35	12,795,923	14,304,989
Other liabilities	38	30,382,968	20,451,776
Total liabilities		**2,359,345,596**	**1,781,700,521**
Capital			
Capital	39	186,947,388	171,947,388
Issue premiums	39	1,362,306	1,362,281
Other accumulated comprehensive income	39	(21,787,972)	2,256,650
Other reserves	39	220,111,105	217,344,707
Treasury stock	39	(2,326)	(2,326)
Profit/loss attributable to owners of the parent company		21,201,207	25,045,940
Minority interests		4,849,205	3,950,339
Total equity		**412,680,913**	**421,904,979**
Total equity and Total liabilities		**2,772,026,509**	**2,203,605,500**

The explanatory Notes attached form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 december 2021
(Amounts in Euros)

	Note	Capital	Issue premiums	Other accumulated comprehensive income	Legal reserve	Other Reserves	Treasury Stock	Profit/loss attributable to owners of the parent company	Interim dividends	Minority interests	Total Equity
Balances on 31 December 2019		**171,947,388**	**1,362,281**	**(2,296,118)**	**43,600,017**	**154,266,652**	**(2,326)**	**42,078,479**	**(15,475,031)**	**3,773,989**	**399,255,331**
Comprehensive income											
Other comprehensive income		-	-	4,552,768	-	(566,701)	-	-	-	(117,189)	3,868,878
Exchange differences		-	-	-	(218,444)	(5,456,619)	-	-	-	(1,192,488)	(6,867,551)
Net result of the year		-	-	-	-	-	-	25,045,940	-	602,381	25,648,321
Total comprehensive income recognised in the year		**-**	**-**	**4,552,768**	**(218,444)**	**(6,023,320)**	**-**	**25,045,940**	**-**	**(707,296)**	**22,649,648**
Distribution of the result of the year 2019											
Transfer to reserves		-	-	-	4,250,257	21,469,545	-	(26,603,448)	-	883,646	-
Distribution of dividends		-	-	-	-	-	-	(15,475,031)	15,475,031	-	-
Balances on 31 December 2020	**39**	**171,947,388**	**1,362,281**	**2,256,650**	**47,631,830**	**169,712,877**	**(2,326)**	**25,045,940**	**-**	**3,950,339**	**421,904,979**
Comprehensive income											
Other comprehensive income		-	-	(25,998,378)	-	-	-	-	-	(31,143)	(26,029,521)
Exchange differences		-	25	1,953,756	754,535	2,388,454	-	-	-	752,856	5,849,626
Net result of the year		-	-	-	-	-	-	21,201,207	-	546,342	21,747,549
Total comprehensive income recognised in the year		**-**	**25**	**(24,044,622)**	**754,535**	**2,388,454**	**-**	**21,201,207**	**-**	**1,268,055**	**1,567,654**
Distribution of the result of the year 2020											
Transfer to reserves		-	-	-	2,811,001	22,604,127	-	(25,045,940)	-	-	369,188
Distribution of dividends		-	-	-	-	-	-	-	-	(369,189)	(369,189)
Distribution of reserves		-	-	-	-	(25,791,719)	-	-	-	-	(25,791,719)
Capital increase		15,000,000	-	-	-	-	-	-	-	-	15,000,000
Balances on 31 December 2021	**39**	**186,947,388**	**1,362,306**	**(21,787,972)**	**51,197,366**	**168,913,739**	**(2,326)**	**21,201,207**	**-**	**4,849,205**	**412,680,913**

The explanatory Notes attached form part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 december 2021
(Amounts in Euros)

	Notes	2021	2020
Cash flows from operating activities			
Interest and income received		35,729,000	39,830,230
Interest and costs paid		(17,652,891)	(19,921,368)
Services and commission		15,442,016	12,171,063
Contributions to the pension fund		(438,396)	(387,802)
Cash payments to employees and suppliers		(35,790,308)	(32,392,991)
Other costs and income paid/received		1,793,047	739,071
		(917,532)	**38,203**
Variation in operating assets and liabilities:			
Deposits in central banks		41,500,695	9,613,032
Financial assets and liabilities held for trading		1,387,840	10,686,928
Financial liabilities accounted at fair value through profit and loss		156,232,960	-
Applications in central banks		(1,026,178)	(3,296,351)
Applications in banks		(209,590,642)	(440,236)
Funding from central banks		(25,000,000)	75,000,000
Funding from banks		284,189,104	(266,720,365)
Financial assets at amortised cost		12,671,808	13,608,347
Funding from clients		130,511,684	105,575,060
Derivatives for risk management		(23,643,422)	13,370,972
Other operating assets and liabilities		(11,730,753)	(31,652,202)
Cash flow net of the operating activities, before taxation		**354,585,564**	**(74,216,612)**
Taxation on profits paid / received		(8,325,126)	(20,638,511)
		346,260,438	(94,855,123)
Fluxos de caixa das atividades de investimento			
DIF Broker (1)		31,649,653	-
Dividends received		43,616	56,823
Financial assets at fair value through other comprehensive income		(313,216,302)	120,348,839
Purchase of financial investments		(2,779,683)	(2,218,860)
Cash flow from financing activities		**(284,302,716)**	**118,186,802**
Subscription / redemption of participation units		5,773,947	(912,566)
Dividends paid from ordinary shares	39	(26,022,123)	(353,232)
Instruments representing capital		(182,500)	14,304,984
Increase/ (Decrease) other liabilities in accounts	38	(724,504)	(739,735)
Increase in capital	39	15,000,000	521,787
Cash flow net of financing activities		**(6,155,180)**	**12,821,238**
Cash and cash equivalents at the start of the period		110,308,531	76,494,254
Net variation in cash and cash equivalents		**55,802,542**	**36,152,917**
Effect of the change in the exchange rate on cash and cash equivalents		7,405,188	(2,338,640)
Cash and cash equivalents at the end of the period		**173,516,261**	**110,308,531**
Cash and cash equivalents includes:			
Cash	17	2,428,200	2,311,805
Deposits in other Banks	18	171,088,061	107,996,726
Total		**173,516,261**	**110,308,531**

(1) In 2021 this heading includes the amount paid to date for the investment made in DIF Broker (10 146 441 Euros) net of Cash and cash equivalents at the acquisition date (41 796 094 Euros).
(2) This item relates to capital payments of lease liabilities

The explanatory Notes attached form part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the years ended on 31 December 2021

INTRODUCTION

Banco de Investimento Global, S.A. (Bank or BiG) was created by public deed on 10 December 1998, and began its banking activity on 1 March 1999. The Bank is licensed to perform all transactions and provide all services allowed in the banking sector, with no legal restriction.

At the end of 2020, Onetier Partners, SGPS, S.A., whose capital was held 100% by the Bank, was dissolved. At the date of liquidation, this company only held a 100% stake in Onetier Partners, Sociedade de Capital de Risco, S.A., which is now held directly by the Bank.

Onetier Partners, Sociedade de Capital de Risco, S.A. was constituted on 20 April 2004 and the main goal is the realisation of investments temporary in companies with a high growth potential and valuation. Since 2016, the company's investment policy has favoured the acquisition of equity stakes or concession of debt convertible to early-stage start-up companies that operate preferably in the Fintech, Insurtech and Cybersecurity segments.

BiG Serviços Financeiros, S.A., fully owned by the Bank, was founded on the 11th of September 2008, based in Lisbon and has the main object of providing financial consultancy services, and also owns or manages buildings.

BiG Moçambique was founded on 8 October 2014, based in Maputo, its main social purpose being the realization of any operations and provision of any services that banks are allowed in Mozambique, with no legal restriction.

On 7 September 2021 the Bank acquired 100% of the capital of DIF Broker – Sociedade Financeira de Corretagem, S.A., an investment company incorporated in 1999 with the purpose of carrying out the activities permitted by law for financial brokerage companies, including all ancillary, connected or similar operations compatible with this activity and permitted at law, with no legal restriction.

BiG Diversified Macro Fund, an open-ended collective investment undertaking, set up on 25 April 2018, based in Dublin, Ireland, and regulated under the Alternative Investment Fund Managers Directive (AIFMD), is held by the Bank in 94.3% of its investment units and it is consolidated using the full consolidation method.

The entity Onetier – Fundo Capital de Risco is a venture capital fund managed by Onetier Partners, Sociedade de Capital de Risco, S.A. constituted in December 2021.

NOTE 1
BASIS OF PRESENTATION AND COMPARABILITY OF INFORMATION

Pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council, of 19 July 2002, transposed into Portuguese legislation, the consolidated financial statements of Banco de Investimento Global, S.A. (BiG or Group) are prepared in accordance with the International Financial Reporting Standards (IAS/IFRS), as adopted by the European Union.

IFRS include the accounting standards issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC), and by the respective preceding bodies.

BiG's consolidated financial statements now presented, relate to the year ended on 31 December 2021 and were prepared in accordance with the IFRS, as adopted in the European Union by 31 December 2020. The accounting policies used by the Group in the preparation of the financial statements reported on 31 December 2020 are consistent with those used with reference to 31 December 2020.

The consolidated financial statements are stated in Euros. These were prepared in accordance with the historical cost principle, with the exception of assets and liabilities recorded at fair value, namely derivative financial instruments, financial assets and liabilities held for trading, financial assets at fair value through other comprehensive income, and bonds for which the interest rate risk is hedged by derivatives in their component that is being hedged.

The preparation of consolidated financial statements in accordance with IFRS requires the Group to make judgements and estimates and uses assumptions which affect the application of accounting policies and amounts of revenues, costs, assets and liabilities. Alterations in these assumptions or differences between these and the actual situation can have an impact on the actual estimates and judgements. The areas which involve a greater degree of judgement or complexity, or where significant assumptions and estimates are used in the preparation of the Consolidated Financial Statements are analysed in Note 3.

The accounting policies were applied consistently to all the entities of the Group, and are consistent with those used in the preparation of the financial statements of the previous period.

These consolidated financial statements were approved in the meeting of the Board of Directors on 25 March 2022 and will be submitted to the approval of the shareholders and it is expected that they will be approved without alterations.

NOTE 2
MAIN ACCOUNTING POLICIES

The most important accounting policies that were used in the preparation of the consolidated financial statements are described below.

2.1. Bases of consolidation

Consolidation principles and recording of subsidiaries

From 1 January 2010, the Group started to apply IFRS 3 (revised) for the accounting recognition of concentration of businesses. The changes in accounting policies resulting from the application of IFRS 3 (revised) are applied prospectively. The consolidated financial statements now presented reflect the assets, liabilities, income and expenses of the Bank and its subsidiaries (Group), and the results attributable to the Group referring to its investments in associated companies.

Investments in subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it has the power to direct the relevant activities of the entity, and when it is exposed, or has rights, to the variability in returns resulting from its involvement with that entity and it is able to appropriate the results through the power it holds over the relevant activities of that entity (de facto control).

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which the Group acquires control until the date on which control ceases. Accumulated losses are attributed to non-controlling interests in the proportions held, which may imply the recognition of negative non-controlling interests.

Goodwill

Business combinations are recorded using the purchase method of accounting. The acquisition cost corresponds to the fair value, determined on the date of purchase of the assets given and liabilities incurred or assumed. The Group, on a transaction-by-transaction basis (for each business combination) chooses to measure any minority interest in the acquired company either at fair value or at the non-controlling interests' proportionate share of the acquiree's identifiable net assets the costs directly related to the acquisition of a subsidiary are charged directly to profit or loss.

The Group performs a set of procedures to assess whether it is facing an asset purchase or a business combination. Or rather, it determines that it has acquired a business when the acquired set of activities and assets includes a substantive input and process that, together, contribute significantly to the ability to create outputs. The acquired process is considered substantive if it is considered critical for the ability to continue to produce outputs, and the acquired inputs include an organised workforce, with the knowledge or experience necessary to carry out this process or if it contributes significantly to the ability to continue to produce outputs and is considered unique or scarce or cannot be replaced without significant cost, effort or delay in the ability to continue to produce outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for the due classification and designation according to the contractual terms, economic circumstances and relevant conditions at the date of acquisition. This includes the separation of embedded derivatives in host contracts by the acquiree.

The value of contingent future payments is recognised as a liability at the time of the business combination according to its fair value, and any change to the amount initially recognised is recorded against goodwill, but only if it occurs within the period of measurement (12 months after the acquisition date) and if it is related with facts and circumstances that existed at the date of acquisition, otherwise it should be recorded against the income statement, unless this contingent payment is classified as equity, and in this case it should not be remeasured and, only when it is settled, will the impact on equity be recognised.

Positive goodwill resulting from acquisitions is recognised as an asset and carried at acquisition cost, and is not subject to amortisation. Goodwill resulting from the acquisition of participations in subsidiary companies is defined as the difference between the value of the acquisition cost and the total or proportional fair value of the assets and liabilities and contingent liabilities of the acquiree, according to the option taken. If the goodwill arrived at is negative, this is recorded directly in profit and loss for the period when the business combination occurs.

Goodwill is not corrected according to the final determination of the value of the contingent price paid, this impact being recognised against the income statement or equity, if applicable.

In accordance with IFRS 3 – Business Combinations, if the initial accounting of a business combination is not completed by the end of the first financial reporting period in which the combination occurs, this is recorded at its provisional values. These provisional values may be adjusted during the period of measurement, which may not exceed one year from the acquisition date.

During this period, the Group should adjust retrospectively the amounts recognised provisionally at the date of acquisition, in order to reflect new information obtained on facts and circumstances that existed on the date of the acquisition and that, if known, would have affected the measurement of the amounts recognised on that date. During this period, the Group should also recognise additional assets and liabilities, if new information is obtained on facts and circumstances that existed at the date of acquisition and that, if known, would have resulted in the recognition of these assets and liabilities on that date.

At least once a year, the Group performs impairment tests on goodwill carried in the balance sheet, according to the requirements of IAS 36 – "Impairment of Assets". For this purpose, goodwill is allocated to units that give rise to cash flows, and the respective recoverable amount is determined based on estimates of the future cash flow, updated based on discount rates considered appropriate by the Group. Impairment losses associated with goodwill are recorded in the income statement of the year and cannot be reversed.

Acquisition and dilution of non-controlling interests

The acquisition of non-controlling interests which does not result in a change in control over a subsidiary is accounted as a transaction with shareholders and, as such, no additional goodwill is recognised as a result of this transaction. The difference between the acquisition cost and the fair value of the non-controlling interests acquired is recognised directly in reserves. Likewise, gains or losses arising from disposals of controlling interests that do not result in a loss of control over a subsidiary are always recognised against reserves.

Loss of control

Gains or losses arising from the dilution or sale of a portion of an interest in a subsidiary, with loss of control, are recognised by the Group in the income statement.

Investments in foreign subsidiaries and associates

The financial statements of the Group's foreign subsidiaries and associates are prepared in their functional currency, defined as the currency of the economy in which they operate or the currency in which the subsidiaries obtain their income or finance their activity. On consolidation, the value of assets and liabilities, including goodwill, of foreign subsidiaries are recorded in Euros at the official exchange rate ruling at balance sheet date. Regarding the investments in foreign operations that are consolidated under the full consolidation or equity methods, the exchange differences between the conversion to Euros of the opening net assets at the beginning of the year and their value in Euros at the exchange rate ruling at the balance sheet date are accounted for against "Reserves – exchange differences".

Changes in the fair value of instruments that are designated and qualified as hedging instruments in respect of investments in foreign operations are recorded in equity under “Reserves and retained earnings”. Whenever the hedge is not fully effective, the difference is recorded in the net profit of the period.

Exchange differences from the conversion to Euros of the net profit of the period, arising from the difference between the exchange rate used in the income statement and the exchange rate prevailing at the balance sheet date are recognised in the caption “Reserves and retained earnings – exchange difference arising on consolidation of Group companies”. On disposal of investments in foreign subsidiaries for which there is loss of control, exchange differences related to the investment and the respective hedging operation previously recognised in reserves, are transferred to profit and loss as part of the gain or loss arising on the disposal.

Transactions eliminated on consolidation

Balances and transactions between Group companies, as well as unrealised gains and losses arising from transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains and losses arising on transactions with associates and jointly controlled entities are eliminated in the portion of the Group’s share in those entities.

2.2. Accrual accounting

The Group adopts the accounting principle of accrual accounting in relation to most of the captions of the financial statements. So, costs and revenue are recorded as they are generated, regardless of when they are paid or received.

2.3. Transactions in foreign currency

The Group’s accounts are presented in Euros.

Transactions in foreign currency are converted at the rate of exchange in force on the date of the transaction. Monetary assets and liabilities expressed in foreign currency are converted into Euros at the rate of exchange in force on the date of the balance sheet. The exchange differences resulting from this conversion are recognised in profit and loss. Non-monetary assets and liabilities recorded at historical cost expressed in foreign currency are converted at the rate of exchange on the date of the transaction. Non-monetary assets and liabilities expressed in foreign currency recorded at fair value are converted at the rate of exchange in force on the date on which the fair value was determined. The resulting exchange differences are recognised in profit and loss, except in respect of differences classified as financial assets at fair value through other comprehensive income, which are recorded as a counter-entry of equity or in profit and loss.

2.4. Derivative financial instruments and hedge accounting

Classification and measurement

The Group classifies the following as derivatives for risk management (i) hedging derivatives and (ii) derivatives taken out with the aim of hedging certain assets and liabilities designated at fair value through the income statement but which were not classified as hedges.

All other derivatives are classified as trading derivatives.

Financial derivative instruments are recognised on their trade date at their fair value. Subsequently, the fair value of these instruments is revaluated on a regular basis, with the gains or losses resulting from this revaluation being entered directly in the income statement of the year.

There may be two types of hedging with accounting varying according to their nature:

- *Fair value hedging* consists in the hedging of exposure to changes in the fair value of a recognised asset and liability. Any gain or loss in the hedging instrument and with the opposite sign in the hedged instrument will be included in the results of the year;

- *Cash flow hedge*, consists in the hedging of exposure to the variability in cash flows that is attributable i) to a particular risk of a recognised asset and liability ii) or to a transaction considered highly probable and that might affect profits and losses. The variation in gains and losses in the hedging instrument will be recorded in equity.

If a hedging instrument matures or is terminated beforehand, the gains or losses recognised in the valuation of the hedged risk as value adjustments of the hedged items are amortised over its remaining life.

If the hedged asset or liability is sold or paid, all amounts recognised in the valuation of the hedged risk are recognised in the income statement of the year and the derivative financial instrument becomes part of the trading portfolio.

If the hedge ceases to be effective, the gains or losses recognised as value adjustments of the hedged items are amortised through profit and loss over the remaining period of validity.

In the case of exchange rate risk hedges on monetary items, hedge accounting is not applied, and the gain or loss associated with the derivative is recognised in the income statement, and also the exchange variations of the monetary items.

Classification criteria

As of 1 January 2018, the Group applies the provisions of IFRS 9 in relation to hedge accounting on the understanding that this option is more aligned with its risk management, specifically as regards interest rate risk.

Financial derivative instruments used for hedging may be classified in the accounts as hedges, provided that they cumulatively meet the following conditions:

- There should be an economic relationship between the hedged item and the hedging instrument;
- The credit risk of the counterparty of the hedged item or of the hedging instrument should not have a dominant effect on changes in value resulting from this economic relationship; and
- The hedging ratio of the hedge accounting relationship, understood as the part of the item hedged by the hedging instrument, should be the same as the hedging ratio that is used for management purposes.

At the time when a hedge relationship is established, the Group prepares a dossier where all the information relating to the different hedge relationships is formalised and identifying the hedging instruments and the hedged item, the nature of the risk to be covered and how the Group assesses if the hedge relationship meets the requisites of efficacy of the hedge.

These assumptions are monitored in order to guarantee the effectiveness of the hedge.

Fair value hedge

In a fair value hedging operation of an asset or liability, the balance sheet value of this asset or liability, determined based on the respective accounting policy, is adjusted in order to reflect the variation in its fair value attributable to the hedged risk.

Variations in the fair value of hedge derivatives are recognised in the income statement, together with the variations in fair value of the hedged assets or liabilities, attributable to the hedged risk.

If the hedge no longer meets the criteria of enforceability of the hedge accounting the derivative financial instrument is transferred to the trading portfolio and hedge accounting is discontinued prospectively. Regarding the hedging asset or liability, the adjustment to the book value of the hedged instrument is amortised in results for the remaining period of useful life of the hedged item.

2.5. Other financial assets

Classification and measurement

At the time of the initial recognition of a financial instrument its classification depends:

- on the type of financial instrument, debt or capital;
- on the Group's business model;
- on the characteristics of the contractual cash flows of the financial asset.

Depending on the aforementioned elements, the respective financial instrument shall be classified in one of the following categories, specifically

- financial assets at amortised cost;
- financial assets at fair value through other comprehensive income; or
- financial assets at fair value through results.

Assessment of the business model

The Group analysed the business model in order to determine how its assets are managed and how information is made available and analysed by Management, in order to determine the classification and measurement of its financial instruments. Annually, the Group guarantees that its business model continues to be aligned with the way in which the financial instruments of the Group are managed.

The business model was analysed taking into account management's objective with regard to the portfolio, having considered the following elements, among others:

- The policies and objectives established for the portfolio and practical operability of these policies, including the way in which the management strategy focusses on the receipt of interest contracted, maintaining a determined interest rate profile, adapting the duration of the financial assets to the duration of the liabilities that finance these assets or on the realization of cash flows through the sale of the assets;

- The way in which the portfolio's performance is assessed and reported to the management bodies of the Group;

- The assessment of the risks that affect the performance of the business model (and of the financial assets held using this business model) and the way in which these risks are managed;

- Based on the business model and the analysis performed, for accounting purposes the Group will classify its debt instruments into one of the three categories below presented:

  - financial assets at amortised cost in the situations in which the Group wishes to receive its contractual cash flows, these instruments are measured at amortised cost;

  - financial assets at fair value through other comprehensive income in the situations in which the Group (i) aims to take the contractual cash flows and (ii) if a good opportunity comes up to realize the cash flows through their sale;

  - financial assets at fair value through profit or loss, when they do not meet the criteria to be recognised at amortised cost or at fair value through other comprehensive income.

Financial assets measured at amortised cost

Classification

A debt security is classified in the category of Financial assets at amortised cost if the following conditions are cumulatively met:

- The financial asset is managed in a business model whose main objective involves collecting their contractual cash flows; and

- Their contractual cash flows occur on specific dates and only correspond to payments of capital and interest on the outstanding amount (SPPI – Solely Payments of Principal and Interest). For the purpose of this assessment, the Group uses the following definitions (i) Capital was defined as the fair value of the financial asset on their initial recognition, (ii) Interest was defined as the compensation for the time value of the money, for the credit risk associated to the outstanding amount and for other risks and costs associated to the business (e.g. liquidity risk and administrative costs), and also a profit margin. In the assessment of the financial instruments in which the contractual cash flows refer exclusively to capital and interest, the Group considered the contractual terms at the time of the acquisition / recognition of the respective financial instruments.

To ensure that the financial debt instruments meet the SPPI requisites, the Group thoroughly analysed them, taking the following aspects into consideration, among others:

  - Contingent events that could modify the periodicity and amount of the cash flows;

  - Characteristics that result in leverage;

  - Early payment clauses and maturity extension clauses;

  - Clauses that could limit the Group's right to claim the cash flows in relation to specific assets (e.g. contracts with clauses that prevent access to assets in the event of default – non-recourse asset); and

  - Characteristics that could modify the compensation by the time value of the money.

Initial recognition and subsequent measurement

The financial assets measured in this caption, specifically applications in banks, loans to clients and debt securities are recognised on their trade date, or rather, on the date on which the Group undertakes to pay the respective amounts or acquire the respective securities.

Financial assets at amortised cost are recognised initially at their fair value, plus transaction costs, and subsequently are measured at amortised cost. After their initial recognition, impairment losses are also calculated, specifically expected credit losses (see note 21 and 22), which are recorded as a counter-entry to the caption Impairment of financial assets at amortised cost (income statement).

Interest from financial assets at amortised cost is recognised in the caption of Income with interest, based on the effective interest rate method. The gains or losses generated at the time of their non-recognition are recorded in the caption Gains / (Losses) with the non-recognition of financial assets and liabilities at amortised cost.

Financial assets at fair value through other comprehensive income

Classification

A debt security is classified in the category of Financial assets at fair value through other comprehensive income if the following conditions are cumulatively met:

- The financial asset is held in a business model in which the objective is the collection of their contractual cash flows and possible realisation of the asset through the sale of this financial asset;

- Their contractual cash flows occur on specific dates and only correspond to payments of capital and interest of the outstanding amount (SPPI).

With regard to equity instruments classified in this caption (other than equity instruments which are only classified as an equity instrument from the point of view of the issuer pursuant to the exceptions contemplated in paragraphs 16A to 16D of IAS 32), on their initial recognition, the Group can irrevocably opt to classify them in this category.

This option is exercised on a case-by-case basis, investment by investment.

Initial recognition and subsequent measurement

Debt instruments at fair value through other comprehensive income are initially recognised at fair value, plus transaction costs, and are subsequently measured at fair value. Variations in the fair value of these financial assets are recorded as a counter-entry against other comprehensive income and, at the time of their disposal, the respective accumulated gains or losses in other comprehensive income are reclassified to a specific caption of results called Gains or losses as non-recognition of financial assets at fair value through other comprehensive income.

After their initial recognition, debt instruments at fair value through other comprehensive income are also subject to the calculation of impairment losses, more specifically expected credit losses. Estimated impairment losses are recognised in the income statement, in the caption Impairment of financial assets at fair value through other comprehensive income, as a counter-entry against other comprehensive income, without reducing the book value of the financial asset in the balance sheet.

Interest, premiums or discounts of the financial assets at fair value through other comprehensive income are recognised in the caption of Interest Income based on the effective interest rate method.

Capital instruments at fair value through other comprehensive income are recognised initially at fair value, plus transaction costs, and are subsequently measured at fair value. Variations in the fair value of these financial assets are recorded as a counter-entry against other comprehensive income. Only dividends, if they remunerate the invested capital are recognised in the income statement once the right to receive them is granted.

Losses and reversals of impairment losses of capital instruments at fair value through other comprehensive income are not recognised separately from other changes in fair value, with the respective accumulated gains or losses being recorded in variations of fair value transferred to retained earnings at the time of their non-recognition.

Financial assets at fair value through results

A financial asset is classified in the category of Financial assets at fair value through results (FVTPL) if the business model defined by the Group for its management or the characteristics of its contractual cash flows do not meet the conditions described above for being measured at amortised cost, nor at fair value through other comprehensive income (FVTOCI).

Furthermore, the Group can classify irrevocably a financial asset, which meets the criteria to be measured at amortised cost or at FVTOCI, at fair value through results, at the time of its initial recognition, if this eliminates or significantly reduces an accounting mismatch in its measurement or recognition (*accounting mismatch*), which otherwise would result from the measurement of assets or liabilities or from the recognition of gains and losses on them on different bases.

Initial recognition and subsequent measurement

Considering that the transactions made by the Group in the normal course of its activity are at market conditions, financial assets at fair value through results are recognised initially at fair value, with the costs or revenue associated to the transactions initially recognised in the income statement. Subsequent variations of fair value of these financial assets are recognised in the income statement.

Accrued interest and premium/discount (when applicable) are recognised in the caption of Interest and equivalent revenue based on the effective interest rate of each transaction, and also accrued interest from derivatives associated to financial instruments (economic hedging) classified in this category. Dividends are recognised in the income statement when the right to receive them is attributed.

Trading derivatives with positive fair value are included in the caption Financial assets held for trading, with trading derivatives with negative fair value being included in the caption Financial liabilities held for trading.

Reclassification between categories of financial assets

Financial assets are reclassified to other categories only if the business model used in their management is altered. In this case, all the financial assets affected are reclassified.

Reclassification is applied prospectively from the date of the respective reclassification, with any gains, losses (including those related with impairment) or interest previously recognised not being restated. The reclassification of investments in capital instruments is not permitted, nor of financial instruments designated at fair value through results (fair value option).

Impairment

On each reporting date the Group assesses if there is (i) objective evidence of impairment; or (ii) a significant increase in the credit risk, for its financial debt instruments, in accordance with the rules of the IFRS9. Expected credit losses (ECL) calculated are recorded against the income statement, being subsequently reversed in results if, in a subsequent period, the amount of the estimated loss reduces.

To carry out the processes included in this procedure, the Group divides its credit portfolio by operations, specifically between loans represented by securities and loans not represented by securities.

The Group determines the expected credit losses of each operation depending on the deterioration of the credit risk verified since initial recognition. For this purpose, the operations are classified into one of the following three stages:

- *Stage* 1: financial assets are classified into stage 1 whenever no significant increase in the credit risk is noted since the date of their initial recognition. For these assets, an expected credit impairment loss resulting from events of non-compliance that occur during the 12 months after the reporting date should be recognised in the income statement of the year;

- *Stage* 2: incorporates financial assets for which there has been a significant increase in the credit risk since the date of their initial recognition, even though this situation may not have led to concrete losses and are only indications. For these financial assets, expected credit impairment losses are recognised throughout the lifetime of the assets. However, interest will continue to be calculated on the gross amount of the asset;

- *Stage* 3: the assets classified in this stage, present objective evidence of impairment on the reporting date as a result of one or more events that have already occurred and which result in a loss. In this case, the expected credit impairment loss during the expected remaining lifetime of the financial assets will be recognised in the income statement of the year. Interest is calculated on the net book value of the assets.

Main drivers in the calculation of expected losses

The measurement of expected losses is the result of the product between the probability of default (PD) of the financial instrument, a loss given as default (LGD) and the exposure on the date of the default (EAD).

With respect to loans not represented by securities, the Group uses the default rates published quarterly by the EBA as a basis for the calculation of the probability of default. The Loss Given Default is calculated based on the risk and typology of associated credit. The respective PDs are adjusted based on a set of information and macroeconomic scenarios in order to incorporate forward looking information.

For loans represented by securities, the PDs and LGDs are inferred using information deriving from external providers, specifically Bloomberg and Moody's.

The main difference between impairment losses measured for financial assets classified in stages 1 and 2 is the respective time horizon in the calculation of the PD. The expected losses for the financial assets in stage 1 will be calculated using a PD at 12 months while the expected losses in stage 2 use a PD-lifetime.

The calculation of the expected loss for financial assets in stage 1, 2 and 3 always considers point-in-time and forward-looking information.

Significant increase in the credit risk and definition of default

Financial assets go from stage 1 to stage 2 when the credit risk increases significantly when compared with the credit risk on the date of their initial recognition. The significant increase in the credit risk should be determined through the analysis of internal quantitative and/or qualitative indicators used by the Group.

The Group regularly assesses its portfolios in order to estimate the expected losses in twelve months, and assess if there is a significant increase in the credit risk and if this is confirmed, it estimates the expected loss for the lifetime of the financial instrument.

To determine if there was a significant increase in the credit risk, with regard to loans represented by securities, the Group has implemented a number of variables that should be analysed, specifically:

- Negative evolution of the rating since the acquisition date;
- Negative evolution of the price taking account of the amortised cost;
- Debt of the issuer restructured due to financial difficulties;
- Delays in the payment of capital and/or interest of between 30 and 90 days;
- Inability to measure the credit risk at the time of their origination and/or acquisition.

The assessment of the default and subsequent classification of the financial assets of the portfolio of loans represented by securities in stage 3, is also regularly assessed by the Group, with the following indicators being considered:

- Negative evolution of the price in view of the purchase price;
- Delays in the payment of capital and/or interest of over 90 days;
- Securities with rating equal to or less than CCC+ (non-POCI);
- Loss of the attribution of a rating;
- Disappearance of an active market for the financial asset under analysis due to financial difficulties;
- Bankruptcy/insolvency of the issuer;
- Debt of the issuer restructured due to financial difficulties;

With respect to loans not represented by securities, the Group's credit portfolio is made up principally of loans granted to clients and employees. The Group regularly assesses its portfolio of loans not represented by securities in order to estimate the expected losses at twelve months, and assess if there is a significant increase in the credit risk and if this is confirmed, it estimates the expected loss for the lifetime of the financial instrument.

To determine if there was a significant increase in the credit risk in the non-securitized portfolio, the Group implemented several variables to be analysed. These variables, in turn, will determine the classification in terms of the staging of the loan transactions.

The criteria used by the Group for the analysis and classification of non-securitized loan transactions in stage 2 are the following:

- Delays in payments of capital and/or interest between 30 and 90 days;
- Overdue or written-off credit in the CRC-Credit Liabilities Centre of the Banco de Portugal;
- Indications of risk registered in the Observations field of Customers' Accounts;
- Liens or account blocking registered in the Customers' Accounts;
- Inclusion in the LUR – Banco de Portugal's User Risk List (cheques);

- Inclusion in the internal blacklist;
- Significant restructuring of a loan transaction due to financial difficulties of the debtor.

The assessment of the default and subsequent classification of the financial assets of the portfolio of loans not represented by securities in stage 3 is also regularly assessed by the Group, with the following indicators being specifically considered:

- Delays in the payment of capital and/or interest of over 90 days;
- Bankruptcy/insolvency of the client;
- Contagion – For clients for whom the exposure in default represents more than 20% of the total exposure, all the operations are classified in stage 3;
- Delivery of assets in lieu of payment;
- Loan classified as non-performing (no interest due);
- Sale of a loan transaction with significant financial loss (higher than 5% of the nominal value in debt on the date of the sale for reasons exclusively connected to the quality of the credit risk of the debtor).

Credit Write-Off Policy

When a loan is considered to be definitively uncollectable (e.g. by a court decision) or the Group decides to forgive the debt or cede its rights on the loan to third parties, this is written off, as mentioned above. Loans are only proposed for write-off when all the steps of the procedure have been taken and there are no realistic expectations of recovering the full amount of the outstanding loan.

Loans written off from assets are recorded in off-balance sheet captions when they are derecognised in the Balance Sheet. The entries in off-balance sheet captions remain until the liabilities of each credit operation are definitively eliminated, either by payment or by formal cessation of the right to receive within the legal and contractual terms applicable (for example: forgiving the debt, court sentence or definitive cession of past due loans), notwithstanding that all off-balance sheet records may be kept relating to clients with credit operations recorded in the Balance Sheet.

Loans written off from assets and recorded in off-balance sheet captions are maintained at the amount to which the institution is entitled, within the legal and contractual terms applicable, regardless of expectations of collecting the payment.

The accounting records in off-balance sheet captions relating to loans written off from assets are adequately supported to permit the systematic reconciliation of their components aggregated with outgoing movements due to the writing off of loans from assets.

Impairment reversal policy

On each reporting date BiG assesses if there is an indication that an expected impairment loss recognised in previous periods in relation to an asset, may have been altered, through the use of mechanisms (triggers and alerts) which confirm a possible reversal of the significant increase in the credit risk previously estimated.

The evolution of the Group's expectations is translated into the classification of the exposure into one of the 3 stages: Stage 1, Stage 2 or Stage 3.

Different calculation assumptions in relation to the estimate of the expected impairment loss calculated in each reporting period correspond to each stage.

An alteration of an expected impairment loss of an asset is recognised immediately in the results of the year.

2.6. Financial liabilities

An instrument is classified as a financial liability when there is a contractual obligation for it to be settled by the payment of money or other financial assets, irrespective of its legal type.

Financial liabilities at fair value through the income statement are measured at fair value. The fair value of listed liabilities is their listed value, and gains or losses resulting from their valuation are recorded in the caption "Results in financial transactions".
If there is no listing, the Group estimates the fair value using assessment methodologies considering assumptions based on market information.

In relation to financial liabilities designated at fair value through profit or loss ("Fair Value Option"), the Group can irrevocably designate a financial liability at fair value through profit or loss at the time of its initial recognition, if at least one of the following conditions is met: the financial liability is managed, assessed and reported internally at fair value; or, the designation eliminates or significantly reduces the accounting mismatch of the transactions.

As the transactions made by the Group in the normal course of its activity are in market conditions, financial liabilities at fair value through profit or loss are initially recognised at fair value, with the expenses or income associated with the transactions recognised in the income statement at the outset.

Other financial liabilities include funding from banks and clients, among other liabilities.

These liabilities are valued at amortised cost with interest being recognised in the income statement.

Financial liabilities will be derecognised when the underlying commitment expires or is cancelled.

2.7. Capital instruments

Equity instruments with the nature of liabilities

Equity instruments with the nature of liabilities include redeemable non-voting preferred shares whose characteristics lend this instrument a hybrid nature as they share clear characteristics of debt instruments.

Under IAS 32, this type of instrument is classified as a financial liability, in the caption Instruments representing capital with the nature of liabilities.

Income from this instrument consists of (i) any dividends payable that are recorded in the income statement in the caption of other interest and charges and (ii) a redemption premium, if the difference between the book value per ordinary share in the last annual balance sheet before the redemption date and the last annual balance sheet before the issue date is positive (> 0), which will be accounted as a cost, in the caption of Interest and similar charges of instruments representative of capital with the nature of a liability, as a counter-entry against the Balance Sheet caption of Other interest and similar charges. During the lifetime of the shares, the estimated value of the redemption premium is recognised and accounted incrementally depending on the calculation formula mentioned in note 32.

Other equity instruments

An instrument is classified as a capital instrument when there is no contractual obligation for its settlement to be made by payment of money or any other financial asset, irrespective of its legal form, showing a residual interest in the assets of an entity after deduction of all liabilities.

Costs directly attributable to the issue of capital instruments are charged against equity capital as a deduction against the amount of the issue. Amounts paid and received for the purchase and sale of capital instruments are entered in equity capital, net of transaction costs.

Distributions made on behalf of capital instruments are deducted from equity capital as dividends when declared.

Treasury stock

Treasury Stock is entered in capital accounts at acquisition value and is not subject to revaluation. Capital gains and capital losses made on the sale of Treasury Stock are entered directly in equity capital without affecting the result for the year.

2.8. Compensation of financial instruments

Financial assets and liabilities are entered in the balance sheet for their net value when there is an exercisable legal right to compensate the amounts recognised at the same time. The exercisable right legal cannot be contingent on future events and should be exercisable in the normal course of the Group's activity and also in the case of default, bankruptcy or insolvency of the Group or counterparty.

2.9. Sale transactions with repurchase agreement

Securities sold with a repurchase agreement (repos) for a fixed price or for a price which is the same as the sale price plus interest inherent to the period of the operation are recognised in the balance sheet. The corresponding liability is entered as an amount payable to other financial institutions or to clients, as appropriate. The difference between the sale value and the repurchase value is treated as interest and is deferred during the life of the agreement through the effective interest rate method.

Securities purchased with a resale agreement (reverse repos) for a fixed price or for a price which is the same as the sale price plus interest inherent to the period of the operation are not recognised in the balance sheet, with the purchase value being entered as a loan to other financial institutions or clients, as appropriate. The difference between the purchase value and the resale value is treated as interest and is deferred during the life of the agreement through the effective interest rate method.

2.10. Fair value

In order to determine the fair value of its financial instruments, and based on accounting standard IFRS 13, the Group maximises the use of/prioritises information from markets considered liquid (level 1) or alternatively information from less liquid markets (level 2), and whenever this is not available, it will use information not observed in the market (level 3).

In situations where the price is not directly observable in the market, the Group determines its fair value through models/methodologies that are widely used by the participants in the market where the financial instrument is traded. As mentioned above, whenever available, the Bank tries to maximise the use of information from liquid markets considered as level 1 to feed these models.

The fair value hierarchy attributed to the diverse financial instruments is not static and varies according to particular market situations, namely liquidity, volatility, and also any change in the sources used for their valuation, among others. Accordingly, the fair value hierarchy attributed to financial instruments is reviewed at each reporting date.

2.11. Tangible assets

The tangible assets of the Group are valued at acquisition cost, less the respective accumulated depreciation and impairment losses. The cost includes expenses which are directly attributable to the acquisition of the goods.

Subsequent costs with tangible assets are recognised only if it can be proven that future economic benefits will result from them for the Group. All normal/recurring maintenance and repair costs are recognised as a cost, in accordance with the accrual accounting principle.

Land is not depreciated. The depreciation of other tangible assets is calculated using the straight-line method, at the following rates of depreciation which reflect the expected useful life of the goods:

	Years
Works on rented buildings	5
Furniture and material	8 and 10
Machines and tools	5 and 7
Computer equipment	3 and 4
Interior installations	4 and 8
Transport material	4
Safety equipment	8
Buildings for own use	50

Whenever there is an indication that assets may be impaired, the Group estimates their recoverable value, and an impairment loss should be recognised whenever the book value net of an asset exceeds its recoverable value. Impairment losses are recognised in the income statement of the year, and are reversed in later reporting periods when the reasons that led to their initial recognition cease, for the purpose, and the new amortised amount will not be higher than that that would have been accounted, if impairment losses had not been imputed to the assets, considering the depreciation that this would have suffered.

The recoverable value is determined as being the higher of the fair value deducted of the sale costs and its value in use, this being calculated based on the current value of the estimated future cash flows that are expected to be obtained from the continued use of the asset and from its sale at the end of its useful life.

Gains and losses obtained on the sale of these assets are recognised in the caption profits or losses with non-current assets being determined by the difference between the sale value and the book value of the asset.

The useful life and residual values are revised at each reporting date.

2.12. Intangible assets

Intangible assets are recorded at cost and are amortised linearly over the expected useful life of three years. As part of the DIF Brokers acquisition process, the Group identified an intangible asset that will be amortised on a straight-line basis over an estimated useful life of 10 years.

2.13. IFRS 16 Leasing

IFRS 16 defines a leasing as a contract, or part of a contract, which transfers the right of use of an asset (the underlying asset), during a certain period, in exchange of a fee.

At the start of the contract the Group assesses if a contract is or contains a lease, i.e., if the contract grants the right to control the use of an identified asset for a period in exchange for a consideration. This assessment implies an exercise of judgement by the management on whether

(i) each contract identifies a specific asset;
(ii) the entity obtains substantially all the economic benefits of the use of that asset; and if
(iii) the entity has the right to control the use of the asset.

In the case of contracts which constitute, or contain, a lease, the standard states that the entities should account for each lease component in the contract as a lease, separately from the other components of the contract that are not leasing, except if the entity applies the practical measure contemplated in the standard. The Group did not adopt this practical measure, separating these components for each class of leased asset.

Group as lessee

The Group applies a unique approach of recognition and measurement for all leasing, except for short-term leases and low-value asset leases.

On the start date of the lease, the Group recognises an asset which corresponds to the right to use the underlying asset during the period of the lease and the liability related with the lease payments (or the lease liability). The term of the lease contract is the non-cancellable period of the lease and is determined taking into account (i) the lessor's and lessee's purchase and renewal options, and (ii) underlying economic incentives, when applicable. In the contracts concluded, the Group assesses the minimum cancellable terms associated with each contract.

IFRS 16 states that on the start date of the contract, the lessee should measure the lease liability by the present value of the leasing payments that are not paid on this date and discount these payments at the interest rate implicit in the lease, or, if this cannot be easily determined, use the lessee's incremental borrowing rate.

Right-of-use assets

The Group recognises a right-of-use asset on the start date of the lease, the date on which the underlying asset is available for use.

The right-of-use asset is carried at acquisition cost, less accumulated depreciation and impairment losses and adjusted by the measurements of the lease liabilities, if any. The cost of the right-of-use asset includes the recognised value of the lease liability, any direct costs initially incurred and payments already made before the initial date of the lease, less any incentives received.

The right-of-use assets recognised by the Group are amortised on a straight-line basis during the shorter period between their estimated useful life of the underlying asset and the period of the lease. Periodically, the Group performs impairment tests to its right-of-use assets, reducing their value in in case of an impairment loss.

Right-of-use assets are presented in Note 26 – Tangible assets and are subject to impairment according to the Group's policy, as described in this note.

Lease liability

On the start date of the lease, the Group recognises the liabilities measured by the present value of the future payments to be made until the end of the leasing contract. The lease payments include fixed payments (including in-substance fixed payments), less any lease incentives receivable, variable payments based on an index or rate and the amounts expected to be payable under residual value guarantees.

The lease payments also include the exercise price of a purchase option, if it is reasonably certain that the Group will exercise the option, and payments of penalties for terminating the lease, if it is reasonably certain that the Group will terminate the contract.

In the calculation of the present value of the lease payments, if the implicit interest rate is not easily determinable, the Group uses an incremental borrowing rate on the starting date of the lease.

The lease liability, after its initial recognition, is measured by the amortised cost by the effective interest rate method, being remeasured every time a change in the following variables occurs:

(i) Change in the value of variable payments linked to an index or rate (solely for the period concerned);

(ii) Change in the decision evaluation on whether to exercise, or not, the purchase, extension or termination option on the underlying asset;

(iii) Change in the asset's residual value;

(iv) Change in the term of the contract. In case a change in the term of the contract or a change of the decision evaluation of exercising the purchase, extension and termination option (points (iv) and (ii), respectively) are observed, a new discount rate shall be determined to measure the liability.

When the lease liability is revalued, the respective difference resulting from the revaluation is registered as a charge to the right-of-use asset, or it is registered in net income if the booking value of the right-of-use asset has been reduced to zero.

Variable payments that do not depend on an index or rate are recognised as an expense in the period in which the event that triggers the payment occurs.

The lease liability is presented in Note 38 – Other liabilities.

Practical measures

As contemplated in IFRS 16, the Group adopted the following practical measures:

- Non-recognition of the lease liability and respective right to use in operations in which the leasing contract has a maturity not exceeding 12 months – short-term leases;

- Non-recognition of the lease liability and respective right to use in operations in which the value of the asset underlying the leasing contract, when new, is less than 5,000 Euros – low-value leases.

Group as lessor

The Group classifies leasing operations as financial leasing if the contract transfers substantially all the risks and advantages inherent to the ownership of the underlying asset. All other leasing operations are classified as operating leases.

Operating lease payments are recognised as rental income on a straight-line basis throughout the period of the contract and are included in the income statement as revenue due to their operational nature.

From the lessor's point of view, financial leasing contracts are registered in the balance sheet as credits granted for the value equivalent to the net investment realised in the leased assets. Interest included in the instalments debited to customers is registered as income, while the amortisation of capital, also included in the instalments, is deducted from the value of the credit granted to clients. The recognition of the interest reflects a constant periodic rate of return on the remaining net investment of the lessor, together with any residual amount not guaranteed in favour of BiG.

2.14. Contingent assets and liabilities

Contingent liabilities and assets are not recognised in the financial statements, being framed in the standard IAS 37 and disclosed whenever the possibility of an outflow or inflow of resources encompassing economic benefits is not remote.

2.15. Employee benefits

Employees under contract with Banco de Investimento Global are all registered with the Social Security. Thus, the Group's liabilities with pensions consist in the payment of a supplement which will complement any payment from the Social Security system.

The Bank has been providing retirement benefits of its staff through two pension plans, a defined contribution plan and a defined benefit plan, the latter being implemented following the decisions taken in the General meetings of 8 April 2005 and 5 April 2006.

Since that date each member of the board of directors of the company or worker of the Bank could choose between the two existing plans, opting for the one that they would benefit from for the purpose of retirement;

The Group's Board of Directors made an analysis of the impact of there being two plans, which, despite being different in nature (defined benefit vs. defined contribution), were established equally for most employees. In this context, it saw that since the Defined Benefit Plan was set up in 2006, and after the staff initially joined it, no-one else signed up for this plan. The Board also noted that there was a trend in the market to convert defined benefit plans into defined contribution plans, namely due to the greater foreseeability, limitation and lower volatility of the inherent liabilities.

In this context, it was agreed in the General Meeting held on 21 May 2014 to stop the defined benefit plan, with the Bank providing only a defined contribution plan that would cover all the members of the board of directors of the company and the workers of the Bank.

The participants of the defined benefit pension plan were included in the defined contribution pension plan, with the Bank assuming the commitment to maintain a reserve account for any differences that might appear with respect to future liabilities.

As regards the defined benefit pension plan, there were no pensions being paid or rights acquired that would prevent it from being closed. These alterations were duly authorised by the Insurance and Pension Fund Authority.

Pension plan

Up to 2014 the Bank provided the retirement benefits of its employees through two pension plans, a defined contribution plan and a defined benefit plan.

In 2015 the defined benefit plan was terminated, leaving the Bank with only a defined contribution plan.

Liabilities with retirement pensions are calculated annually on the closing date of the accounts by independent actuaries based on the Projected Unit Credit Method. The discount rate used in this calculation is based on the market rates associated to obligations of highly rated companies, denominated in the currency in which the benefits will be paid and with a similar maturity on the date that the obligations of the plan end.

On each balance sheet date, the Bank evaluates the possibility of recovering any excess of the fund in relation to responsibilities with retirement pensions, based on an expectation of a reduction in future contributions necessary.

Variable remunerations to Employees and Corporate Offices

Variable remunerations attributed to employees and to the corporate offices are accounted in the income statement of the year to which they relate and are recorded whenever the Group has a contractual obligation to pay these benefits, or when there is a past practice that has generated a constructive obligation.

2.16. Provisions

Provisions are recognised when (i) the Group has a present, legal or constructive obligation, (ii) it can be proven that payment will be required and (iii) when a reliable estimate of the value of this obligation can be made. In the cases where the effect of the discount is material, the provision corresponds to the current value of the expected future payments, discounted at a rate that considers the risk associated to this obligation.

Provisions cease to be recognised through their use for the obligations for which they were initially set up or in cases in which the obligations are no longer observed.

2.17. Tax on profits

The Bank and its subsidiaries based in Portugal are subject to the regime established in the Corporation Tax Code (IRC). Furthermore, deferred tax resulting from the temporary differences between the accounting bases and the fiscal bases of the assets and liabilities is recorded, whenever the criteria established in IAS 12 – Income tax are met.

Taxation on profits includes current taxation and deferred taxation. Taxation on profits is recognised in the income statements, except when related with items which are moved in equity capital, a fact which implies their recognition in equity capital. Taxation on profits recognised in equity capital arising from the revaluation of financial assets at fair value through other comprehensive income is subsequently recognised in profit and loss at the time the gains and losses which gave rise to it were recognised in profit and loss.

Current taxation is that which is expected to be paid based on the taxable income calculated in accordance with the tax rules in force and using the tax rate approved or substantially approved, and using the tax rate approved or substantially approved in the Group's jurisdiction.

Deferred taxation is calculated in accordance with the fiscal rules in force or substantially approved and using the tax rates on the Balance Sheet date in each mandate, which are expected to be applied when the temporary differences are reversed.

Deferred tax assets are recognised to the extent it is probable that future taxable profits will be available, capable of absorbing deductible temporary differences.

Deferred tax liabilities are recognised for all taxable temporary differences, with the exception of goodwill not deductible for tax purposes, differences resulting from the initial recognition of assets and liabilities that affect neither accounting nor taxable profit.

2.18. Recognition of income from services and commissions

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

- when obtained as the services are provided, income is recognised in the income statement in the period to which it relates;
- when income is part of the effective interest rate of a financial instrument it is stated in the income statement by the effective interest rate method.

2.19. Recognition of interest

Results relating to interest from non-derivative financial instruments is recognised in the captions of Interest income and costs, using the effective rate method. Interest from other financial assets and liabilities is also included in these items, respectively.

The effective interest rate is the rate which exactly discounts estimated future payments or receipts during the expected life of the financial instrument, or when appropriate, a shorter period, for the current net balance sheet value of the financial asset or liability. In the case of a fixed interest rate, the effective interest rate is established on the initial recognition of the financial assets and liabilities and is not subsequently revised.

For the calculation of the effective interest rate, the future cash flow is estimated considering all the contractual terms of the financial instrument (for example early payment options), but without considering, however, possible future credit losses. The calculation includes commissions which are an integral part of the effective interest rate, transaction costs and all the premiums and discounts directly related with the transaction.

In the case of financial assets or groups of similar financial assets for which impairment losses were recognised, the interest recorded in the income statement is determined based on the interest rate used in the measurement of the impairment loss.

With regard to derivative financial instruments, with the exception of those classified as derivatives for risk management (note 2.3), the component of interest inherent to the variation in fair value is not separated and is classified in the caption of results of fair value assets and liabilities through results. The component of interest inherent to the variation in fair value of the derivative financial instruments for risk management is recognised in the captions of Interest income and costs.

2.20. Earnings per share

Earnings per basic share are calculated by dividing the net result attributable to the shareholders of the Group by the average weighted number of ordinary shares in circulation, excluding the average number of Treasury Stock held by the Group.

For the calculation of results per diluted share, the average weighted number of ordinary shares in circulation is adjusted so as to reflect the effect of all potentially dilutive ordinary shares, like those resulting from convertible debt and from treasury stock options granted to the workers. The effect of the dilution produces a reduction in the earnings per share, resulting from the assumption that convertible instruments are converted or that the options granted are exercised.

2.21. Cash and cash equivalents

For the purpose of the cash flow statement, cash and its equivalents include the amounts recorded in the balance sheet with a maturity of less than three months as from the date of acquisition/contracting, with an immaterial risk of fluctuation of the fair value, where cash and deposits in central banks and in other banks are included.

Cash and cash equivalents exclude deposits of an obligatory nature made with Central Banks.

2.22. Guarantees provided

Responsibilities for guarantees provided and irrevocable commitments are recorded in off-balance sheet captions for the amount at risk. Interest, commissions, and other related income are recognized in the income statement throughout the duration of these guarantees and commitments. The operations associated to guarantees provided are also subject to impairment in accordance with the expected loss model defined by the Group – as described in note 3 – and considering the respective CCFs – Credit Conversion Factors applicable.

2.23. Subsequent events

The Group analyses events that occur after the balance sheet date, or rather, favourable and/or unfavourable events that occur between the balance sheet date and the date on which the condensed consolidated interim financial statements were authorised for issue. In this regard, two types of events can be identified:

i) those that provide evidence of conditions that existed in the balance sheet date (adjusting events after the balance sheet date); and,

ii) those that are indicative of conditions that appeared after the balance sheet date (non-adjusting events after the balance sheet date).

Events occurring after the date of the financial statements that are not considered adjustable events, if significant, are disclosed in the notes to the consolidated financial statements.

2.24. Recognition of dividends

Income from capital instruments (dividends) is recognised when the right to receive their payment is declared.

2.25. Reporting by segments

Considering that the Group does not have equity or debt securities that are traded publicly, in the light of paragraph 2 of IFRS 8, the Group does not present information relating to segments.

2.26. Issue premium

The issue premium is the difference between the subscription price of the share and its nominal value. The accounting record is measured in the equity caption.

2.27. Statement of cash flows

For the purpose of the cash flow statement, cash and cash equivalents include the amounts recorded in the balance sheet with less than three months' maturity from the inception date, and with insignificant risk of variations in fair value, including cash and deposits in other banks. Cash and cash equivalents exclude deposits in Central Banks.

The concepts used in the presentation of the cash flow statements are the following:

- Cash flows: Cash and cash equivalents include cash and deposits in other banks;
- Operating activities: the direct method is used for the presentation of the cash flows from operating activities, reflecting the flow from typical activities of credit institutions, as well as other activities that do not qualify as investment or financing;
- Investing activities: the acquisition, sale or other disposals of long-term assets, such as holdings in subsidiaries and associated companies, the acquisition of tangible and intangible assets and other strategic investments not included in operating activities;
- Financing activities: activities that produce alterations in the Group's medium and long term financing operations that are not part of the operating activities, such as capital increases and distribution of dividends.

NOTE 3
MAIN ESTIMATES AND JUDGMENTS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS

Estimates and judgements that have an impact on the Group's individual financial statements are continually assessed, representing the Board of Directors' best estimate on the date of each report, taking into account historic performance, accumulated experience and expectations concerning future events which, in the circumstances in question, are believed to be reasonable.

The intrinsic nature of estimates means that the real reflection of the situations that were subject to an estimate may, for the purposes of financial reporting, differ from the estimated amounts.

The main accounting estimates and judgments used by the Group in the application of the accounting principles are presented in this note with the objective of improving the understanding of how its application affects the results reported by the Group and their notification.

3.1. Impairment of financial assets

IFRS 9 states that the concept of impairment based on expected losses is applied to all financial assets except financial assets measured at fair value through results and equity instruments measured at fair value through equity.

To record the expected impairment losses for financial instruments various judgements are used, specifically:

Significant increase in the credit risk and definition of default

The transition of financial assets from stage 1 to stage 2 occurs when their credit risk increases significantly when compared with the credit risk on the date of their initial recognition. A significant increase in the credit risk should be determined through the analysis of quantitative and/or qualitative internal indicators used by the Group in the management of credit risk, thus requiring greater articulation of the accounting requisites with the credit risk management policies established by the Group.

The existence of a significant increase in the credit risk is assessed for each financial asset, considering a set of quantitative and qualitative indicators. The transition of financial assets from stage 2 to stage 3 occurs when these are in default.

Nature of the main judgments, estimates and hypotheses used in the determination of the ECL

Loans represented by securities

The Group uses a broad set of market data in estimating the ECL for this typology of assets.

I – *Staging*

To determine the staging, besides the regulatory indicators related with delay (< 30 days, 30-90 days, > 90 days), and other more qualitative alerts and triggers, the Group assesses if there is a significant increase in the credit risk based on two criteria/alerts:

- variation in rating;
- variation in price.

a) Variation in price

In the case of a variation in price, external data are used, specifically, the generic curves available on the market by rating. In this case, the Group constructed Price Matrices where the thresholds are defined from which a significant increase in credit risk occurs. The construction of these matrices is based on yield curves per rating, provided by Bloomberg.

b) Variation in rating

The attribution of a rating is based on the following rules, whether on the date of origination, or on the reference date:

(i) if there are ratings of 3 agencies, the Group selects the best of the 2 worst;
ii) if there are ratings of 2 agencies, the Group selects the lower;
(iii) if there is just one, the Group uses that rating.

Given that the assets in portfolio are acquired at different times, the acquisition date considered to determine the rating on origination is calculated by the weighting of the amount acquired and the respective acquisition date.

The Ratings Matrix, built based on observable data from Moody's, allows us to see how many notches a security can vary without implying a significant increase in the credit risk. This matrix depends on the rating and the number of years the Group has held the position.

Triggers and alerts for significant increases in the credit risk

Staging Criterion – Transfer to stage 2	
TRIGGERS (automatic)	i. Delay in the payment of capital and/or interest of between 31 and 90 days; ii. Debt of the issuer restructured due to financial difficulties; iii. Inability to measure the credit risk at the time of its origination and/or acquisition;
OTHER ALERTS (subject to revision and analysis in the Credit Risk Committee)	i. Negative evolution of the rating compared to the acquisition date (as per ratings matrix); ii. Negative evolution of price compared to amortised cost and comparison with the threshold permitted in the price matrix);

Staging Criterion - Transfer to stage 3	
TRIGGERS (automatic)	i. Delay in the payment of capital and/or interest equal to or longer than 91 days; ii. Debt of the issuer restructured due to financial difficulties; iii. Inability to measure the credit risk at the time of its origination and/or acquisition;
OTHER ALERTS (subject to revision and analysis in the Credit Risk Committee)	i. Negative evolution of the rating (2 more notches than that recorded for stage 2) compared to the acquisition date; ii. Decline in the fair value of the financial asset on a continuous basis during 12 months or decline of the fair value of the financial asset significantly (over 30%); iv. Securities with rating equal to or less than CCC+ (not POCI); v. Loss of attribution of rating, with BiG being unable to infer the risk associated to the asset; vi. Disappearance of active market for the bond under analysis due to financial difficulties; vii. Bankruptcy/insolvency of the issuer.

II – Calculation of the ECL

To estimate the ECL, the parameters PD, LGD and EAD are used.

- The PD-Probability of Default is determined differently, according to the market information available:
  - Sovereign securities: the PD may be inferred based on the CDS/Yield curve of the issuer, also considering the characteristics of the security. (e.g. tenor, currency, subordination, among others);
  - Non-sovereign securities: the PD is estimated based on the generic curves available on the market, deriving from comparable issuers by rating.

- The LGD-Loss Given Default used for the calculation of the expected credit losses is based on studies carried out by Moody's by typology of financial asset and collateral (sovereign, collateralized bonds, non-collateralized, senior/subordinated bonds).

- EAD – *Exposure at Default* is arrived at daily based on the amortised cost of the financial instrument on the reporting date, this amortised cost being periodified until the maturity of the instrument based on future contractual cash flows using the effective interest rate method.

Seeing that the parameters used are based on market information, the point-in-time, forward-looking and through-the-cycle assumptions of the IFRS 9 are ensured.

Economic cycles of 7 years are assumed in the estimation of these parameters when applicable.

Loans not represented by securities

Considering the simplicity and dimension of the portfolio, and also the absence of a history of statistically relevant non-compliance, in addition to the internal data available, the Group uses some data of the EBA – CREDIT RISK PARAMETERS, relating to Portugal, in the calculation of its risk parameters.

I – *Staging*

Besides the mandatory criteria defined in IFRS 9, relating to the length of the delay (< 30 days, 30-90 days, > 90 days), the Group also uses a number of alerts and qualitative triggers to determine if a significant increase has occurred in the credit risk, specifically:

- Overdue or written-off credit in the CRC-Credit Liabilities Centre of the Banco de Portugal;
- Indications of risk registered in the Observations field of Customers' Accounts;
- Liens or account blocking registered in the Customers' Accounts;
- Inclusion in the LUR – Banco de Portugal's User Risk List (cheques);
- Inclusion in the internal blacklist;
- Significant restructuring of a loan transaction due to financial difficulties of the debtor;
- Bankruptcy/insolvency of the client;
- Delivery of assets in lieu of payment;
- Loan classified as non-performing (no interest due);
- Sale of a loan transaction with significant financial loss (higher than 5% of the nominal value in debt on the date of the sale for reasons exclusively connected to the quality of the credit risk of the debtor).

II – Calculation of the ECL

The parameters PD, LGD and EAD are used to estimate the ECL.

- Considering that the credit portfolio of this typology is Retail, for the estimate of the PD-Probability of Default, the Group uses the Default Rates published by the EBA, for the segments Retail – Secured on real estate property (Mortgage) and Retail – Other Retail (Other Non-mortgage loans);

- To estimate the LGD-Loss Given Default, the Group uses internal data for the Motor, Mortgage and Margin account credit portfolio. For the other products, and for the segment Retail – Other Retail (Other Non-mortgage loans), the LGD published in the above-mentioned study of the EBA is used;

EAD – Exposure at Default is determined by the Bank using the instalment plan associated to each credit operation and it represents the expected exposition, in case of default by the client and / or the exposition. The Group gets the EAD values through the current exposition of the counterparty and the foreseen changes to the respective current value, depending on the contractual conditions, including amortizations and advance payments. For guarantees and sureties, the EAD value considers the total value guaranteed by the Group, under the assumption that the amount may be fully used (i.e. it is applied a 100% CCF – Credit Conversion Factor).

T Triggers and alerts for significant increases in the credit risk

Staging Criterion - Transfer to stage 2	
TRIGGERS (automatic)	i. Delay in the payment of capital and/or interest of between 31 and 90 days;
OTHER ALERTS (subject to revision and analysis in the Credit Risk Committee)	i. Indications of risk in the CRC-Credit Liabilities Centre of the Banco de Portugal; ii. Indications of risk in the Clients' accounts; iii. Liens or bank blocks recorded in the Clients' accounts; iv. Inclusion in the List of Cheque Defaulters); v. Inclusion in the internal blacklist; vi. Significant restructuring of a credit operation due to financial difficulties of the debtor;

Staging Criterion - Transfer to stage 3	
TRIGGERS (automatic)	i. Delay in the payment of capital and/or interest equal to or longer than 91 days;
OTHER ALERTS (subject to revision and analysis in the Credit Risk Committee)	i. Client in insolvency proceedings, PER - Special Recovery Plan, or any other equivalent situation of protection; ii. Classification of the operation as "unproductive" (without interest); iii. Termination of the contract due to non-compliance and consequent filing of legal case for recovery; iv. Sale, by the Group, of credit operation with significant financial loss (>5% of the outstanding nominal value on the date of the sale) due to reasons exclusively connected to the quality of the credit risk of the debtor; v. Contagion from other operations to the debtor (if the same are significant against the total value in debt). For "Non Retail" exposures, this contagion is mandatory. For "Retail" exposures, the contagion is not mandatory, being employed an indicative threshold of 20%.

Curing Period

The “curing period” is defined as the period in which the Group, after finding some sign or evidence of risk, collects proofs of good behaviour of the debtor regarding its payment efforts.

After the term of the curing period, the Group recognizes that the client / counterparty no longer shows or demonstrates the risk levels that made the Group increase that risk level.

The curing period has impact in the staging classification and in its change.

All staging changes are automatic, with no need of going through a minimum curing period, except in the change of Stage 3 to Stage 2, which should follow specific criteria:

Staging change	Curing period
1 -> 2	Automatic
1 -> 3	Automatic
2 -> 3	Automatic
2 -> 1	Automatic
3 -> 2	Non restructured credit: 3 months
3 -> 2	Restructured credit: 12 months

As for the securitised loan portfolio, in its calculations the Group assumes a 7-year economic cycle, which covers 4 past years and 3 future years, these being extrapolated based on macroeconomic estimates that may influence them in the future.

3.2. Fair value of financial instruments

Fair value is based on market quotations, when available, and, in the absence of a quotation, is based on recent, similar transaction prices made in market conditions, or based on evaluation methodologies, based on discounted future cash flow techniques considering market conditions, the temporal value, the profitability curve and volatility factors. These methodologies can require the use of assumptions or judgments in the estimate of fair value.

Consequently, the use of different methodologies or of different assumptions or judgments in the application of a certain model may lead to financial results different from the reported.

3.3. Tax on profits

The determination of the global amount of taxation on profits requires certain interpretations and estimates. There are diverse transactions and calculations for which the determination of the final amount of tax payable is uncertain during the normal business cycle.

Other interpretations and estimates may result in a different level of current and deferred taxation on profits recognised in the period.

For the Bank and its subsidiaries located in Portugal, the Tax Authority can to review the Group’s fiscal situation for a period of 4 years, except in cases where reportable tax losses are used, in which case the period of expiry is the year of this right. In this way it is possible that there may be corrections to the annual taxable earnings resulting mainly from differences in the interpretation of tax law. However, the Board of Directors of the Bank is confident that there will be no material corrections to the taxation on profits recorded in the consolidated financial statements.

3.4. Leases

In accordance with IFRS 16, the lease liability is measured as the present value of the sum of the future due payments that result from the leasing contract. To discount the payments, the Group shall use the contract’s implicit interest rate, considering that all information required to determine it is known. In case the implicit rate cannot be determined, it shall be used an incremental interest rate, requiring the entity to develop a methodology dully supported in internal and external information to determine it.

I. Implicit interest rate: it is the discount rate that matches the fair value of the expected instalments laid down in the contract (including the residual value) to the fair value of the asset with the addition of all the initial direct costs. The main difficulty regarding the estimation of this rate is, in most cases, in the lack of information made available to the lessee related to the residual value of the underlying asset and / or the amount of direct costs incurred by the lessor.

II. Incremental interest rate: it is the rate that a third-party would charge the Group in financing the acquisition of an asset comparable to the underlying asset of the lease, with similar conditions, namely the term and guarantees. To determine the incremental interest rate, the Group developed a risk-free yield curve, to which it was added its credit risk dully adjusted by the existence of collateral.

It should be nevertheless highlighted that at the transition date, incremental interest rates were applied to determine the lease liability for all the operations under the norm. Except for that period, the instalment payments are updated using the contract implicit discount rate, if it is possible to determine.

III. Maturity of the leasing contracts: As to establish the maturity of the lease contract to be considered in the calculus of the lease liability, it shall be considered the non-cancellable period of the lease contract, as well the period foreseen by potential term extension and/or anticipated termination options, if there is a reasonable certainty that these options will be exercised. In situations in which there are term extension and/or termination options, it is up to the Management to evaluate the possibility of their exercise – concept of "reasonably certain" – relative to the future decision.

To support its analysis, the Group made use of internal and market data which may lack professional judgment, such as:

- The importance of the asset to the Group's activity and the non-existence of suitable alternatives;
- Significant economic benefits to the Group in case an extension / termination option of the contract is exercised, or acquisition of the underlying asset;
- Potential associated costs to the anticipated termination of the contract, switching costs and/or return of the asset;
- Comparison of the terms and conditions of the contract with the current market conditions; among other data considered relevant.

3.5. Redemption premium

As described in the accounting policy 2.7, throughout the life of the redeemable preferred shares, it is estimated the value of the redemption premium to be paid on the redemption date, being recognized and accounted in an incremental way following the calculation formula mentioned in note 35. For the calculation it is namely considered the change in the equity net value adjusted to the dividends value that the Group expects to come to distribute. Additionally, it is recognised the redemption premium component for a period of 38 months in the result for the year, which results from the difference between the initial shareholders' equity of reference (31 December 2018) and the value of shareholders' equity at the allocation date (31 December 2019).

3.6. Impairment of Goodwill

The recoverable value of the goodwill recorded in the Group's assets is analysed on an annual basis in the preparation of accounts with reference to the year end or whenever there are indications of possible loss of value. For the purpose, the balance sheet value of the entity of the Group for which the respective goodwill is recognised in assets, is compared with its recoverable value. A goodwill impairment loss is recognised when the recoverable value of the entity being tested is lower than its balance sheet value. In the absence of an available market value, it is calculated based on discounted value techniques using a discount rate that considers the risk associated with the unit being tested. The determination of the future cash flows to be discounted and the discount rate to be used involves judgement.

3.7. Provisions

Provisions are recognised when:

- The Group has a present obligation (legal or arising from past practices or published policies that imply the recognition of certain liabilities);
- it is likely that its payment will be required;
- a reliable estimate can be made of the value of this obligation.

The measured value relating to provisions takes into account the principles defined in IAS 37 with regard to 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 cease to be recognised through their use when the facts for which they were constituted occur or reversed in cases where they are no longer observed.

NOTE 4
NET INTEREST INCOME

The amount of this caption is made up as follows:

	2021	2020
Interest income		
Interest on cash and deposits	40,520	85,458
Interest on financial assets at amortised cost		
Interest on applications	1,953,969	2,218,319
Interest on loans and advances to customers	594,006	474,090
Interest on debt securities	5,030,712	5,354,338
Interest on financial assets held for trading		
Derivatives	38,993	-
Debt securities	422,164	396,554
Interest on securities at fair value through other comprehensive income	26,991,852	27,653,292
Interest on hedging derivatives	57,849	696,561
Other interest income	1,664,288	916,407
	36,794,353	**37,795,019**
Interest expenses		
Interest on financial liabilities measured at amortised cost		
Interest on funding from central banks	1,176	-
Interest on funding from other banks	886,552	663,877
Interest on funding from customers	2,318,949	2,401,972
Interest on debt securities	3,757,170	8,009,051
Interest on hedging derivatives	9,145,323	5,933,670
Other interest expenses	742,243	2,718,336
	16,851,413	19,726,906
	19,942,940	**18,068,113**

The captions Interest from securities include the depreciation of the premium/discount resulting from the difference between the nominal value of the bonds acquired and their purchase price. The value of the depreciation of the discount and of the premium is calculated using the effective rate method and is recorded in the income statement of the year throughout the life of the bond.

NOTE 5
INCOME FROM DIVIDENDS

On 31 December 2021, this caption, amounting to 47,207 Euros comprises dividends from financial assets at fair value through other comprehensive income (31 December 2020: 41,476 Euros).

NOTE 6
RESULTS OF FEES AND COMMISSIONS

The amount of this caption is made up as follows:

	2021	2020
Income from fees and comissions		
For transactions on behalf of third parties	8,255,870	6,320,855
For services rendered	6,304,670	4,513,127
For commission sharing	2,671,641	1,728,702
For financial advisory services	771,538	600,380
For commitments before third parties	2,750	1,950
For guarantees provided	3,349	2,239
Other income from fees and comissions	1,560,181	1,171,529
	19,569,999	**14,338,782**
Expenses from fees and commission		
For transactions performed by third parties	1,423,889	1,213,140
For banking services from third parties	1,555,963	969,780
Other expenses from fees and commission	428,697	519,546
For transactions on financial instruments	459,212	310,001
	3,867,761	3,012,467
	15,702,238	**11,326,315**

NOTE 7
GAINS OR LOSSES WITH THE NON-RECOGNITION OF FINANCIAL ASSETS AND LIABILITIES NOT MEASURED AT FAIR VALUE THROUGH RESULTS

The amount of this caption is made up as follows:

	2021			2020		
	Gains	Losses	Total	Gains	Losses	Total
Bonds and other fixed return securities						
From national public issuers	231,505	96,149	135,356	1,490,248	1,034,474	455,774
From foreign public issuers	13,447,446	1,702,516	11,744,930	43,319,995	18,899,649	24,420,346
From other national issuers	2,088,360	1,151,046	937,314	924,703	535,965	388,738
From other foreign issuers	9,095,069	5,261,972	3,833,097	12,932,000	3,452,849	9,479,151
Shares of foreign issuers	-	83	(83)	4,250	241	4,009
	24,862,380	**8,211,766**	**16,650,614**	**58,671,196**	**23,923,178**	**34,748,018**

On 31 December of 2021 the caption Bonds and other fixed-income securities – Of foreign public issuers, includes the net capital gains resulting from the disposal of Italian government bonds amounting to 7,279,118 Euros (31 December 2020: 9,726,130 Euros) as well as of US government bonds amounting to 861,935.

NOTE 8
GAINS OR LOSSES WITH FINANCIAL ASSETS AND LIABILITIES HELD FOR TRADING AND HEDGE ACCOUNTING

The amount of this caption is made up as follows:

	2021			2020		
	Gains	Losses	Total	Gains	Losses	Total
Assets and liabilities held for trading						
Bonds and other fixed return securities						
From national public issuers	790,853	522,015	268,838	467,580	170,460	297,120
From foreign public issuers	2,982,763	3,440,787	(458,024)	3,414,497	142,314	3,272,183
From other national issuers	198,075	149,563	48,512	191,763	263,705	(71,942)
From other foreign issuers	376,714	457,259	(80,545)	979,521	1,705,436	(725,915)
Shares of national issuers	2,120,075	34,837	2,085,238	148,616	101,440	47,176
Shares of foreign issuers	654,637	210,160	444,477	599,787	81,943	517,844
Credits and other receivables	14,071	71,465	(57,394)	25,000	166,085	(141,085)
Participation units of foreign issuers	-	11	(11)	-	-	-
Funds of foreign issuers	18,257	-	18,257	-	-	-
Derivative financial instruments						
Contracts on exchange rates	1,883,328	9,769,174	(7,885,846)	4,277,336	3,853,062	424,274
Contracts on interest rates	10,094,566	6,219,751	3,874,815	8,541,617	6,502,904	2,038,713
Contracts on shares / indices	598,930	547,649	51,281	859,829	2,208,299	(1,348,470)
Other	4,843,239	393,588	4,449,651	2,765,754	1,172	2,764,582
Results of hedge accounting						
Hedge derivatives	64,510,971	34,404,455	30,106,516	6,305,196	50,162,566	(43,857,370)
Hedged elements	6,854,226	43,023,392	(36,169,166)	44,286,799	2,347,265	41,939,534
Other hedging instruments*	4,537,213	-	4,537,213	-	-	-
	100,477,918	**99,244,106**	**1,233,812**	**72,863,295**	**67,706,651**	**5,156,644**

* The caption Other hedging instruments relates to the hedging of interest rate risk that is based on German sovereign bonds.

On 31 December of 2021, the caption Bonds and other fixed-income securities – From foreign public issuers includes net capital gains amounting to 560,768 Euros relating to losses from the trading of Italian government bonds (31 December 2020: 1,029,441 Euros relating to gains) and 1,020,779 Euros relating to losses from the trading of Spanish government bonds (31 December 2020: 1,925,666 Euros relating to gains). Furthermore, in 2021 this caption includes capital gains of 2,469,060 Euros resulting from the valuation of the investment portfolio of Onetier Partners, Sociedade de Capital de Risco, S.A. (31 December 2020: 423,936 Euros).

NOTE 9
EXCHANGE DIFFERENCES

This caption includes the results arising from the currency revaluation of monetary assets and liabilities expressed in foreign currency in accordance with the accounting policy described in Note 2.3.

On 31 December 2021, this caption comprises gains amounting 8,534,913 Euros (31 December 2020: gains of 2,074,427 Euros) of which 661,299 Euros relating to losses with term currency revaluation and 9,196,212 Euros relating to gains from currency revaluation at sight.

Foreign exchange exposures, gains and losses by currency for the years ended on 2021 and 2020 can be consulted in Note 43 – Business risk management.

The Bank adopts a strategy of full hedging of the foreign exchange exposure of its portfolio in foreign currency, which is solely composed of securities in US Dollars. For this purpose, it uses derivative instruments (currency futures and forwards) and repo operations in foreign currency.

NOTE 10
PROFIT/LOSS ON THE SALE OF OTHER ASSETS

The amount of this caption is made up as follows:

	2021	2020
Non-financial operations	28,826	(40,151)
	28,826	**(40,151)**

On 31 December of 2021 was registered a gain of 28,826 Euros from the disposal of vehicles that were fully depreciated. On 31 December of 2020 the loss recorded in this caption corresponds to the result of the sale of own property where the Évora branch office was operated.

NOTE 11
OTHER OPERATING RESULTS

The amount of this caption is made up as follows:

	2021	2020
Other operating income		
Provision of diverse services	120,604	143,989
Other	418,193	679,383
	538,797	**823,372**
Other operating costs		
Dues and donations	176,232	144,700
Other	68,306	389,930
	244,538	**534,630**
Other operating results	**294,259**	**288,742**

The caption Other operating income – Other includes amounts relating to operations of the Multibanco network.

NOTE 12
ADMINISTRATIVE EXPENSES – STAFF COSTS

The amount of this caption is made up as follows:

	2021	2020
Remunerations	15,912,591	14,877,820
Costs with retirements pensions		
of defined Contributions	438,396	387,802
Obligatory social charges	3,244,069	3,031,874
Other staff costs	1,475,296	1,083,268
	21,070,352	**19,380,764**

On December 31, 2021, expenses with remuneration and other benefits attributed to the Board of Directors were recorded at 6,455,381 Euros (December 31, 2020: 6,991,626 Euros).

The caption Other staff costs includes health insurance and life assurance, among others. This caption also includes the recognition of the differential of the interest rate of the loans granted to employees and the market interest rate.

Expenses with remunerations and other benefits attributed to key management staff with senior management functions may be analysed as follows:

	2021	2020
Short-term employee benefits	4,719,286	4,193,607
Post-employment benefits	129,737	118,279
Other long-term benefits	11,702	10,584
	4,860,725	**4,322,470**

By professional category, the number of employees on 31 December 2021 and 2020 is broken down as follows:

	2021	2020
Specific functions	231	205
Middle management functions	46	38
Senior management functions	68	60
Administrative functions	13	12
Auxiliary functions	5	5
	363	**320**

NOTE 13
EMPLOYEE BENEFITS

The Bank takes care of the retirement benefits of its employees through a defined contribution pension plan.

In 2019 the base contribution defined for the Pension Fund changed from 5% to 2% and an additional contribution (incentive) of an amount equal to that of the voluntary contribution of the employees, changed from 4.5% to 3% of the monthly base salary.

In 2021, the Bank recognised as an expense the total amount of €438,396 (2020: €387,802) relating to the Defined Contribution Plan, of which €183,669 relates to the additional contribution (incentive).

Since 2006 the Bank has been providing the retirement benefits of its staff through two pension plans, a defined contribution plan and a defined benefit plan, the latter being implemented following the decisions taken in the general meetings of 8 April 2005 and 5 April 2006.

Since that date each member of the board of directors of the company or worker of the Bank could choose between the two existing plans, opting for the one that they would benefit from for the purpose of retirement.

The Bank's Board of Directors made an analysis of the impact of there being two plans, which despite being different in nature (defined benefit *vs* defined contribution) they were established equally for most employees. In this context, it saw that since the Defined Benefit Plan was set up in 2006, and after the staff initially joined it, no-one else signed up for this plan. The Board also noticed that there was a trend in the market to convert defined benefit plans into defined contribution plans, namely due to the greater foreseeability, limitation and lower volatility of the inherent liabilities.

In this context, it was agreed in the General Meeting held on 8 May 2014 to stop the defined benefit plan, with the Bank providing only a defined contribution plan that would cover all the members of the board of directors of the company and the workers of the Bank.

With respect to the defined benefit pension plan, there were no pensions being paid or rights acquired that would prevent it from being closed. These alterations were duly authorised by the Insurance and Pension Fund Authority.

The participants of the defined benefit pension plan were included in the defined contribution pension plan, with the Bank assuming the commitment to maintain a reserve account for any differences that might appear compared with the defined benefits established for the participants of the previous defined benefit plan.

Only 6 employees in service are participants in the Defined Benefits Plan. Under the terms of the Plan, the benefits defined are acquired by right after 60 years of age with a minimum of 10 years' service.

On 31 December 2015, the Bank made its best estimate of its liability with pensions inherent to the defined benefit plan, taking into consideration the number of employees it expected to opt for this benefit. The value of the responsibilities corresponding to past services, up to 2012, was being deferred over a period of 11.5 years, when the plan was introduced, corresponding to the estimated period of service of these employees. The discount rate used to estimate the liability with retirement pensions corresponds to the market rates in force on the balance sheet date, stated in the currency in which the benefits will be paid.

In 2021 the provision corresponding to the actuarial estimate of the commitment assumed by the Bank as a result of the defined benefit plan, remained unchanged compared to 2020, amounting to 124,472 Euros.

BiG Stock Option Plan

On 31 December 2021 and 2020, BiG's stock option programs had the following main characteristics:

Plan	Expected end date of the plan (1)	Number of options on the start date of the plan	Exercise price	Number of options	Number of shares per option
2013	jan/2027	5,000,000	1.00	3,753,146	1.58

(1) The expiry date refers to the lapse date of the last year for each Plan.

Plan	Expected end date of the plan (1)	Number of options on the start date of the plan	Exercise price	Number of options	Number of shares per option
2012	jan/2025	7,150,000	1.00	4,544,121	1.94
2013	jan/2027	5,000,000	1.00	4,500,000	1.58

(1) The expiry date refers to the lapse date of the last year for each Plan.

The options mature, individually, after ten years has passed from the respective due dates.

The regulations relating to the stock options plan have remained substantially the same since 2005, except with respect to the due dates and to the financing. Normally the due dates are distributed over 3 years, except in the case of the corporate officers, which fall due 3 years after their attribution. The maturity period, 10 years after the first due date, remained unchanged. Taking into consideration that the Bank is not listed, the exercise of the options occurs only when the Bank makes a capital increase, which may not coincide with the communication of intention to exercise by the holders of the options.

Valuation methodology of the options

The valuation of the BiG's stock options is based on the adoption of internationally accepted market methodologies and takes the specific characteristics of the BiG's stock option programs and market data into consideration.

For the purpose of the application of the option valuation model, the value of BiG's shares is estimated based on a combination of the Discounted Cash Flows to Equity, Market Multiples and Adjusted Book Value methodologies based on the Gordon model.

NOTE 14
ADMINISTRATIVE EXPENSES – OTHER ADMINISTRATIVE EXPENSES

The amount of this caption is made up as follows:

	2021	2020
Supplies	927,497	1,263,531
Leasing excluded from IFRS 16	160,046	140,509
Rents	439,231	200,544
Communications	904,919	624,626
Travel, hotel and representation costs	357,040	373,533
Advertising and publications	1,107,142	1,132,296
Specialised services		
Fees	321,645	153,699
Information Technology	3,671,631	3,995,245
Security and surveillance	157,058	155,895
Information	641,252	647,269
Databases	116,769	116,944
Manual labour	4,822	49,647
Other specialised services	1,818,583	1,574,522
Other	292,403	530,664
Direct and indirect taxes	1,627,765	2,059,725
	12,547,803	**13,018,649**

The amounts presented in the caption of other specialised services mostly refer to expenses with supervisory bodies with service providers connected to the cards segment.

The fees contracted with the external auditors are detailed as follows:

	2021	2020
Statutory audit	176,753	149,515
Services other than auditing required by applicable law	33,583	23,583
Non-audit services not required by applicable law	54,500	17,000
	264,836	**190,098**

The fees relating to the different services of the audit include the services relating to the issue of the impairment report, the report on the safekeeping of clients' assets and the report for the ex-ante contribution to the Single Resolution Fund.

NOTE 15
CASH CONTRIBUTIONS FOR RESOLUTION FUNDS AND DEPOSIT GUARANTEE SCHEMES

The value of this caption is comprised of:

	2021	2020
Cash contributions for resolution funds	1,226,434	1,133,627
Cash contributions for deposit guarantee schemes	1,982	2,524
	1,228,416	**1,136,151**

NOTE 16
EARNINGS PER SHARE

Earnings per basic share are calculated by dividing the net income by the weighted average number of ordinary shares in circulation during the year.

Earnings per diluted share are calculated by adjusting the effect of all potential dilutive ordinary shares to the average weighted number of ordinary shares in circulation and to the net result attributable to the shareholders of the Group.

	2021	2020
Net profit attributable to the bank's shareholders	21,201,207	25,045,940
Weighted average number of ordinary shares issued	172,317,251	171,947,388
Weighted average number of Treasury Stock in portfolio	(2,598)	(2,598)
Average number of ordinary shares in circulation	**172,314,653**	**171,944,790**
Earnings per share attributable to the bank's shareholders	**0.12**	**0.15**

Earnings per diluted share are no different from Earnings per ordinary share as there were no dilutive shares on 31 December 2021 and 2020.

NOTE 17
CASH, CASH BALANCES IN CENTRAL BANKS AND OTHER DEMAND DEPOSITS – OTHER DEMAND DEPOSITS

On 31 December 2021 and 2020, this caption was broken down as follows:

	2021	2020
Cash	2,428,200	2,311,805
Demand deposits in central banks	45,540,273	87,040,967
	47,968,473	**89,352,772**

The caption Demand Deposits in Central Banks includes the deposits made to satisfy the requirements of the Minimum Reserve System of the European System of Central Banks. Pursuant to Regulation (EC) no. 1745/2003 of the European Central Bank of 12 September 2003, changed by the Regulation (EU) no. 2016/1705 of the European Central Bank of 9 September 2016, the minimum obligatory amount held in demand deposits in the Banco de Portugal is remunerated and corresponds to 1% of the deposits and debt securities with a maturity period of less than 2 years, excluding deposits of institutions subject to the European System of Central Banks' regime of minimum reserves.

Fulfilment of the minimum obligatory amounts, for a given period of observation, is achieved taking into consideration the value of the balances of the deposits in the Banco de Portugal during this period. The balance of the account junto of the Banco de Portugal on 31 December of 2021 includes an average reserve requirement of 13,997,800 Euros which corresponds to the maintenance period from 22 December 2021 to 8 February 2022.

This caption also includes the demand deposits of BiG Moçambique in the Bank of Mozambique to meet the requirements of the regime for the constitution of obligatory minimum reserves, as established by Notice 08/GBM/2019 of 17 June 2019. Pursuant to this Notice, obligatory reserves correspond, as a percentage of the balance of clients' deposits, to 10.5% and 11.5% in national currency and foreign currency, respectively, from which the banks subject to the regime of obligatory reserves are excluded. The reserves are kept in Meticais for deposits in national currency and in U.S. Dollars for deposits in foreign currency, these deposits not being remunerated.

The fulfilment of the minimum obligatory amounts, for a given period, takes into consideration the value of the balances of deposits in the Bank of Mozambique during this period. The balance of accounts at the Bank of Mozambique on 31 December 2021 includes 162,379,050 meticais and 17,333 US dollars corresponding to the minimum reserve requirements to be observed during the constitution period from 7 December 2021 to 6 January 2022

On 31 December 2021 and 2020 there is no impairment allocated to Cash, cash balances in central banks and other demand deposits – Cash on hand and cash balances in central banks, seeing that these financial instruments are redeemable at any time, and the Group, in accordance with its credit risk management policies, controls and assesses the credit quality of the respective counterparties (banks) daily).

NOTE 18
CASH, CASH BALANCES IN CENTRAL BANKS AND OTHER DEMAND DEPOSITS – OTHER DEMAND DEPOSITS

On 31 December 2021 and 2020, this caption was broken down as follows:

	2021	2020
Deposits in other banks in Portugal Demand deposits	7,013,988	858,292
Deposits in other banks abroad Demand deposits	164,074,073	107,138,434
	171,088,061	**107,996,726**

The banks where the Group has deposits have a high rating, and at the end of the year 74% of these are in institutions whose rating is investment grade. The other deposits are in banks without external rating grade (26%).

On 31 December of 2021 and 2020 there is no impairment allocated to Cash, cash balances in central banks and other demand deposits – Other demand deposits, as these financial instruments are redeemable at any time, and the Bank, in accordance with its credit risk management policies, controls and assesses the credit quality of the respective counterparties (banks) on a daily basis).

NOTE 19
FINANCIAL ASSETS AND LIABILITIES HELD FOR TRADING

On 31 December 2021 and 2020, this caption was broken down as follows:

	2021	2020
Financial assets held for trading		
Securities		
Bonds and other fixed return securities		
From national public issuers	1,569,684	5,446,094
From foreign public issuers	48,276,243	8,539,669
From other national issuers	12,670,971	7,025,571
From other foreign issuers	11,888,304	25,625,103
Shares of national issuers	2,578,156	937,071
Shares of foreign issuers	2,629,819	1,685,138
Funds of foreign issuers	2,853,523	-
	82,466,700	**49,258,646**
Derivatives		
Derivative financial instruments with positive fair value	2,787	3,303
Credits and other receivables	253,809	511,203
Other equity instruments	163,053	333,457
	82,886,349	**50,106,609**
Financial liabilities held for trading		
Short selling	24,621,617	-
Derivatives		
Derivative financial instruments with negative fair value		
FX forwards	660,802	-
Interest rate swaps	537,230	-
Equity	-	22,899
	25,819,649	**22,899**

As per the accounting policy described in Note 2.4. Financial assets held for trading are those acquired with the objective of being traded in the short term, regardless of their maturity, or managed considering fair value.

The impact generated by the variation in Financial assets and liabilities held for trading in the income statement may be consulted in Note 8.

The average interest rate of the assets held for trading during the year ended on 31 December 2021 and 2020 was 0.7% (31 December 2021: 0.8%).

The captions of Shares of domestic and foreign issuers, as well as the captions of Credits and other amounts receivable and Other equity instruments include participations in early-stage start-ups located namely in Portugal, United Kingdom and Germany for a total amount of 5,374,831 Euros (31 December 2020: 3,466,869 Euros). The amounts recorded in the caption Credits and other amounts receivable refer to other debt instruments).

During 2021, as part of its strategy, the Group carried out short sales operations on public debt, which was recorded as a Financial liability held for trading – Short sales.

The caption Derivative financial instruments on 31 December 2021 and 2020 is broken down as follows:

	2021			2020		
	Notional	Fair value		Notional	Fair value	
		Assets	Liabilities		Assets	Liabilities
Derivatives held for trading						
Contracts on interest rates						
Interest rate swaps	47,000,000	-	537,230	-	-	-
Contracts on exchange rates						
Currency Futures	-	-	-	-	-	5,325
Contracts on shares / indices						
Equity / Index Options	-	-	-	760,000	-	17,555
Term transactions	34,627,770	2,787	660,802	-	3,303	19
	81,627,770	**2,787**	**1,198,032**	**760,000**	**3,303**	**22,899**

The value recorded in the Balance Sheet, in the caption Derivative financial instruments, in line with Note 2.4., representing the fair value of the derivatives, while the notional amount is recorded off-Balance Sheet.

On 31 December 2021 and 2020, the distribution of the Financial assets held for trading – Securities by residual maturity, is as follows:

	2021	2020
Securities		
Up to 3 months	1,153,741	1,029,769
From 3 months to 1 year	3,127,554	4,085,290
From 1 to 5 years	15,503,294	29,268,155
Over 5 years	54,620,613	12,253,223
Unspecified duration	8,061,498	2,622,209
	82,466,700	**49,258,646**

On 31 December 2021 and 2020, the distribution of the Financial assets and liabilities held for trading – Derivative financial instruments, by residual maturity is presented as follows:

	2020		2019	
	Notional	Fair value	Notional	Fair value
Derivative financial instruments				
Up to 3 months	34,627,770	(658,015)	760,000	(19,596)
From 1 to 5 years	35,000,000	(184,253)	-	-
Over 5 years	12,000,000	(352,977)	-	-
	81,627,770	**(1,195,245)**	**760,000**	**(19,596)**

The movements in the caption of Financial assets and liabilities held for trading, in the years 2021 and 2020, are presented below:

	2021	2020
Opening balance	46,636,437	47,602,783
Debt instruments		
Additions	2,279,777,477	2,041,262,528
Disposals	(2,252,169,325)	(2,045,563,161)
Variations in fair value	(54,683)	3,420,727
Currency Exchange	215,296	(86,440)
Closing balance	**74,405,202**	**46,636,437**

NOTE 20
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

On 31 December 2021 and 2020, this caption was broken down as follows:

	Cost (1)	Fair value reserve			Expected credit loss	Balance Sheet Value
		Positive	Negative	Fair value hedge		
Financial assets at fair value through other comprehensive income						
Bonds and other fixed return securities						
From national public issuers	14,943,240	60,504	-	(71,726)	-	14,932,018
From foreign public issuers	463,207,445	5,588,535	(174,059)	(2,835,699)	223,893	465,786,222
From other national issuers	267,852,126	2,515,816	(1,713,678)	(1,743,187)	371,621	266,911,077
From other foreign issuers	702,676,596	12,307,919	(1,022,586)	(9,753,891)	934,716	704,208,038
Capital instruments						
Shares of national issuers	13,978	-	-	-	-	13,978
Shares of foreign issuers	52,580	-	-	-	-	52,580
Balance on 31 December 2020	**1,448,745,965**	**20,472,774**	**(2,910,323)**	**(14,404,503)**	**1,530,230**	**1,451,903,913**
Financial assets at fair value through other comprehensive income						
Bonds and other fixed return securities						
From national public issuers	11,084,195	-	(286,011)	72,232		10,870,416
From foreign public issuers	733,134,406	303,126	(33,811,368)	3,745,828	118,918	703,371,992
From other national issuers	204,555,216	963,363	(1,310,430)	(180,589)	260,617	204,027,560
From other foreign issuers	826,072,919	6,308,168	(8,759,109)	(1,776,238)	1,644,944	821,845,740
Capital instruments						
Shares of national issuers	764,334	13,144	-	-	-	777,478
Shares of foreign issuers	1,591,622	60,273	(17,511)	-	-	1,634,384
Other	3,432,113	190,637	-	-	-	3,622,750
Balance on 31 December 2021	**1,780,634,805**	**7,838,711**	**(44,184,429)**	**1,861,233**	**2,024,479**	**1,746,150,320**

(1) amortised cost for debt securities and acquisition cost with regard to shares and other equity instruments.

At 31 December 2021, the caption Bonds and other fixed income securities – From other national and foreign issuers includes EUR 461,784,148 (31 December 2020: EUR 501,277,909) relating to ABS (asset backed securities).

On 31 December 2021, around 78% of the asset portfolio financial at fair value through other comprehensive income, comprising bonds and other fixed income securities, was hedged by derivative financial instruments, specifically interest rate futures.

The average interest rate, before interest rate hedging, during the year ended on 31 December of 2021, was 1.4% (31 December 2020: 1.2%).

In 2021 and 2020 and in accordance with the accounting policy described in Note 2.5. Other financial assets, the Group regularly assesses the significant increase of the credit risk of the Financial assets at fair value through other comprehensive income.

The securities in the Group's portfolio which are given by it as a guarantee are analysed in Note 40. Off-balance sheet accounts.

On 31 December 2021 and 2020, the distribution of this caption by residual maturity periods is as follows:

	2021	2020
Up to 3 months	3,954,805	1,839
From 3 months to 1 year	975,284	7,617,150
From 1 to 5 years	195,793,616	231,293,953
Over 5 years	1,539,392,003	1,212,924,413
Unspecified duration	6,034,612	66,558
	1,746,150,320	**1,451,903,913**

The staging of the securities which make up the caption of Financial assets at fair value through other comprehensive income, for 31 December of 2021 and 2020, may be consulted in Note 43 – Business risk management.

The movements in expected credit loss in Financial assets at fair value through other comprehensive income are presented as follows:

	2021	2020
Opening balance	**1,530,230**	**526,151**
Additions	3,260,725	3,584,037
Reversals	(2,785,356)	(2,554,544)
Currency Exchange	13,914	(25,414)
Used	4,966	-
Closing balance	**2,024,479**	**1,530,230**

The movements in the caption of Financial assets at fair value through other comprehensive income, in the years 2021 and 2020, are presented below:

	2021	2020
Opening balance	**1,451,837,355**	**1,541,834,790**
Debt instruments		
Additions	1,653,876,742	2,312,532,569
Disposals / Maturities	(1,270,197,671)	(2,393,106,478)
Amortisation of premium	(1,792,791)	(5,874,283)
Advance payment	(78,392,484)	(61,168,591)
Gain	18,216,378	54,103,794
FX Revaluation	16,639,691	(6,930,778)
Interest	1,436,281	(2,271,986)
Revaluation reserve	(51,507,793)	12,718,318
Closing balance	**1,740,115,708**	**1,451,837,355**

NOTE 21
FINANCIAL ASSETS AT AMORTISED COST – DEBT SECURITIES

As at 31 December 2021, the balance Financial assets at amortised cost – Debt securities is composed of fixed income securities from public issuers, in the amount of Euro 338,030,213 (31 December 2020: Euro 359,812,199), with a maturity over 5 years, the interest rate risk of which is hedged through the contracting of IRS (interest rate swap), for the maturity of the public debt securities in the portfolio.

The Group regularly assesses the significant increase in credit risk of these debt financial instruments, according to note 2.5 Other financial assets. At 31 December 2021 the credit impairment, recognized for performing loans, (stage 1) amounted to 10,555 Euros, at 31 December 2020 there was no credit impairment recognised.

The average interest rate, before interest rate hedging during the year ended on 31 December of 2021, was 1.5% (31 December 2020: 1.4%).

	Cost	Fair value hedge	Expected credit loss	Balance Sheet Amount
Financial assets at amortised cost				
Bonds and other fixed return securities				
From foreign public issuers	309,775,147	50,037,052	-	359,812,199
Balance on 31 December 2020	**309,775,147**	**50,037,052**	**-**	**359,812,199**
Financial assets at amortised cost				
Bonds and other fixed return securities				
From foreign public issuers	309,520,279	28,520,489	10,555	338,030,213
Balance on 31 December 2021	**309,520,279**	**28,520,489**	**10,555**	**338,030,213**

The adjustment related to hedging relationships at 31 December 2021, was 28,520,489 Euros (50,037,052 Euros on 31 December 2020). This adjustment results from the hedging of fixed rate debt instruments that with the respective expected credit loss presented a balance sheet value of 338,030,213 Euros (359,812,199 Euros at 31 December 2020).

The movements in the caption of Financial assets at amortised cost – Debt securities, in the years 2021 and 2020, are presented below:

	2021	2020
Opening balance	**359,812,199**	**350,378,514**
Debt instruments		
Disposals/Maturities	-	(40,361,293)
Amortisation of premium	(254,867)	(242,074)
Impairment	(10,555)	-
Fair value hedge	(21,516,564)	50,037,052
Opening balance	**338,030,213**	**359,812,199**

NOTE 22
FINANCIAL ASSETS AT AMORTISED COST – LOANS AND ADVANCES – CLIENTS

On 31 December 2021 and 2020, this caption was broken down as follows:

	2021	2020
Domestic loans		
To companies		
Loans	83,442	85,298
Loans at sight	3,532,550	2,094,157
Overdrafts	72,233	141,476
Leasing	127,183	225,557
To private individuals		
Loans at sight	17,530,897	9,285,647
Mortgages	5,643,748	5,675,478
Leasing	528,718	930,158
Overdrafts	65,558	43,838
Other specialised loans	322,208	388,730
Other credit	11,934,709	12,252,351
	39,841,246	**31,122,690**
Foreign loans		
To companies		
Overdrafts	31	480
To private individuals		
Loans at sight	1,315,823	987,135
Mortgages	315,258	330,801
Overdrafts	6,769	2,452
	1,637,881	**1,320,868**
Past due loans and interest		
Over 90 days	110,878	92,764
	110,878	**92,764**
	41,590,005	**32,536,322**
Impairment of credit to clients	(122,745)	(107,499)
Loans to clients	**41,467,260**	**32,428,823**

On 31 December 2021 and 2020 the caption Loans at sight reflects loans granted under the margin account, which are collateralised with deposits and/or securities held in the Group.

At 31 December 2021, the Group's loan portfolio includes loans granted to members of the Board of Directors in the nominal amount of 5,178,456 Euros arising from the personnel policy, under the terms of no. 4 of art. 85 of the General Regime of Credit Institutions and Financial Companies (31 December 2020: 5,379,276 Euros). At 31 December 2021 the credit to the key personnel of the institution with management functions, amounted to 6,925,658 Euros (31 December 2020: 6,634,700 Euros).

The average interest rate during the year ended on 31 December of 2021 was 1.5% (31 December 2020: 1.7%).

The residual periods of Loans and advances – Clients, including past due loans and interest, were structured as follows:

	2021	2020
Up to 3 months	22,533,975	12,592,689
From 3 months to 1 year	139,287	710,717
From 1 to 5 years	12,876,649	13,060,361
Over 5 years	5,929,216	6,079,791
Unspecified duration	110,878	92,764
	41,590,005	**32,536,322**

The movements in impairment of Loans and advances – Clients are presented as follows:

	2021	2020
Opening balance	**107,499**	**32,622**
Additions	29,448	75,015
Reversals	(8,437)	(138)
Used	(5,765)	-
Closing balance	**122,745**	**107,499**

The distribution of Loans and advances – Clients by type of rate may be presented as follows:

	2021	2020
Variable rate	41,327,886	32,173,231
Fixed rate	262,119	363,091
	41,590,005	**32,536,322**

The residual periods of leased capital were structured as follows:

	2021	2020
Instalments and residual values due		
Up to 3 months	3,481	4,158
From 3 months to 1 year	123,455	139,195
From 1 to 5 years	552,625	1,015,128
Over 5 years	-	53,141
	679,561	**1,211,622**
Interest due		
Up to 3 months	14	11
From 3 months to 1 year	1,581	1,640
From 1 to 5 years	22,065	48,775
Over 5 years	-	5,481
	23,660	**55,907**
Capital due		
Up to 3 months	3,467	4,147
From 3 months to 1 year	121,874	137,555
From 1 to 5 years	530,560	966,353
Over 5 years	-	47,660
	655,901	**1,155,715**

The detail of the portfolio of loans not represented by securities (retail and guarantees and sureties provided) year of production, is as follows:

31-12-2021	Current Account Credit			Mortgages			Other		
Year of production	Number of transactions	Gross exposure	Impairment set up	Number of transactions	Gross exposure	Impairment up	Number of transactions	Gross exposure	Impairment set up
2008 and previous	71	4,481,416	-	28	955,391	294	1	53	53
2009	8	135,100	-	3	212,262	40	1	111	111
2010	12	1,056,211	-	12	501,087	93	39	308	259
2011	6	125,537	-	1	49,655	9	7	411	411
2012	7	327,717	-	-	-	-	14	1,639	1,639
2013	17	641,300	66	3	115,731	20	432	17,556	14,263
2014	10	2,092,061	-	4	455,790	85	68	12,501	1,367
2015	7	565,231	-	7	662,651	124	72	81,082	4,987
2016	21	1,550,241	-	10	1,199,595	513	116	570,191	5,315
2017	22	1,036,162	-	7	595,306	112	116	353,205	3,840
2018	15	1,443,157	-	4	405,337	76	200	120,056	15,754
2019	38	3,246,424	61,782	3	551,985	105	254	11,610,120	4,428
2020	48	5,948,735	238	3	418,414	80	295	258,386	6,681
	282	**22,649,292**	**62,086**	**85**	**6,123,204**	**1,551**	**1,615**	**13,025,619**	**59,108**

31-12-2020	Current Account Credit			Mortgages			Other		
Year of production	Number of transactions	Gross exposure	Impairment set up	Number of transactions	Gross exposure	Impairment up	Number of transactions	Gross exposure	Impairment set up
2008 and previous	105	1,993,844	-	28	945,296	127	-	-	-
2009	19	403,569	-	2	221,083	31	1	53	53
2010	14	181,565	-	3	224,342	30	559	4,767	336
2011	23	506,545	-	12	527,583	73	1	53	53
2012	18	219,842	-	1	51,922	7	6	370	370
2013	15	100,894	-	-	-	-	14	1,998	1,998
2014	30	576,520	-	3	139,048	18	51	21,475	14,688
2015	24	1,705,998	-	4	475,851	66	132	47,675	1,912
2016	15	600,831	-	8	710,808	100	146	190,569	3,721
2017	40	783,793	-	11	1,175,920	189	227	995,368	1,653
2018	47	1,311,852	-	8	713,868	100	182	635,260	3,836
2019	35	746,440	-	4	422,479	59	338	180,038	4,301
2020	73	3,296,857	61,613	3	570,532	80	678	11,989,638	12,085
	458	**12,428,550**	**61,613**	**87**	**6,178,732**	**880**	**2,335**	**14,067,264**	**45,006**

On 31 December 2021 and 2020, impairment was broken down as follows:

2021	Stage 1			Stage 2			Stage 3			TOTAL		
	Gross Exposure	Impairment	Net Exposure	Gross Exposure	Impairment	Net Exposure	Gross Exposure	Impairment	Net Exposure	Gross Exposure	Impairment	Net Exposure
Loans granted												
Companies	3,088,530	(17)	3,088,513	724,075	(4,666)	719,409	17,687	(15,392)	2,295	3,830,292	20,075	3,810,217
Private individuals	37,046,487	(3,727)	37,042,760	615,697	(1,636)	614,061	97,307	(97,307)	-	37,759,713	102,670	37,657,043
Guarantees and sureties provided												
Companies	9,350	-	9,350	-	-	-	-	-	-	9,350	-	9,350
Private individuals	188,760	-	188,760	10,000	-	10,000	-	-	-	198,760	-	198,760
Total	**40,333,127**	**(3,744)**	**40,329,383**	**1,349,772**	**(6,302)**	**1,343,470**	**114,994**	**(112,699)**	**2,295**	**41,798,115**	**122,745**	**41,675,370**

2020	Stage 1			Stage 2			Stage 3			TOTAL		
	Gross Exposure	Impairment	Net Exposure	Gross Exposure	Impairment	Net Exposure	Gross Exposure	Impairment	Net Exposure	Gross Exposure	Impairment	Net Exposure
Loans granted												
Companies	2,534,815	(460)	2,534,355	11,449	(75)	11,374	2,099	(2,099)	-	2,548,363	(2,634)	2,545,729
Private individuals	29,604,870	(2,868)	29,602,002	288,724	(9,517)	279,207	92,480	(92,480)	-	29,986,074	(104,865)	29,881,209
Guarantees and sureties provided												
Companies	9,350	-	9,350	-	-	-	-	-	-	9,350	-	9,350
Private individuals	120,760	-	120,760	10,000	-	10,000	-	-	-	130,760	-	130,760
Total	**32,269,795**	**(3,328)**	**32,266,467**	**310,173**	**(9,592)**	**300,581**	**94,579**	**(94,579)**	**-**	**32,674,547**	**(107,499)**	**32,567,048**

Additional information on exposure by type of staging and restructured credit may be consulted in Note 43 – Business risk management.

NOTE 23
FINANCIAL ASSETS TO THE AMORTISED COST – LOANS AND ADVANCES – CENTRAL BANKS

On 31 December 2021 and 2020, this caption was broken down as follows:

	2021	2020
Loans and advances - Central Banks		
Very short-term applications	15,037,521	8,017,812
	15,037,521	**8,017,812**

The residual periods of Loans and advances – Central Banks were structured as follows:

	2021	2020
Up to 3 months	15,037,521	8,017,812
	15,037,521	**8,017,812**

This caption refers to deposits held by Banco BiG Moçambique with the Central Bank of Mozambique, which are remunerated at local interest rates. The average interest rate during the year ended on 31 December of 2021 was 10.4% (31 December 2020: 11.1%).

NOTE 24
FINANCIAL ASSETS AT AMORTISED COST – LOANS AND ADVANCES – BANKS

On 31 December 2021 and 2020, this caption was broken down as follows:

	2021	2020
Loans and advances - banks in Portugal		
Deposits	1,750,000	1,750,004
Loans	185,715,888	8,537
Loans and advances - banks abroad		
Deposits	5,549,431	4,398,598
	193,015,319	**6,157,139**
Impairment	-	(33)
	193,015,319	**6,157,106**

The variation of the caption of Loans results from the contracting of a set of reverse repo operations, in which the Group grants funding by receiving debt securities as collateral.

The average interest rate during the year ended on 31 December 2021 was 1.8% (31 December 2020: 0.02%).

The residual periods of Loans and advances – Banks was structured as follows:

	2021	2020
Up to 3 months	186,414,239	5,095,547
From 3 months to 1 year	3,820,097	1,061,559
From 1 to 5 years	2,780,983	-
	193,015,319	**6,157,106**

The changes occurred in the impairment to Loans and advances – Banks, are presented as follows:

	2021	2020
Opening balance	**33**	**116**
Reversals	(33)	(83)
Closing balance	**-**	**33**

NOTE 25
DERIVATIVES – HEDGE ACCOUNTING

On 31 December 2021 and 2020 this caption was broken down as follows:

2021

		Hedge instrument				Hedge instrument (*)			
Derivative product	Associated financial asset / liability	Notional	Fair value (1)	Variation in Balance Sheet value of the year	Variation in P&L of the year	Hedge component (interest rate risk in the Balance Sheet)	Variation in Balance Sheet value of the year	Variation in P&L of the year	Balance Sheet value of hedged instruments
Interest Rate Swap	Debt instruments	343,000,000	(30,768,679)	22,146,355	24,107,574	27,258,544	(22,989,471)	(24,539,970)	385,520,055
Futures	Debt instruments	644,649,325	-	(1,322,698)	5,998,942	1,392,191	(8,041,153)	(7,063,612)	608,013,638
		987,649,325	**(30,768,679)**	**20,823,657**	**30,106,516**	**28,650,735**	**(31,030,624)**	**(31,603,582)**	**993,533,693**

2020

		Hedge instrument				Hedge instrument (*)			
Derivative product	Associated financial asset / liability	Notional	Fair value (1)	Variation in fair value in the year	Variation in fair value in the year	Hedge component (interest rate risk in the Balance Sheet)	Variation in Balance Sheet value of the year	Variation in P&L of the year	Balance Sheet value of hedged instruments
Interest Rate Swap	Debt instruments	319,000,000	(52,915,036)	(15,288,809)	(19,254,392)	(50,248,015)	(15,746,289)	19,502,820	380,313,907
Futures	Debt instruments	476,230,683	-	(9,770,284)	(24,602,979)	(9,433,344)	(5,621,433)	22,436,715	491,037,214
		795,230,683	**(52,915,036)**	**(25,059,093)**	**(43,857,371)**	**(59,681,359)**	**(21,367,722)**	**41,939,535**	**871,351,121**

(1) Includes accrued interest
(*) The maturity considered was the cheapest-to-delivery (CtD)

The Bank also carries out a risk-free hedging strategy (short position in German sovereign bonds), within the interest rate hedge accounting of the banking book. The value associated with the hedged item is carried in the balance sheet in a separate item (see note 30).

The variations in fair value associated to the assets described above and the respective hedge derivatives are entered in the income statement of the year in the caption of Profit/loss on financial assets and liabilities held for trading and hedge accounting (Note 8). With regard to the fair value of futures, this is reflected in the caption of Deposits in other banks (Note 18).

The residual periods of the notional values of hedging instruments can be analysed in the table below:

2021

		Notional			Fair Value	
Derivative product	Associated financial asset / liability	Less than 1 year	From 1 to 5 years	Over 5 years	Assets	Liabilities
Interest Rate Swap	Debt instruments	-	-	343,000,000	1,197,229	(31,965,908)
Futures (*)	Debt instruments	-	94,116,470	550,532,855	-	-
		-	**94,116,470**	**893,532,855**	**1,197,229**	**(31,965,908)**

2020

		Notional			Fair Value	
Derivative product	Associated financial asset / liability	Less than 1 year	From 1 to 5 years	Over 5 years	Assets	Liabilities
Interest Rate Swap	Debt instruments	-	-	319,000,000	-	(52,915,036)
Futures *	Debt instruments	-	144,459,910	331,770,773		
		-	**144,459,910**	**650,770,773**	**-**	**(52,915,036)**

(*) The maturity considered was the cheapest-to-delivery (CtD)

The movements in 2021 and 2020 can be consulted in the table below:

	2021	2020
Opening balance	**(52,915,036)**	**(37,626,227)**
Variations in fair value	25,698,154	(6,401,510)
Coupon payment	(5,115,652)	(4,858,993)
Payoff	1,563,855	(4,028,306)
Closing balance	**(30,768,679)**	**(52,915,036)**

NOTE 26
TANGIBLE ASSETS

On 31 December 2021 and 2020, this caption was broken down as follows:

	2021	2020
Buildings		
Improvements to buildings	4,349,534	4,109,579
For own use	19,172,892	18,179,241
	23,522,426	**22,288,820**
Equipment		
Computer equipment	7,038,130	6,295,508
Furniture and material	1,625,936	1,475,034
Installations and interiors	2,575,545	2,386,599
Security equipment	252,531	250,554
Machines and tools	391,476	290,492
Other equipment	232,807	232,055
Transportation material	174,557	81,612
	12,290,982	**11,011,854**
Right of use		
Buildings	2,611,898	2,272,356
Vehicles	920,492	710,924
	3,532,390	**2,983,280**
Tangible assets in progress	-	94,736
Impairment	(177,549)	(177,549)
Accumulated depreciation	(19,302,429)	(17,080,589)
	19,865,820	**19,120,552**

The movement in this caption was the following:

	Buildings	Equipment	Tangible fixed assets in progress	Right of use Buildings	Right of use Vehicles	Total
Acquisition cost						
Balance on 31 December 2019	23,559,695	10,362,011	121,981	2,384,385	668,704	37,096,776
Additions	26,524	772,662	6,984	-	49,301	855,471
Transfers	(93,298)	95,944	(3,995)	-	-	(1,349)
Write-downs	-	-	(322)	-	-	(322)
Reversals	(272,068)	(3,326)	-	(112,029)	(7,080)	(394,503)
Currency exchange differences	(932,031)	(215,438)	(29,914)	-	-	(1,177,383)
Balance on 31 December 2020	22,288,822	11,011,853	94,734	2,272,356	710,925	36,378,690
Acquisition of DIF Broker	136,822	211,343	-	146,126	154,253	648,544
Additions	371,962	843,800	-	193,416	76,814	1,485,992
Transfers	-	119,478	(119,478)	-	-	-
Write-downs	-	(98,189)	-	-	-	(98,189)
Reversals	-	-	-	-	(21,500)	(21,500)
Currency exchange differences	724,822	202,697	24,742	-	-	952,261
Balance on 31 December 2021	23,522,428	12,290,982	(2)	2,611,898	920,492	39,345,798
Depreciation						
Balance on 31 December 2019	6,017,063	9,310,286	-	478,014	171,439	15,976,802
Write-downs of the year	(139,917)	(3,326)	-	(31,742)	(1,976)	(176,961)
Amortisation of the year	465,170	400,485	-	521,021	195,123	1,581,799
Currency exchange differences	(30,156)	(93,346)	-	-	-	(123,502)
Balance on 31 December 2020	6,312,160	9,614,099	-	967,293	364,586	17,258,138
Write-downs of the year	-	(98,189)	-	-	-	(98,189)
Acquisition of DIF Broker	214,730	183,701	-	-	117,987	516,418
Amortisation of the year	481,904	480,473	-	471,486	212,635	1,646,498
Accruals	-	2,066	-	31,742	1,976	35,784
Currency exchange differences	27,319	94,010	-	-	-	121,329
Balance on 31 December 2021	7,036,113	10,276,160	-	1,470,521	697,184	19,479,978
Net balance on 31 December 2020	**15,976,662**	**1,397,754**	**94,734**	**1,305,063**	**346,339**	**19,120,552**
Net balance on 31 December 2021	**16,486,315**	**2,014,822**	**(2)**	**1,141,377**	**223,308**	**19,865,820**

NOTE 27
INTANGIBLE ASSETS

On 31 December 2021 and 2020, this caption was broken down as follows:

	2021	2020
Acquired from third parties		
Automatic data treatment system	16,888,890	13,036,990
Other	2,989,341	586,747
	19,878,231	13,623,737
Intangible assets in progress		
Automatic data treatment system	1,275,858	2,991,307
	1,275,858	2,991,307
Goodwill	5,505,674	-
	5,505,674	-
	26,659,763	16,615,044
Accumulated amortisation	(14,869,785)	(12,561,833)
	11,789,978	**4,053,211**

The movement in this caption was the following:

	Automatic data treatment system	Other	Tangible fixed assets in progress	Goodwill	Total
Acquisition cost					
Balance on 31 December 2019	12,156,319	587,197	2,121,878	-	14,865,394
Additions	891,972	-	880,638	-	1,772,610
Transfers	11,209	-	(11,209)	-	-
Reversals	-	(450)	-	-	(450)
Currency exchange differences	(22,510)	-	-	-	(22,510)
Balance on 31 December 2020	13,036,990	586,747	2,991,307	-	16,615,044
Acquisition of DIF Broker	808,300	2,402,594	-	5,505,674	8,716,568
Additions	1,007,265	-	369,146	-	1,376,411
Transfers	2,226,407	-	(2,227,299)	-	(892)
Reversals	(87,376)	-	-	-	(87,376)
Currency exchange differences	18,094	-	21,914	-	40,008
Balance on 31 December 2021	17,009,680	2,989,341	1,155,068	5,505,674	26,659,763
Amortisation					
Balance on 31 December 2019	11,340,585	587,197	-	-	11,927,782
Amortisation of the year	657,011	-	-	-	657,011
Reversal	-	(450)	-	-	(450)
Currency exchange differences	(22,510)	-	-	-	(22,510)
Balance on 31 December 2020	11,975,086	586,747	-		12,561,833
Amortisation of the year	1,481,919	58,721	-	-	1,540,640
Acquisition of DIF Broker	792,375	43,753	-	-	836,128
Write-downs	(87,376)	-			(87,376)
Currency exchange differences	18,560	-	-	-	18,560
Balance on 31 December 2021	14,180,564	689,221	-		14,869,785
Net balance on 31 December 2020	**1,061,904**	**-**	**2,991,307**	**-**	**4,053,211**
Net balance on 31 December 2021	**2,829,116**	**2,300,120**	**1,155,068**	**5,505,674**	**11,789,978**

On 7 September 2021 the Bank acquired 100% of the capital of DIF Broker – Sociedade Financeira de Corretagem, S.A., an investment company incorporated in 1999 with the purpose of carrying out the activities permitted by law for financial brokerage companies, including all ancillary, connected or similar operations compatible with this activity and permitted at law, with no legal restriction.

For accounting purposes, at the time, a purchase price of 14,729,234 Euros was recognised, which includes (i) a fixed component of 4,000,000 Euros, (ii) a value component corresponding to the Company's surplus cash at the date of acquisition, which amounts to 6,896,441 Euros and (iii) a variable component, indexed to future growth in net business revenues, payable between 2022 and 2024, and which is estimated at 3,832,793 Euros.

The transaction was recorded by applying the acquisition method, in accordance with IFRS 3 – business combinations, which requires, among other things, the recognition and measurement of identifiable assets acquired and of liabilities assumed measured at fair value on the date of the acquisition, and non-controlling interests in the entity acquired (if any) and the autonomous recognition and measurement of goodwill or gains resulting from an advantageous purchase.

Considering that the acquisition of control over DIF Broker occurred on 7 September 2021, the provisional record of the transaction was based on the data of the acquiree company at that date, taking into account the adjustments required by IFRS 3. Consequently, a preliminary amount of goodwill was determined as a result of the acquisition of the shares of DIF Broker.

In accordance with the requirements of IFRS 3, the Bank will complete the final registration of the acquisition within a maximum of one year from the date on which it obtained control (7 September 2021). During this period, BiG can adjust retrospectively the provisional fair value of the assets and liabilities recognised with reference to the date of the acquisition, to reflect any new information obtained in relation to facts and circumstances that existed on the date of the acquisition and that, if known, would have affected the measurement of these assets and liabilities. These adjustments will be reflected in the recognition and measurement of goodwill.

The following data relating to the measurement of the fair value of identifiable assets acquired and liabilities assumed, of DIF Broker are analysed as follows:

	Book value at acquisition date	Adjustment of fair value	Assets and liabilities at fair value
Demand deposits	41,796,094	-	41,796,094
Financial assets at fair value through other comprehensive income	120,839	-	120,839
Financial assets at amortised cost			
Loans and advances - Banks	50,601,108	-	50,601,108
Tangible Assets	132,247	-	132,247
Intangible Assets (*)	25,805	2,348,840	2,374,645
Other Assets	3,911,617		3,911,617
Total Assets	**96,587,710**	**2,348,840**	**98,936,550**
Financial liabilities measured at amortised cost			
Funding from Clients	84,474,391	-	84,474,391
Provisions	342,069	-	342,069
Current tax liabilities	840,937	-	840,937
Deferred tax liabilities	553	581,338	581,891
Other Liabilities	3,473,701	-	3,473,701
Total liabilities	**89,131,651**	**581,338**	**89,712,989**
Net assets (1)	**7,456,059**	**1,767,502**	**9,223,561**
Initial acquisition cost (2)			14,729,234
Distribution of dividends after aquisition (3)			1,999,598
Acquisition cost after distribution of dividends (4) = (2) - (3)			12,729,636
Goodwill (5) = (2) - (1)			**5,505,673**

(*) The amount of 2 348 840 corresponds to the identification of an intangible asset (client portfolio).

Under this transaction, the Bank attributes a separable value to intangible assets, amounting to 2,348,840 Euros, for which a useful life of 10 years is estimated. Taking into consideration the activity of DIF Broker (broker) the value of the client portfolio was estimated based on estimated average commissions and the average number of customers, considering a rate of loss of customers over time.

According to the accounting policy described in Note 2.1, the recoverable value of goodwill will be assessed annually. The evaluations will be based on duly supported assumptions that represent the best estimate of the Board of Directors on the economic conditions that will affect each subsidiary, the budgets and most recent projections approved for those subsidiaries and their extrapolation for future periods. The assumptions made for these evaluations may change with the modification of economic and market conditions.

The Group's consolidated income statement, prepared if the date of the acquisition had been the start of the reporting period, i.e. 1 January 2021, would show a net result of 23,251,944 Euros. This information is only for reference, given that the Group's consolidated income statement includes the result of DIF Brokers from the date of its incorporation (7 September 2021).

NOTE 28
CURRENT TAX ASSETS AND LIABILITIES

On 31 December 2021 and 2020, this caption was broken down as follows:

	2021	2020
Estimated tax for the year	(3,747,844)	(10,192,899)
Payments on account	7,717,749	8,984,548
Withholding tax	907,346	510,294
Corrections to tax relating to previous years	3,397,054	3,387,241
Current tax assets / (liabilities)	**8,274,305**	**2,689,184**

On 31 December 2021 the caption of Estimate of tax of the year includes 1,343,616 Euros relating to the contribution of the banking sector (31 December 2020: 1,485,000 Euros).

NOTE 29
OTHER ASSETS

On 31 December 2021 and 2020, this caption was broken down as follows:

	2021	2020
Debtors and other applications		
Futures and options debtors	21,632,188	-
Margin applications	49,897,952	67,011,515
Public sector	287,747	70,714
Other debtors	1,331,235	362,725
Credit and Interest Due - Debtors and other applications	322,117	258,872
Other assets	133,899	133,899
	73,605,138	**67,837,725**
Impairment losses on other assets	(218,146)	(99,026)
	73,386,992	**67,738,699**
Expenses with deferred costs	580,121	708,393
Income receivable	3,169,127	2,218,042
Other accruals and deferrals		
Other operations to regulate	8,404,543	1,301,459
	8,404,543	**1,301,459**
	85,540,783	**71,966,593**

The caption Margin Applications refers to collateral maintained with counterparties for trading in derivative instruments.

The caption Other pending transactions essentially relates to transactions that were still to be settled on 31 December 2021.

The item “Expenses with deferred costs” includes amounts relating to general administrative expenses which, according to their nature, are to be deferred.

The caption of Income receivable relates to amounts receivable from fund management entities.

The movements in impairment losses for other assets are presented as follows:

	2021	2020
Opening balance	**99,026**	**59,783**
Additions	168,604	47,495
Reversals	(50,328)	(8,252)
Used	844	-
Closing balance	**218,146**	**99,026**

NOTE 30
FINANCIAL LIABILITIES ENTERED IN THE ACCOUNTS AT FAIR VALUE THROUGH PROFIT OR LOSS

On 31 December of 2021 and 2020, this caption is composed as follows:

	2021	2020
Financial liabilities accounted at fair value through profit and loss	156,232,960	-
	156,232,960	**-**

On 31 December of 2021 the balance of this caption results from short sales of German sovereign debt, made in order to hedge the interest rate risk of the Group's portfolio.

The evolution of the caption of Financial liabilities entered in the accounts at fair value through profit or loss may be consulted in the table below:

	2021			2020		
	Book Price	*Fair Value*	*MtM*	*Book Price*	*Fair Value*	*MtM*
Financial liabilities accounted at fair value through profit and loss	(160,624,870)	(156,232,960)	4,391,910	-	-	-
	(160,624,870)	**(156,232,960)**	**4,391,910**	**-**	**-**	**-**

NOTE 31
FINANCIAL LIABILITIES MEASURED AT AMORTISED COST – FUNDING FROM OTHER BANKS

On 31 December 2021 and 2020, this caption was broken down as follows**:**

	2021	2020
Domestic		
Deposits	55,932,144	44,813,841
	55,932,144	**44,813,841**
Abroad		
Deposits	2,363,696	1,275,802
Loans	438,462,687	167,090,491
	440,826,383	**168,366,293**
	496,758,527	**213,180,134**

The captions of Deposits essentially comprise deposits made by banks in the Group. The amounts relating a Loans relate to loans obtained, with collateral of securities, contracted with international institutions ((repurchase agreements) as well as cash overdrafts reclassified to liabilities.

The average interest rate during the year ended on 31 December of 2021 was 0.2% (31 December 2020: 0.1%).

The residual maturity of Deposits from other banks can be analysed as follows:

	2021	2020
Up to 3 months	472,331,942	208,618,234
From 3 months to 1 year	23,326,585	3,061,900
From 1 to 5 years	1,100,000	1,500,000
	496,758,527	**213,180,134**

NOTE 32
FINANCIAL LIABILITIES MEASURED AT AMORTISED COST – RESOURCES FROM CENTRAL BANKS

On 31 December of 2021 and 2020, this caption is composed as follows:

	2021	2020
Funding from central banks		
Term deposits	50,000,000	75,000,000
	50,000,000	**75,000,000**

The residual period of Resources from central banks may be analysed as follows:

	2021	2020
From 3 months to 1 year	50,000,000	75,000,000
	50,000,000	**75,000,000**

The full amount of this caption is comprised of funds held in longer-term refinancing operations under the program PELTRO (Pandemic Emergency Longer-term Refinancing Operations) of the European Central Bank. These instruments are remunerated at a -0.25% interest rate.

The average interest rate of the term deposits during the year ended on 31 December 2021 was -0.3% (31 December 2020: -0.4%).

NOTE 33
FINANCIAL LIABILITIES MEASURED AT AMORTISED COST – FUNDING FROM CLIENTS

On 31 December 2021 and 2020, this caption was broken down as follows:

	2021	2020
Demand deposits	981,634,230	921,022,822
Term deposits	453,182,455	447,641,346
Other	119,072,083	34,275,542
	1,553,888,768	**1,402,939,710**

The caption Other essentially relates to the clients balances available and used in margin accounts, as part of the trading of derivative positions.

The average interest rate of term deposits during the year ended on 31 December 2020 and 2021 was 0.2%.

The residual periods of Funding from clients were structured as follows:

	2021	2020
Up to 3 months	1,320,915,406	1,109,503,077
From 3 months to 1 year	186,972,214	259,283,946
From 1 to 5 years	46,001,148	34,152,687
	1,553,888,768	**1,402,939,710**

NOTE 34
PROVISIONS OR REVERSAL OF PROVISIONS

On 31 December 2021 and 2020, this caption was broken down as follows:

	Outras provisões
Balance on 31 December 2019	**1,607,413**
Reversals	(84,000)
Balance on 31 December 2020	**1,523,413**
Reversals	(1,505,500)
Additions	450,000
Used	(1,256)
Acquisition of DIF Broker	342,069
Balance on 31 December 2021	**808,726**

The caption Other provisions includes provisions set up to cover other specific risks, legal proceedings and other losses arising from the Group's activity.

The reversals occurred in 2021 and 2020 essentially relate to other losses arising from the Group's activity.

NOTE 35
SHARE CAPITAL REIMBURSABLE AT SIGHT

The General Meetings of the BiG held on 08 May 2014 and on 21 April 2016, authorised the Board of Directors to make a capital increase through the issue of redeemable preferred shares intended for workers and members of the Corporate Offices of the Bank. Following these deliberations, in July 2016, the Board of Directors of the Bank made a capital increase by the issue of 12,000,000 (twelve million) non-voting redeemable preferred shares, which was the first underwriting program of this type of shares.

The underlying shares to this first underwriting program were redeemed on September 2019, and a new underwriting program of this type of shares was created on May 2020.

The non-voting redeemable preferred shares have characteristics that grant this instrument a hybrid nature as they share clear characteristics of debt instruments. It is for this reason that, under the International Accounting Standards, they are classified as a financial liability, in the caption Instruments representing capital with the nature of liabilities, and the respective income paid is entered as interest.

The redeemable preferred shares issued by BiG are, in accordance with the deliberation for their issue and the current wording of BiG's by-laws, subject to redemption in the period of 38 months from the date of their issue, or rather, the shares are issued for a fixed period and both the issuer and their holders have an unconditional right to redemption, with reimbursement of the capital holding and to the redemption premium, in accordance with the following formula:

Redemption premium per share: Max [0; 1.5 x (VCPAn – VCPAi) / VCPAi] x VN
VN – Nominal value
VCPAi – Book value per share at the time i (last balance sheet annual prior to the issue date)
VCPAn – Book value per share at the time n (last balance sheet annual prior to the redemption date)
1.5 – Multiple of book value
For the purposes of the calculation of the book value per share the total number of ordinary shares is considered.
Redemption Period / Date: 38 months

In the event of the occurrence of an exceptional corporate situation that affects the book value of the shares, the redemption premium may be adjusted so that the holder is not affected positively or negatively by this event, in the terms set out in the Regulations of the second underwriting program of redeemable preferred shares in force in the Bank.

In December 2021, a capital increase was carried out, decided by the Board of Directors of the Bank on 12 November 2021, with the issue of 151,000,000 new ordinary shares which, in itself, led to a direct reduction of the book value per share. Before these capital increases the book value per share was 2.2319 Euros and became 2.1331 Euros, and so an adjustment should be made to the formula for calculating the redemption premium of redeemable preference shares in order to ensure the neutrality of these events.

The need to adjust the calculation of the redemption premium was established in the justificatory report on the proposal to suppress pre-emption rights in the capital increase with the issue of redeemable preference shares, approved by BiG's Shareholders in the General Meeting of 21 April 2016, in the following terms: In the event of the occurrence of an exceptional corporate situation that has an impact on the book value of the shares, the redemption premium may be adjusted so that the holder is not affected positively or negatively by the said event, under the terms in the Regulation on the Allocation of Redeemable Preference Shares in force in the Bank.

In this regard, the technical sheet of the capital increase approved by the Bank's Board of Directors on 15 May 2016 also provides for the application of this adjustment mechanism to guarantee the full redemption premium contemplated in the event of exceptional corporate events, practised by BiG, that could artificially impair the expected redemption premium.

In the same way, the Regulations of the second subscription program of redeemable preference shares for employees and executive directors of Banco de Investimento Global, S.A., of December 2019, approved by BiG and accepted by the subscribers of the redeemable preference shares establishes that, if Banco de Investimento Global, S.A. performs any act that can affect the rights of the holders of the redeemable preference shares, namely with regard to the calculation of the redemption premium, the Bank will make the necessary adjustments so that these rights of the holders of the redeemable preference shares are identical to those that would exist if the act were not performed.

Consequently, to offset the impact of the capital increase carried out in December 2021, the book value per share calculated based on the last annual balance sheet before the Redemption Date should be multiplied by the correction factor 1.0463393 (corresponding to the result of [2.2319 Euros/2.1331 Euros]), as per the formula below:

Redemption premium per share: Max [0; 1.5 x (VCPAn x F – VCPAi) / VCPAi] x VN
VN – Nominal value
VCPAi – Book value per share at the time i (last annual balance sheet before the date of issue)
VCPAn – Book value per share at the time n (last annual balance sheet before the redemption date)
1.5 – Multiple of book value
F – Correction factor of corporate events, corresponding to 1.0463393
For the purpose of calculating the book value per share, the total number of ordinary shares will be considered.
Period / Redemption Date: 38 months

The accounting policy inherent to the accounting of this type of instrument is described in Note 2.6. Financial liabilities.

On 31 December of 2021, according to the formula for calculating the redemption premium, the value carried in the balance sheet was 386,298 Euros relating to the accrual of this premium (2020: 684,989 Euros). The value recorded at the end of the year also includes the recognition of the cost with the estimated dividend for 2021 amounting to 592,125 Euros (2020: 1,620,000 Euros). The estimated dividend recorded in the year 2020 was paid in 2021.

	2021	**2020**
Instruments representing capital	12,795,923	14,304,989

NOTE 36
CONTINGENT LIABILITIES – RESOLUTION FUND

The Resolution Fund is a legal entity under public law with administrative and financial autonomy, created by Decree Law no. 31-A/2012, of 10 February, which is governed by the General Regime of Credit Institutions and Financial Companies ("RGICSF") and by its regulations and whose mission is to provide financial support to the resolution measures applied by the Banco de Portugal, in the capacity of the national resolution authority, and to perform all the other functions granted by the law related with the execution of these measures.

Like most of the financial institutions operating in Portugal, the Bank is one of the participants in the Resolution Fund, making contributions that result from the application of a rate defined annually by the Banco de Portugal, which is based on the amount of its liabilities. In 2021, the Bank's periodical contribution amounted to 615,530 Euros (31 December 2020: 481,363 Euros), based on a contribution rate of 0.06% calculated pursuant to Instruction 32/2020 of the Banco de Portugal.

As part of its responsibility as the authority of supervision and resolution of the Portuguese financial sector, on 3 August 2014, the Banco de Portugal decided to apply a resolution measure to Banco Espírito Santo, S.A. ("BES"), pursuant to article 145º-G(5) of the RGICSF, which consisted in the transfer of the majority of its activity to a transition bank, called Novo Banco, S.A. ("Novo Banco"), created especially for this purpose.

To make up the share capital of the Novo Banco, the Resolution Fund provided 4,900 million Euros, of which, 377 million Euros corresponded to its own financial resources. A loan of 700 million Euros was also granted by a bank syndicate to the Resolution Fund, the participation of each credit institution being weighted according to diverse factors, including the respective size. The remaining amount (3,823 million Euros) was from a refundable loan granted by the Portuguese State.

In December 2015, the national authorities decided to sell the majority of assets and liabilities associated to the activity of Banif – Banco Internacional do Funchal, S.A. ("Banif") to Banco Santander Totta, S.A. ("Santander Totta"), for 150 million Euros, also in the context of the application of a resolution measure. This operation involved an estimated amount of 2,255 million Euros in public funds which aimed to cover future contingencies, of which 489 million Euros was financed by the Resolution Fund and 1,766 million Euros directly by the Portuguese State. In the context of this resolution measure, Banif's assets identified as problematic were transferred to an asset management vehicle, created for the purpose – Oitante, S.A., with the Resolution Fund being the sole holder of its share capital, through the emission of bonds representative of the debt of this vehicle, amounting to 746 million Euros, with the guarantee of the Resolution Fund and counter-guarantee of the Portuguese State.

The resolution measures applied in 2014 to the BES (a process that gave rise to the creation of Novo Banco) and in 2015 to Banif created uncertainties related with the risk of litigation involving the Resolution Fund, which is significant, and also with the risk of the possible shortage of funds to cover the liabilities, in particular the short term reimbursement of the financing taken out.

It was in this context that in the second semester of 2016 that the Portuguese Government reached an agreement with the European Commission, in order to alter the conditions of the financing granted by the Portuguese State and by the banks participating in the Resolution Fund in order to preserve financial stability, by means of fostering conditions that would grant predictability and stability to the contributory effort towards the Resolution Fund. For the purpose, a supplement to the loan contracts to the Resolution Fund was formalised, which introduced a series of alterations to the reimbursement plans, to the rates of remuneration and other terms and conditions associated to these loans in order to adjust them to the capacity of the Resolution Fund to fully meet its obligations based on its normal revenue, or rather, without the need to charge special contributions or any other type of extraordinary contribution from the banks participating in the Resolution Fund.

According to the statement of the Resolution Fund of 31 March 2017, the review of the conditions of the financing granted by the Portuguese State and by the participating banks aimed to ensure the sustainability and financial equilibrium of the Resolution Fund, based on a stable, predictable and affordable charge for the banking sector. Based on this review, the Resolution Fund assumed that the full payment of the responsibilities of the Resolution Fund is ensured, and also the respective remuneration, without the need for the banking sector to resort to special contributions or any other type of extraordinary contributions.

Also on 31 March 2017, the Banco de Portugal advised that it had selected the Lone Star Fund for the purchase of Novo Banco, which was concluded on 17 October 2017 through the injection, by the new shareholder, of 750 million Euros, which will be followed by a new entry of capital of 250 million Euros, to be made in a period of up to three years. The Lone Star Fund became the owner of 75% of the share capital of Novo Banco and the Resolution Fund the remaining 25%. Furthermore, the conditions approved include a contingent funding mechanism, pursuant to which the Resolution Fund, as a shareholder, may be called on to make injections of capital if certain cumulative conditions arise, related with: (i) the performance of a restricted number of assets of Novo Banco and (ii) the evolution of the bank's capitalization levels, namely the contemplated issue in the market of 400 million Euros of Tier 2 capital instruments. The possible capital injections to be made pursuant to this contingent mechanism are subject to an absolute maximum limit of 3,890 million Euros during a period of 8 years. On 18 October 2017, Banco de Portugal and the Resolution Fund announced the decision to conclude the sale of Novo Banco to Lone Star. On 31 May 2021, the Resolution Fund concluded a new loan contract with a number of banks to meet its funding needs. These needs arise from the commitments assumed with Novo Banco under the Contingent Capital Agreement.

Given the renegotiation of the conditions of the loans granted to the Resolution Fund by the Portuguese State and by the bank syndicate, in which the Group is not included, and the public statements made by the Resolution Fund and by the Office of the Minister for Finance which mention that this possibility will not be used, although this possibility is contemplated in the applicable legislation on the payment of special contributions, these financial statements do not reflect any eventual future requirement for the Group to make special contributions or any extraordinary contributions to finance the resolution measures applied to BES and to Banif, and also the contingent funding mechanism mentioned in the previous paragraph.

Given the relevance and materiality of the topic, the Group has closely accompanied all the events that implied alterations regarding the operation of the Resolution Fund, having recognised, immediately in 2014, in the caption of provisions for general banking risks, a provision to address contingencies arising from this event, based on the Bank's prudent interpretation of paragraph 14 of IAS 37.

In this context of uncertainty, and in spite of the background presented, in order to address the guidelines given by the Banco de Portugal in this matter, in 2017 the Group reversed the remaining amount of 3,500,000 Euros of the provision relating to the Resolution Fund set out in the caption of Provisions for general banking risks; this provision was constituted in 2014, presenting a balance of 8,000,000 Euros at the close of that year; the balance of this provision was reinforced in 2015 to 9,000,000 Euros, and partially reversed in 2016 to 3,500,000 Euros.

NOTE 37
TAXATION

The Bank and its subsidiaries based in Portugal determined the amount of its current tax on income for the years 2021 and 2020 based on a nominal tax rate of 21%, plus a municipal surtax rate of 1.5%. An additional rate of 3% relating to the State Tax is also applied, for the years 2021 and 2020 on the taxable income of over 1.5 million Euros to 7.5 million Euros, a rate of 5% relating to State Tax is also applied to taxable income between 7.5 million Euros and 35 million Euros, and a rate of 9% for State Tax being applied to taxable income over 35 million Euros.

The Bank and its subsidiaries based in Portugal calculated the amount of its deferred taxes for the years 2021 and 2020, based on a nominal rate of 21%, plus a municipal surcharge rate of 1.5% and a state surcharge rate that can vary between 3% and 9% when taxable income is greater than 1.5 million Euros.

The Portuguese Tax Authorities are empowered to review the Bank's calculation of its annual taxable earnings and that of its subsidiaries based in Portugal for a period of 4 years, except if there are reportable tax losses, where the period of expiry is the year of this right. In this way, possible corrections may be made to the tax base, resulting mainly from differences in interpretation of fiscal legislation. However, the Board of Directors considers that there are no material differences in respect of taxation of profits recorded in the financial statements.

The deferred tax assets and liabilities recognised in the Balance Sheet in 2021 and 2020 may be analysed as follows:

	2021	2020
Financial assets at fair value through other comprehensive income	10,851,905	(1,089,935)
Financial assets at fair value through profit and loss	(1,385,133)	(498,530)
Intangible assets	(566,805)	-
Tax Losses	-	126,476
Other	122,744	99,426
Net deferred tax asset / (liability)	**9,022,711**	**(1,362,564)**
Movement of tax in the year	**10,385,275**	**(1,990,367)**

The movement of the income tax reported in results and reserves in the year is explained as follows:

	2021	2020
Recognised in reserves		
Current tax		
Of the year	-	155,843
	-	**155,843**
Deferred tax		
Of the year	11,941,840	(1,637,301)
	11,941,840	**(1,481,458)**
Recognised in results		
Current tax		
Of the year	(2,340,138)	(9,244,769)
From previous years	243,228	359,105
	(2,096,910)	**(8,885,664)**
Deferred tax	(986,964)	(336,386)
	(3,083,874)	**(9,222,050)**
	8,857,966	**(10,703,508)**

The reconciliation of the tax rate for 2021 and 2020 may be analysed as follows:

	2021		2020	
	Tax rate	Amount	Tax rate	Amount
Pre-tax profit		24,831,423		34,870,371
Estimated tax charge	28.79%	7,147,858	29.97%	10,450,086
Non-deductible costs for tax purposes	1.39%	345,300	0.38%	133,612
Tax benefits	-13.56%	(3,367,457)	-0.31%	(108,692)
Contribution on the banking sector	0.75%	186,794	1.25%	434,656
Other	-4.95%	(1,228,621)	-4.84%	(1,687,612)
	12.42%	**3,083,874**	**26.45%**	**9,222,050**

In compliance with Article 41 of the Investment Tax Code, it should be mentioned that the Bank, BiG Serviços Financeiros, S.A. and Onetier Partners, Sociedade de Capital de Risco, S.A. receive the tax benefit provided for in Article 38 of the Investment Tax Code, and are benefiting from the following tax savings:

- Bank: tax saving amounting to € 3,125,000. as reflected in the caption “Tax benefits” in the table above;
- BiG Serviços Financeiros, S.A.: tax saving amounting to € 83,189, as reflected in the caption “Tax benefits” in the table above;
- Onetier Partners, Sociedade de Capital de Risco, S.A.: tax saving amounting to € 126,121, as reflected in the caption “Tax benefits” in the table above.

NOTE 38
OTHER LIABILITIES

On 31 December 2021 and 2020, this caption was broken down as follows:

	2021	2020
Creditors and other dues		
Diverse funding	1,210,412	200,000
Public sector	2,291,638	1,373,791
Lease liabilities	1,273,988	1,687,370
Other creditors	5,119,054	293,753
	9,895,092	**3,554,914**
Costs payable		
Staff charges	3,946,918	5,513,623
Other charges payable	2,433,807	5,324,125
	6,380,725	**10,837,748**
Revenue with deferred income	79,314	86,288
Other accruals and deferrals		
Other operations to be settled	14,027,837	5,972,826
	14,027,837	**5,972,826**
	30,382,968	**20,451,776**

The caption Other pending transactions essentially relates to operations that were still unsettled by 31 December 2021 and 2020.

Lease liabilities refer to the present value of the future payments of the Group's leasing operations, specifically relating to buildings and vehicles.

For the years ended on 31 December 2021 and 2020, below is the detail of the Lease liabilities caption:

	2021	2020
Opening balance	**1,687,370**	**2,447,641**
Additions	297,139	49,300
Interest	13,983	15,931
Payments	(724,504)	(739,735)
Write-downs	-	(85,767)
Closing balance	**1,273,988**	**1,687,370**

On 31 December of 2021 and 2020, the future payments relating to Lease liabilities are detailed as follows:

	2021			2020		
	Buildings	**Vehicles**	**Total**	**Buildings**	**Vehicles**	**Total**
Up to 3 months	133,719	49,592	183,311	123,113	48,898	172,011
From 3 months to 1 year	360,374	122,109	482,483	361,315	130,987	492,302
From 1 to 5 years	629,474	104,792	734,266	866,202	177,143	1,043,345
Over 5 years	71,263	-	71,263	-	-	-
	1,194,830	**276,493**	**1,471,323**	**1,350,630**	**357,028**	**1,707,658**

NOTE 39
CAPITAL, ISSUE PREMIUMS, TREASURY STOCK AND RESERVES

Capital

On 31 December 2020 the Bank's capital was represented by 171,947,388 ordinary shares, with the nominal value of 1 Euro each, fully subscribed and paid up.

On 17 December 2021 a capital increase was made amounting to 15,000,000 Euros, with the issue of 15,000,000 of ordinary shares with the nominal value and subscription price of 1 Euro per share, the Bank's capital then being represented by 186,947,388 ordinary shares, with the nominal value of 1 Euro each, fully subscribed and paid up.

On 31 December 2021 and 2020, the Bank's shareholder structure was the following:

	2021	2020
	Ordinary shares	**Ordinary shares**
António da Silva Rodrigues	11.54%	12.18%
Adger – SGPS, S.A.	11.06%	10.70%
WWC World Wide Capital - SPGS, S.A.	8.80%	9.30%
Carlos Adolfo Coelho Figueiredo Rodrigues	8.38%	6.08%
Nicholas Leo Racich	6.27%	5.67%
JRI – SGPS, S.A.	4.55%	4.81%
Bâloise Vie Luxembourg S.A.	4.45%	4.69%
Oceangest - Gestão e Empreendimentos Imobiliários, S.A.	4.10%	4.34%
Peter Alexander Batista Rodrigues	2.58%	2.73%
Phillip John Batista Rodrigues	2.48%	2.62%
LNKM Hospitality Capital - Fundo Capital de Risco	2.03%	2.14%
Other	33.76%	34.74%
	100.00%	**100.00%**

In 2021 the Bank held 12,000,000 non-voting redeemable preferred shares issued, which had the nature of liabilities (note 35). Thus, even though strictly for statutory purposes the Bank's share capital was considered to be 198,947,388 Euros, given the accounting treatment and characteristics of the redeemable non-voting preferred shares, the caption Share capital was represented by 186,947,388 ordinary shares with the nominal value of 1 Euro each.

The first issuance of redeemable preferred shares was done on July 2016. As foreseen under the terms on the deliberation of the issuance of these stocks, their redemption occurred on 16 September 2019.

Having in sight a second underwriting program of redeemable preferred shares targeted to BiG's Employees and Executive Board Members, on 27 May 2020 was concluded a new issuance of this type of shares in the amount of 12,000,000, in replacement of the shares redeemed on September 2019.

Issue premiums

On 31 December 2021 and 2020, the issue premiums amounting to 1,362,306 Euros refer to the premiums paid by the shareholders in the capital increases made.

Treasury stock

During 2021 and 2020, there were no movements in the Treasury stock caption, totalling a value of 2,326 Euros on 31 December 2021.

Other accumulated comprehensive income

The caption Other accumulated comprehensive income represents potential capital gains and losses relating to the portfolio of financial assets at fair value through other comprehensive income plus impairment recognised in the income statement. The value of this item is presented net of deferred taxation and current taxation.

The caption Other accumulated comprehensive income for the years ended on 31 December 2021 and 2020 is analysed as follows:

	2021	2020
Cost of financial assets at fair value through other comprehensive income (note 20) [(1)]	1,780,634,805	1,448,745,965
Market value of financial assets at fair value through other comprehensive income	1,746,150,320	1,451,903,913
Fair value reserve of financial assets at fair value through other comprehensive income	(38,370,197)	16,032,221
Fair value reserve associated to macro-hedging for interest rate risk	1,861,233	(14,404,503)
Impairment of financial assets at fair value through other comprehensive income	2,024,479	1,530,230
Deferred tax	10,859,678	(994,753)
Current tax	93,455	93,455
Currency revaluation	1,743,380	-
	(21,787,972)	**2,256,650**

(1) amortised cost for debt securities and acquisition cost with regard to shares and other.

Other reserves

The equity item “other reserves” on 31 December of 2021 includes the amounts constituted by the Banco de Investimento Global as legal reserves, free reserves and other retained earnings. These components are detailed below:

i. Legal reserve
Pursuant to article 97 of the General Regime of Credit Institutions and Financial Companies approved by Law no. 298/91, of 31 December and altered by Law no. 201/2002, of 25 September, the companies of the Bank should set aside a portion of not less than 10% of net profits in each year for the creation of a legal reserve, up to a limit equal to the value of the share capital or to the sum of the free reserves set up and of the retained earnings, if greater. With reference to 31 December 2021 the Group’s legal reserves totalled 51,197,366 Euros (31 December 2020: 47,631,830 Euros).

ii. Free reserve
With reference to 31 December 2021, the Group’s free reserves amount to 166,083,290 Euros (31 December 2020: 169,486,163 Euros) representing the total accumulated results of the Group not distributed and/or not constituted as a legal reserve. the reduction recorded in 2021 results mainly from the distribution of free reserves to the shareholders amounting to 25,791,719 Euros, following the decision of the General Meeting of shareholders of 19 November 2021.

iii. Other retained earnings
The caption of other retained earnings includes gains and losses associated to capital instruments (real values) that the Group has irrevocably designated at fair value through other comprehensive income. According to the requirements of IFRS 9, these gains and losses are recorded in equity and not recycled to the income statement. With reference to 31 December 2021 the caption of other retained earnings totals 226,716 Euros (31 December 2020: 226,716 Euros).

There are no statutory restrictions on the use of reserves, being applicable only those resulting from legal provisions, namely, those provided for in Article 295 of the Commercial Companies Code in relation to legal reserves.

The movement of the fair value reserve, net of taxation, for the years 2021 and 2020 is analysed in the following manner:

	2020	Variations in fair value	Fair value hedge adjustament	Disposals	Tax	2021
Financial assets at fair value through other comprehensive income						
Debt instruments	2,667,508	(52,597,988)	16,263,135	(1,866,738)	11,948,602	(23,585,481)
Capital instruments	(410,858)	249,584	-	-	5,027	(156,247)
Currency Revaluation	-	1,953,756	-	-	-	1,953,756
	2,256,650	**(50,394,648)**	**16,263,135**	**(1,866,738)**	**11,953,629**	**(21,787,972)**

	2019	Variations in fair value	Fair value hedge adjustament	Disposals	Tax	2020
Financial assets at fair value through other comprehensive income						
Debt instruments	(2,296,118)	32,708,463	(5,658,353)	(20,064,049)	(2,022,435)	2,667,508
Capital instruments	-	(566,701)	-	-	155,843	(410,858)
	(2,296,118)	**32,141,762**	**(5,658,353)**	**(20,064,049)**	**(1,866,592)**	**2,256,650**

Non-controlling interests

This item records the interests that the Group does not control associated with the consolidation of Banco BiG Moçambique. This caption is presented as follows:

	2021	2020
Banco BiG Moçambique, S.A.	4,849,205	3,950,339

The movement of this caption in the period is presented as follows:

	2021	2020
Opening balance	**3,950,339**	**3,773,989**
Other comprehensive income	(31,143)	(117,189)
Exchange differences	752,856	(1,192,488)
Net result	546,342	602,381
Transfers to reserves	(369,189)	883,646
Closing balance	**4,849,205**	**3,950,339**

NOTE 40
OFF-BALANCE SHEET ACCOUNTS

On 31 December 2021 and 2020, this caption was broken down as follows:

	2021	2020
Guarantees provided and other liabilities		
Assets given as guarantee	1,300,440,107	1,032,861,089
Guarantees and sureties	208,110	140,110
	1,300,648,217	**1,033,001,199**
Guarantees received		
Personal guarantees		
Guarantees and sureties	2,605,549	2,494,095
Real guarantees		
Securities	320,381,214	92,979,125
Loans	7,334,494	5,611,139
Real Estate	7,591,077	7,786,199
	337,912,334	**108,870,558**
Commitments before third parties		
Irrevocable commitments		
Potential liability to the Investor Compensation System	674,614	674,614
Term deposit contracts	35,000,000	50,000,000
Revocable commitments		
Bank overdraft facilities	55,574,423	64,368,579
	91,249,037	**115,043,193**
Foreign exchange operations and derivative instruments		
Foreign exchange spot transactions	613,862	797,230
Trading instruments	278,408,408	193,382,483
Hedging instruments	976,241,975	620,268,870
	1,255,264,245	**814,448,583**
Liabilities for services provided		
Asset custody and deposit	3,458,227,286	2,530,511,068
For asset administration	617,121,070	455,825,597
For collection of amounts	1,526,348	1,287,440
	4,076,874,704	**2,987,624,105**
Services rendered by third parties		
Asset custody and deposit	3,251,603,486	2,397,431,443
	3,251,603,486	**2,397,431,443**
Other off-balance-sheet accounts		
Consignments	17,235	16,035
Credit written off from assets	84,694	80,884
	101,929	**96,919**

On 31 December 2021 and 2020, the balance of the caption Assets Given as Guarantee includes:

- securities provided as a guarantee to the Investor Compensation System amounting to 857,346 Euros (31 December 2020: 735,000 Euros);

- securities in the pool of the European System of Central Banks in the amount of 647,852,624 Euros (31 December 2020: 733,565,659 Euros). Of the assets recorded in the pool, 50,000,000 Euros were pledged as collateral (on 31 December 2020: 75,000,000 Euros);

- other securities provided as a guarantee 651,734,803 Euros (31 December 2020: 298,560,430 Euros). Assets given as guarantee correspond to a pool of securities, of which a significant part was not being used as collateral in liquidity operations.

NOTE 41
TRANSACTIONS WITH RELATED PARTIES

The Group's policy on transactions with related parties establishes the rules to be observed and procedures to be followed, whenever there are transactions with related parties. Within the terms contemplated in IAS 24, and based on this policy, the following are considered related parties of the BiG, namely:

(i) Qualified participants of the institution and other people or entities covered by the regime foreseen on article 109 of the General Regime of Credit Institutions and Financial Companies;
(ii) the members of the corporate and supervisory bodies of BiG;
(iii) the spouse, domestic partner, close members of the family of the people mentioned in line (ii) above;
(iv) an entity in which a corporate or supervisory bodies member, or its spouse, domestic partner, or close members of the family hold a qualified stake equal or higher than 10 % of the share capital or of the voting rights, or on which those people exercise significant influence or exercise senior management functions or belong to the corporate and supervisory bodies;
(v) Senior staff members, who correspond to people with a category or functions, with authority and responsibility for the planning, management and control of activities of the Group;
(vi) any fund or benefit plan, such as pensions, other retirement benefits, life insurance and medical care insurance, for the benefit of the employees of BiG;
(vii) Members of the corporate bodies of entities belonging to the Group;
(viii) the people or entities, including namely, depositors, creditors, debtors, participated entities by BiG, Bank's employees or of other Group's entities, which through the relation with BiG may, potentially, influence its management, in such way to obtain a commercial relationship not in line with the normal market conditions.
(ix) the entities of any Related Party with BiG that are: (i) partner; (ii) director, namely as a member of the corporate or supervisory bodies or if it has regular access to privileged information and participates in decisions related to management and control of the entity or (iii) holder, individually or jointly, directly or indirectly of, at least, half of the respective share capital or voting rights, as well as entities which have been incorporated for the benefit of any BiG's Related Party; and
(x) Entities with which there is an interdependent economic relationship, namely due to their insertion in a crossed relationship of participations in diverse entities or that, for being connected to the institution is such a way, in the contingency of one of them having financial problems, the institution may also struggle financially.

On 31 December 2021 and 2020, the balances reflected in the captions of Assets relating to related parties are represented as follows:

	2021			
	Other demand deposits	**Financial assets at fair value through other comprehensive income**	**Loans and advances - Clients**	**Other Assets**
Shareholders with holdings over 10%	576,506	-	703,631	1,345
Governing Body	-	-	5,178,456	-
Closely related people	-	-	-	-
Related companies	-	777,478	-	290
Senior management of Group companies	-	-	1,761,446	-
	576,506	**777,478**	**7,643,533**	**1,635**

	2020			
	Other demand deposits	**Financial assets at fair value through other comprehensive income**	**Loans and advances - Clients**	**Other Assets**
Shareholders with holdings over 10%	-	-	-	1,233
Governing Body	-	-	5,248,970	8,081
Closely related people	-	-	-	-
Related companies	-	13,978	-	-
Senior management of Group companies	-	-	1,708,750	130,951
	-	**13,978**	**6,957,720**	**140,265**

On 31 December 2021 and 2020, the balances reflected in the captions of Liabilities relating to related parties are represented as follows:

	2021		
	Funding from Clients	**Funding from other banks**	**Other Liabilities**
Shareholders with holdings over 10%	10,690,801	4,662	-
Governing Body	4,217,269	-	25,873
Closely related people	6,501,646	-	-
Related companies	4,931,931	56	-
Senior management of Group companies	1,338,752	-	7,350
	27,680,399	**4,718**	**33,223**

	2020		
	Funding from Clients	**Funding from other banks**	**Other Liabilities**
Shareholders with holdings over 10%	7,862,104	-	-
Governing Body	6,104,201	-	36,062
Closely related people	482,535	-	-
Related companies	1,703,373	-	-
Senior management of Group companies	2,365,670	-	6,799
	18,517,883	**-**	**42,861**

On 31 December 2021 and 2020, the balances reflected in the captions of the Income Statement relating to related parties are represented as follows:

	2021				
	Interest income	**Interest expenses**	**Fees and comissions income**	**Fees and comissions expenses**	**Staff costs**
Shareholders with holdings over 10%	2,284	-	8,384	842	-
Governing Body	483	(5,785)	5,264	-	(5,854,853)
Closely related people	-	(90)	793	-	-
Related companies	-	(1,458)	1,242	-	-
Senior management of Group companies	855	(1,174)	1,124	-	(1,094,230)
	3,622	**(8,507)**	**16,807**	**842**	**(6,949,083)**

	2020				
	Interest income	**Interest expenses**	**Fees and comissions income**	**Fees and comissions expenses**	**Staff costs**
Shareholders with holdings over 10%	-	(904)	5,631	-	-
Governing Body	566	(937)	8,669	-	(6,007,585)
Closely related people	-	(48)	214	-	-
Related companies	-	(1,240)	-	-	-
Senior management of Group companies	1,402	(2,605)	1,169	-	(930,566)
	1,968	**(5,734)**	**15,683**	**-**	**(6,938,151)**

NOTE 42
FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

On 31 December 2021 and 2020, the fair value of the financial assets and liabilities is presented as follows:

	Amortised cost	Total Balance Sheet value	Listed market values (level 1)	Evaluation models with parameters / prices observable in the market (level 2)	Evaluation models with no observable parameters in the market (level 3)	Fair value
31 december 2021						
Cash, cash balances in central banks and other demand deposits						
Cash and cash reserves in Central Banks	47,968,473	47,968,473	47,968,473	-	-	47,968,473
Other demand deposits	171,088,061	171,088,061	171,088,061	-	-	171,088,061
Financial assets held for trading						
Securities						
Bonds and other fixed return securities						
From public issuers	-	49,845,927	48,716,115	1,129,812	-	49,845,927
From other issuers	-	24,559,275	22,562,029	1,293,177	704,069	24,559,275
Shares	-	5,207,975	-	-	5,207,975	5,207,975
Participation units of foreign issuers		2,853,523	2,853,523	-	-	2,853,523
Derivatives						
Term transactions	-	2,787	-	2,787	-	2,787
Credits and other receivables	-	253,809	-	-	253,809	253,809
Other equity instruments	-	163,053		-	163,053	163,053
Financial assets at fair value through other comprehensive income						
Bonds and other fixed return securities						
From public issuers	-	714,242,407	690,562,685	23,679,722	-	714,242,407
From other issuers	-	1,025,873,301	510,066,781	478,922,365	36,884,155	1,025,873,301
Shares	-	2,411,862	2,381,384	-	30,478	2,411,862
Other equity instruments	-	3,622,750	3,622,750	-	-	3,622,750
Financial assets at amortised cost						
Debt securities	338,030,213	338,030,213	321,217,094	-	-	321,217,094
Loans and advances - Clients	41,467,260	41,467,260	-	-	41,467,260	41,467,260
Loans and advances - Central Banks	15,037,521	15,037,521	-	-	15,037,521	15,037,521
Loans and advances - Banks	193,015,319	193,015,319	-	-	193,015,319	193,015,319
Derivatives - Hedge accounting	-	1,197,229	-	1,197,229	-	1,197,229
Financial assets	**806,606,847**	**2,636,840,745**	**1,821,038,895**	**506,225,092**	**292,763,639**	**2,620,027,626**
Financial liabilities held for trading						
Short selling		24,621,617	24,621,617			24,621,617
Derivatives						
Contracts on shares / indexes	-	-	-	-	-	-
FX forwards	-	660,802	-	660,802	-	660,802
Interest rate swaps	-	537,230	-	537,230	-	537,230
Financial liabilities accounted at fair value through profit and loss	-	156,232,960	156,232,960			156,232,960
Financial liabilities measured at amortised cost						
Funding from clients	1,553,888,768	1,553,888,768	-	-	1,553,888,768	1,553,888,768
Funding from central banks	50,000,000	50,000,000	-	-	50,000,000	50,000,000
Funding from other banks	496,758,527	496,758,527	-	-	496,758,527	496,758,527
Derivatives - Hedge accounting	-	31,965,908	-	31,965,908	-	31,965,908
Share capital reimbursable at sight	12,795,923	12,795,923	-	-	12,795,923	12,795,923
Financial liabilities	**2,113,443,218**	**2,327,461,735**	**180,854,577**	**33,163,940**	**2,113,443,218**	**2,327,461,735**
31 december 2020						
Cash, cash balances in central banks and other demand deposits						
Cash and cash reserves in Central Banks	89,352,772	89,352,772	89,352,772	-	-	89,352,772
Other demand deposits	107,996,726	107,996,726	107,996,726	-	-	107,996,726
Financial assets held for trading						
Securities						
Bonds and other fixed return securities						
From public issuers	-	20,440,434	10,030,746	10,409,688	-	20,440,434
From other issuers	-	26,196,003	3,275,659	22,920,344	-	26,196,003
Shares	-	2,622,209	-	-	2,622,209	2,622,209
Derivatives						
Term transactions	-	3,303	-	3,303	-	3,303
Credits and other receivables	-	511,203	-	-	511,203	511,203
Other equity instruments	-	333,457	-	-	333,457	333,457
Financial assets at fair value through other comprehensive income						
Bonds and other fixed return securities						
From public issuers	-	478,684,325	464,058,069	14,626,256	-	478,684,325
From other issuers	-	973,153,030	396,287,720	576,865,310	-	973,153,030
Shares	-	66,558	36,080	-	30,478	66,558
Financial assets at amortised cost						
Debt securities	359,812,199	359,812,199	340,410,744	-	-	340,410,744
Loans and advances - Clients	32,428,823	32,428,823	-	-	32,428,823	32,428,823
Loans and advances - Central Banks	8,017,812	8,017,812	-		8,017,812	8,017,812
Loans and advances - Banks	6,157,106	6,157,106	-	-	6,157,106	6,157,106
Financial assets	**603,765,438**	**2,105,775,960**	**1,411,448,516**	**624,824,901**	**50,101,088**	**2,086,374,505**
Financial liabilities held for trading						
Derivatives						
Contracts on shares / indexes	-	17,555	-	17,555	-	17,555
Term transactions	-	5,344	-	5,344	-	5,344
Financial liabilities measured at amortised cost						
Funding from clients	1,402,939,710	1,402,939,710	-	-	1,402,939,710	1,402,939,710
Funding from central banks	75,000,000	75,000,000	-	-	75,000,000	75,000,000
Funding from other banks	213,180,134	213,180,134	-	-	213,180,134	213,180,134
Derivatives - Hedge accounting	-	52,915,036	-	52,915,036	-	52,915,036
Share capital reimbursable at sight	14,304,989	14,304,989	-	-	14,304,989	14,304,989
Financial liabilities	**1,705,424,833**	**1,758,362,768**	**-**	**52,937,935**	**1,705,424,833**	**1,758,362,768**

The Group's Financial assets and liabilities at fair value are valued, pursuant to the IFRS 7 and of IFRS 13, according to the following hierarchy:

Level 1– Financial instruments recorded at fair value based on the listed prices available in official markets and as disclosed by entities which usually provide prices of transactions for these assets/liabilities traded on liquid markets.

Level 2 – Financial instruments recorded at fair value through the use of internal evaluation models, specifically discounted cash flow models and option evaluation models, which imply the use of estimates and require judgements which vary according to the complexity of the products being assessed. However, the Group uses variables provided by the market as inputs in its models, such as interest rate curves, credit spreads, volatility and indices on quotations. It also includes instruments the valuation of which is obtained through quotations divulged by independent entities but in markets which have much less liquidity.

Level 3 – This level includes financial instruments that are measured based on evaluation models with parameters that are not observable in the market. This group includes valuations determined by the use of internal evaluation models or quotations provided by third parties but where the parameters used are not observable in the market.

In the case of investments held in Fintech companies, fair value is calculated based on appropriate methodologies for this type of investment, in which the fair value generally corresponds to the transaction value, considering as such the purchase price or market price of a recent transaction. If there are materially relevant changes in the company's business that may suggest a change in fair value, and there being no observable data related to comparable companies or transactions, other internationally recognised methods are used, particularly assessment through analysis of compliance with Milestones based on financial, technical or product, human resources, commercial and financing indicators. According to this methodology, if a relevant deviation from the established Milestone is identified, a positive or negative adjustment should be applied. In extreme situations, the adjustment may reach 100%, as is the case of Write-offs, for example when the company presents signs of lacking liquidity in the short term with no indications of success in obtaining financing.

Presented below are the main methods and assumptions used in the estimate of the fair value of the financial assets and liabilities recorded in the balance sheet at amortised cost:

Cash and deposits in central banks, Deposits in other banks and Applications in banks and central banks
Considering the short terms associated to these financial instruments, the Balance Sheet value is a reasonable estimate of the respective fair value.

Loans and advances to clients
Considering that the Bank's portfolio is composed essentially of short term and recent loans, the Balance Sheet value is considered as a reasonable estimate of the fair value of the loans and advances to clients.

Funding from other banks
Considering the short terms associated to these financial instruments, the Balance Sheet value is a reasonable estimate of the respective fair value.

Funding from clients
Considering that the interest rates applicable are variable in nature and the period of maturity of the deposits is substantially less than one year, there are no materially relevant differences in their fair value.

Funding from central banks
Considering the short term nature associated to these instruments, it is assumed that the fair value equals the book value.

Financial assets at amortised cost – Debt securities
For the calculation of the fair value of financial instruments-debt securities recorded at amortised cost, the valuation methods used consisted of valuation techniques, specifically through the update of future cash flow.

Share capital reimbursable at sight
It is assumed that the book value is a reasonable estimation of the respective fair value.

The interest rate curves of the main currencies for the years 2021 and 2020 are as follow:

(amounts expressed as a percentage)

	2021		2020	
	EUR	USD	EUR	USD
Overnight	-0.575	0.070	-0.515	0.080
1 month	-0.583	0.101	-0.554	0.144
3 months	-0.572	0.209	-0.545	0.238
6 months	-0.546	0.339	-0.526	0.258
1 year	-0.501	0.583	-0.499	0.342
3 years	-0.136	1.168	-0.512	0.241
5 years	0.018	1.371	-0.459	0.430
7 years	0.129	1.475	-0.384	0.653
10 years	0.301	1.581	-0.260	0.925
15 years	0.489	1.701	-0.082	1.190
20 years	0.545	1.756	-0.002	1.317
25 years	0.522	1.748	-0.002	1.374
30 years	0.476	1.731	-0.023	1.402

The 90-day volatility of interest rate instruments, calculated on the price of public debt instruments for the most liquid terms (bond futures), in the years 2021 and 2020 are as follows:

(amounts expressed as a percentage)

	2021		2020	
	EUR	USD	EUR	USD
3 years	1.128	1.745	0.758	0.643
5 years	3.232	2.923	1.469	1.381
7 years	3.520	4.587	2.451	3.175
10 years	5.331	4.756	3.500	3.008

The evolution of the exchange rates of the main currencies for the years 2021 and 2020, and respective historic volatilities used in the evaluation of currency exchange derivatives are as follows:

			Volatilities 2021 (in %)		
	2021	2020	3 months	6 months	1 year
EUR/USD	1.133	1.227	5.663	5.605	5.723
EUR/GBP	0.840	0.899	5.663	5.252	5.234
EUR/JPY	130.380	126.490	6.181	5.728	5.599
EUR/CHF	1.033	1.080	3.982	3.763	3.877
EUR/MZN	71.580	91.050	6.231	8.054	14.599

The evolution of the main share indices for the years 2021 and 2020, and respective volatilities used in the evaluation of derivatives on shares and share indices are as follows:

	List price			Historic volatility		Historic volatility	
	2021	2020	Variation %	1 month	3 months	Call	Put
Eurostoxx	4,298.41	3,552.64	21.0	24.382	17.814	15.340	15.340
Dow Jones Ind.	36,338.30	30,606.48	18.7	17.369	13.470	14.730	14.730
DAX	15,884.86	13,718.78	15.8	21.766	16.101	14.560	14.560
S&P	4,766.18	3,756.07	26.9	18.230	13.842	13.860	13.860
Nasdaq 100	16,320.08	12,888.28	26.6	23.931	18.056	19.610	19.610

NOTE 43
BUSINESS RISK MANAGEMENT

Background

The Bank seeks to manage the risks inherent to the banking business on a daily basis, specifically market, liquidity, credit, operational, technological, compliance and reputational risks. Additional information on this topic is available in the Board of Directors Report.

As these risks are normally interrelated, the Group structured a system of internal control which, through procedures, policies and other instruments of control, seeks to manage all of the risks in a comprehensive and integrated manner. These procedures and policies are generically conceived to ensure effective processing, to ensure robust systems, an appropriate assumption of risk, independent reporting and responsible behaviour, as well as respect for adhering to regulatory, legal and prudential guidelines.

In the management of its exposure to risk, the Group is guided by the following basic principles:

- Regular review of policies and procedures by the Administration;
- Formal establishment of responsibilities for Risk Management in the Group;
- Independent process of surveillance of business units;
- Policies and procedures intended to ensure an appropriate diversification of risk categories;
- Maintenance of a suitable system of internal reporting;
- Evaluation and disciplined measurement of risks, including statistical and qualitative measures;
- Training in the identification of risks in the diverse business units.

Risk measurement

The Group uses a series of different methodologies to measure and control the different types of risk exposure, specifically:

- Value at Risk (VaR);
- Limits per counterparty, family, class of assets or portfolio;
- Limits of concentration;
- Basis point values;
- Non-statistical indicators, such as stress tests (Economic Value and Earnings at Risk) and sensitivity analyses of the risk parameters of derivative products (greeks);
- Back-testing.

Risk management is an evolving process and is one of the daily centres of attention of the Administration, especially because any single methodology is usually insufficient to provide a complete view of our exposure. As a policy, BiG seeks to quantify the potential losses associated with all the aspects of our business in order to have a reasonable prior estimate of the potential damage upon the occurrence of unexpected events. These can range from those which are possible based on recent historic data, to those which it considers improbable, but which nevertheless can be estimated based on the assumption of certain extreme scenarios.

An assessment of market risk involves a daily review of all the measures mentioned above. The credit risk generally concentrates its focus on nominal and fractional exposures, concentrations by lender or group, sector or geography and stress testing. The risk management of liquidity, interest and exchange rate combine various methodologies, which include basis point values and scenario analyses. The exposure to derivatives is measured with sensitivity analyses of exposures measured in basis points. An evaluation of the more subjective risks to which the bank may be exposed, such as the reputational risk and the correlation risk, depend on scenario analyses in order to arrive at quantitative estimates. Finally, the Group's exposition to the operating risk is very oriented towards the study of the Group's processes and to ongoing occurring events.

Market Risk

Market Risk represents the possible loss in value of financial instruments as a result of changes in market conditions.

In terms of financial markets, the key risks to be managed are related with:

- Liquidity risk: resulting from treasury management and the different maturities of assets and liabilities;
- Interest rate risk: resulting from changes in the level, slope and curvature of interest rate curves, interest rate volatility and the duration of the credit margins;
- Price risk of securities and raw materials: resulting from exposure to changes in the price of the underlying assets and volatility;
- Exchange rate risk: resulting from exposure to changes in the spot price, at a future point in time, and volatility;
- Risk hedging: resulting from the management of exposure to changes in the price of the underlying assets used to hedge Clients' positions and products.

Value at Risk (VaR)

In terms of the product lines and portfolios of private clients, statistical measures, such as VaR, are combined with non-statistical measures, including stress tests, back-testing and measures of earnings-at-risk advisories, to ensure that there are adequate controls over the expected results by risk type in any market conditions. The Group calculates VaR using a time horizon of one month (22 working days) and a confidence interval of 99%. This means that the Group can expect to incur losses greater than the estimated VaR only once every 100 working days, or approximately 2.5 times per year. As the VaR is a theoretical approach based on historic data, the model has limitations and cannot always produce exact forecasts on the future market risk. Changes in VaR between reporting periods, for example, are generically due to changes in levels of exposure, volatility and the correlation between securities.

The VaR for the years ended on 31 December 2021 and 2020 is presented as follows:

	2021				2020			
	December	Annual average	Maximum	Minimum	December	Annual average	Maximum	Minimum
Exchange risk	14,524	10,663	51,980	1,365	8,868	15,857	63,365	2,291
Interest rate risk	177,948	315,784	835,502	69,280	460,489	314,058	748,052	33,631
Shares	123,070	15,631	128,596	-	-	16,227	182,793	-
Options	-	782	65,954	-	7,338	3,452	15,424	-
Effect of diversification	38%	13%			16%	19%		
Total VaR	**195,301**	**298,245**	**807,148**	**60,998**	**401,419**	**284,581**	**710,501**	**30,307**

The average VaR of the exposures allocated to each of the trading portfolios reduced in 2021 remained in line with the amounts recorded in 2020, there being no relevant changes to be noted.

Sensitivity analysis

With regard to the sensitivity analysis to stock market indices in the portfolio, or of stock market indices for which the Group has shares of the respective index in portfolio, the variation in prices of these indices is presented below in relation to the years ended on 31 December 2021 and 2020:

	List price			Historic volatility 2021	
	2021	2020	Variation %	1 month	3 months
Eurostoxx	4,298.41	3,552.64	20.99	24.382	17.814
Eurostoxx Utilities	394.03	380.50	3.56	18.027	16.449
Nasdaq 100	16,320.08	12,888.28	26.63	23.931	18.056
IBEX 35	8,713.80	8,073.70	7.93	23.877	18.198
AEX 25	797.93	624.61	27.75	20.916	15.691
PSI 20	5,569.48	4,898.36	13.70	13.337	14.676
MSCI Emerging Markets	608.27	624.13	(2.54)	15.352	12.649
S&P 500	4,766.18	3,756.07	26.89	18.230	13.842
DAX	15,884.86	13,718.78	15.79	21.766	16.101
KOSPI 200	394.19	389.29	1.26	18.093	16.178
Nikkei 225	28,791.71	27,444.17	4.91	20.261	18.709
S&P/TSX 60	1,286.98	1,034.76	24.37	15.076	11.497
SMI	12,875.66	10,703.51	20.29	14.172	11.623
FTSE Taiwan	1,605.34	1,286.35	24.80	10.298	12.796
S&P / ASX 200	7,444.64	6,587.10	13.02	10.293	11.598
FTSE 100	7,384.54	6,460.52	14.30	16.623	12.214
NSE Nifty 50	17,354.05	13,981.75	24.12	18.087	14.349
FTSE China A50	15,698.01	17,706.72	(11.34)	14.416	17.318

In order to analyse the impact that a decline in stock market prices has on the shares of the trading portfolio, sensitivity analyses are performed on them. Within this analysis a sudden change of +/- 10% was applied in all the indices, and for each share the magnitude of the decline was weighted by the Beta of the share with the respective reference index.

This sensitivity analysis, and in particular the amplitude of the shock in question, is intended to capture the impacts arising from adverse shocks, which although representing high levels of severity, nevertheless have some adherence in terms of the historical occurrence observed in the equity markets.

The sensitivity analysis resulting from a +/- 10% decline in the stock market indices for the years ended on 31 December 2021 and 2020 is presented as follows:

Impact resulting from a sudden movement in stock indices	2021		2020	
	+10%	-10%	+10%	-10%
PSI 20	43,153	(43,153)	-	-
Eurostoxx	(479,056)	479,056	(17,811)	17,811
Eurostoxx Utilities	(54,294)	54,294	-	-
IBEX 35	112,902	(112,902)	-	-
AEX 25	159,261	(159,261)	-	-
MSCI Emerging Markets	66,689	(66,689)	-	-
S&P 500	(143,870)	143,870	(150,351)	150,351
DAX	198,200	(198,200)	68,730	(68,730)
Mexbol	-	-	29,196	(29,196)
Kospi 200	124,449	(124,449)	36,655	(36,655)
Nikkei 225	132,444	(132,444)	21,753	(21,753)
Nasdaq 100	(81,903)	81,903	21,095	(21,095)
S&P/TSX 60	(71,196)	71,196	92,632	(92,632)
Russell 2000	-	-	8,083	(8,083)
RDX USD	-	-	17,946	(17,946)
SMI	123,880	(123,880)	29,525	(29,525)
FTSE Taiwan	130,251	(130,251)	16,709	(16,709)
S&P / ASX 200	47,051	(47,051)	30,940	(30,940)
FTSE 100	226,620	(226,620)	229,967	(229,967)
NSE Nifty 50	(163,216)	163,216	(64,249)	64,249
FTSE China A50	(101,186)	101,186	(63,793)	63,793
Total impact	**270,179**	**(270,179)**	**307,026**	**(307,026)**

Stress Testing

These tests are complementary to VaR analysis and are an essential tool for managing the market risk. By using economic stress testing, the Group tries to estimate the potential losses associated with a given instrument or portfolio, in different scenarios. Stress tests exercises of positions at risk provide Management with an estimate of the potential variation in the value of a given position, whether current or contemplated, as a result of various scenarios used to take decisions relating to the assumption, increase or reduction of positions. BiG undertakes tests on the portfolios held by the Group daily assuming certain historic market events or other scenarios to simulate our exposure and, in certain cases, the exposure of ours Clients to potential losses. When no historic data is available, underlying assets of classes of identical assets with a high level of correlation may be used.

Currently, the Group uses 16 different scenarios to simulate potential losses on the different trading and investment positions. The potential impact on the Group's portfolios is also estimated daily when the Bank allows for worst case scenarios in the credit market, *Stress Test Debt*. These stress tests are presented and discussed in the Report of the Board of Directors.

Liquidity risk

Group's strategy takes as an assumption a reduced exposure to the liquidity risk. The basic principles of this strategy are (i) to pre-fund the acquisition/constitution of any asset, (ii) to ensure that a major part of the Group's Balance Sheet can be converted into liquidity in the short term and (iii) to be fully independent of the interbank market in terms of financing.

The management of the Group's immediate resources is carried out so as to minimise the risk of an increase in lending activities which might imply a decrease in liquidity, or rather, a rate of growth in loans which is greater than that of resources.

The exposure by maturity of the Group's Balance Sheet assets and liabilities are distributed in the following way for the years ended on 31 December 2021 and 2020:

2021

	Spot	Up to 3 months	From 3 months to 1 year	Between 1 to 5 years	Over 5 years	Undefined	Total
Assets							
Cash, cash balances in central banks and other demand deposits							
Cash and cash reserves in Central Banks	47,968,473	-	-	-	-	-	47,968,473
Other demand deposits	171,088,061	-	-	-	-	-	171,088,061
Financial assets held for trading	-	1,156,528	3,127,554	15,503,294	54,620,613	8,478,360	82,886,349
Financial assets at fair value through other comprehensive income	-	3,954,805	975,284	195,793,616	1,539,392,003	6,034,612	1,746,150,320
Financial assets at amortised cost							
Debt securities	-	-	-	-	338,030,213	-	338,030,213
Loans and advances - Clients	22,530,737	3,238	139,287	12,876,649	5,929,216	110,878	41,590,005
Loans and advances - Central Banks	-	15,037,521	-	-	-	-	15,037,521
Loans and advances - Banks	-	186,414,239	3,820,097	2,780,983	-	-	193,015,319
Derivatives - Hedge accounting	-	-	-	-	1,197,229	-	1,197,229
	241,587,271	**206,566,331**	**8,062,222**	**226,954,542**	**1,937,972,045**	**14,623,850**	**2,635,766,261**
Liabilities							
Financial liabilities held for trading	-	25,343,376	151,457	422,950	298,965	-	26,216,748
Financial liabilities accounted at fair value through profit and loss	-	156,232,960	-	-	-	-	156,232,960
Financial liabilities measured at amortised cost							
Funding from clients	1,095,435,527	225,412,619	187,832,482	46,646,855	-	-	1,555,327,483
Funding from central banks	-	-	49,873,611	-	-	-	49,873,611
Funding from other banks	48,009,095	424,074,334	23,331,244	1,117,884	-	-	496,532,557
Derivatives - Hedge accounting	-	611,936	4,728,541	14,047,888	12,520,997	-	31,909,362
	1,143,444,622	**831,675,225**	**265,917,335**	**62,235,577**	**12,819,962**	**-**	**2,316,092,721**

2020							
	Spot	Up to 3 months	From 3 months to 1 year	Between 1 to 5 years	Over 5 years	Undefined	Total
Assets							
Cash, cash balances in central banks and other demand deposits							
Cash and cash reserves in Central Banks	89,352,772	-	-	-	-	-	89,352,772
Other demand deposits	107,996,726	-	-	-	-	-	107,996,726
Financial assets held for trading	-	1,033,072	4,085,290	29,268,155	12,253,223	3,466,869	50,106,609
Financial assets at fair value through other comprehensive income	-	1,839	7,617,150	231,293,953	1,212,924,413	66,558	1,451,903,913
Financial assets at amortised cost							
Debt securities	-	-	-	-	359,812,199	-	359,812,199
Loans and advances - Clients	12,590,003	2,686	710,717	13,060,361	6,079,791	92,764	32,536,322
Loans and advances - Central Banks	-	8,017,812	-	-	-	-	8,017,812
Loans and advances - Banks	-	5,095,547	1,061,559	-	-	-	6,157,106
	209,939,501	**14,150,956**	**13,474,716**	**273,622,469**	**1,591,069,626**	**3,626,191**	**2,105,883,459**
Liabilities							
Financial liabilities held for trading	-	22,899	-	-	-	-	22,899
Financial liabilities measured at amortised cost							
Funding from clients	954,383,843	154,893,007	259,689,234	34,645,369	-	-	1,403,611,453
Funding from central banks	-	-	74,758,854	-	-	-	74,758,854
Funding from other banks	50,802,692	157,785,878	3,061,988	1,523,518	-	-	213,174,076
Derivatives - Hedge accounting	-	3,666,394	1,423,980	20,566,063	26,124,419	-	51,780,856
	1,005,186,535	**316,368,178**	**338,934,056**	**56,734,950**	**26,124,419**	**-**	**1,743,348,138**

Interest rate risk

Interest rate risk measures the probability of the occurrence of negative impacts on the Group’s income or capital caused by movements in the absolute levels of interest rates, in spreads between two rates, or in the configuration of the interest rate curve, among other factors.

The balance sheet exposure of the assets and liabilities to the interest rate risk is presented in the table below, by maturity, for the years ended on 31 December 2021 and 2020:

2021

	Portfolio		Hedging derivatives	
Time frame	***Assets***(1)	***Liabilities***	***Assets***	***Liabilities***
Spot - 1 month	707,264,518	625,978,396	242,203,491	-
1 - 3 months	337,190,572	324,207,313	50,485,376	-
3 - 6 months	54,183,439	189,322,233	53,498,023	-
6 - 12 months	23,875,168	135,332,525	-	-
1 - 2 years	8,008,445	88,115,848	-	-
2 - 3 years	22,240,158	729,858,820	-	-
3 - 4 years	27,654,934	6,240,038	-	-
4 - 5 years	96,017,091	4,735,927	-	93,401,240
5 - 7 years	120,078,525	-	-	115,885,187
7 - 10 years	311,261,907	-	-	336,446,620
10 - 15 years	482,849,054	-	-	386,832,137
15 - 20 years	266,964,049	-	-	17,990,078
> 20 years	134,023,050	-	-	215,761,974
Total	**2,591,610,909**	**2,103,791,100**	**346,186,890**	**1,166,317,236**

(1) Financial assets at fair value through other comprehensive income, financial assets at amortised cost and retail portfolio

2020

	Portfolio		Hedging derivatives	
Time frame	***Assets***(1)	***Liabilities***	***Assets***	***Liabilities***
Spot - 1 month	693,622,646	344,339,085	225,145,999	-
1 - 3 months	198,676,115	175,481,824	40,225,312	-
3 - 6 months	62,894,526	225,688,463	55,432,288	-
6 - 12 months	3,400,191	164,140,003	-	-
1 - 2 years	39,195,021	84,671,638	-	31,773,825
2 - 3 years	24,582,631	687,968,681	-	-
3 - 4 years	42,449,015	5,464,304	-	-
4 - 5 years	55,543,384	5,743,918	-	-
5 - 7 years	214,977,922	-	-	112,570,888
7 - 10 years	106,701,295	-	-	-
10 - 15 years	430,083,154	-	-	639,196,531
15 - 20 years	95,764,815	-	-	-
> 20 years	105,248,554	-	-	66,695,189
Total	**2,073,139,269**	**1,693,497,916**	**320,803,599**	**850,236,433**

(1) Financial assets at fair value through other comprehensive income, financial assets at amortised cost and retail portfolio

Sensitivity analysis

Included in the non-statistical, the basis point value indicators measure the sensitivity to the interest rate risk for the years ended on 31 December 2021 and 2020, presented as follows:

	2021				2020			
	Parallel increase of 100 pb	**Parallel reduction of 100 pb**	**Increase after 1 year of 50pb**	**Reduction after 1 year of 50pb**	**Parallel increase of 100 pb**	**Parallel reduction of 100 pb**	**Increase after 1 year of 50pb**	**Reduction after 1 year of 50pb**
On 31 December	(5,513,274)	5,513,274	(3,183,157)	3,183,157	(4,020,519)	4,020,519	(2,589,624)	2,589,624

Following the ECB directives on the reform of IBOR rates, with applicability from 3 October 2019 and up to 3 January 2022, with the EONIA rate to be replaced by the €STR rate plus 8.5 basis points, the Bank, within this period, will make the following changes from 3 January 2022:

1. the valuations of derivative instruments cleared with central counterparties;
2. the valuations of derivative instruments with bilateral counterparties which are now determined based on the €STR curve after review of the respective collateral contracts (ISDA-CSA);
3. the valuations of the instruments used for hedge accounting, as they will now be discounted at the €STR curve.

As a result, in the course of 2021, the Group monitored the impacts from the alteration and changed the discount curve from its positions revalued at the EUR OIS rate to the €STR rate, and also part of the positions held for hedge accounting.

Asset and liability repricing risk

Included in the non-statistical earnings at risk indicators, the re-pricing bands for the years ended on 31 December 2021 and 2020 are presented as follows:

2021

	Balance Sheet value	Not sensitive	Up to 3 months	3 months to 1 year	From 1 to 5 years	Over 5 years
Cash, cash balances in central banks and other demand deposits						
Cash and cash reserves in Central Banks	47,968,473	47,968,473	-	-	-	-
Other demand deposits	171,088,061	171,088,061	-	-	-	-
Financial assets held for trading	82,886,349	8,478,360	1,156,528	3,127,554	15,503,294	54,620,613
Financial assets at fair value through other comprehensive income	1,746,150,320	6,034,612	3,954,805	975,284	195,793,616	1,539,392,003
Financial assets at amortised cost						
Debt securities	338,030,213	-	-	-	-	338,030,213
Loans and advances - Clients	41,590,005	110,878	22,533,975	139,287	12,876,649	5,929,216
Loans and advances - Central Banks	15,037,521	-	15,037,521	-	-	-
Loans and advances - Banks	193,015,319	-	186,414,239	3,820,097	2,780,983	-
Derivatives - Hedge accounting	1,197,229	-	-	-	-	1,197,229
Total	**2,636,963,490**	**233,680,384**	**229,097,068**	**8,062,222**	**226,954,542**	**1,939,169,274**
Financial liabilities held for trading	25,819,649	-	660,802	-	184,253	24,974,594
Financial liabilities accounted at fair value through profit and loss	156,232,960	-	-	-	-	156,232,960
Financial liabilities measured at amortised cost						
Funding from clients	1,553,888,768	-	1,320,915,406	186,972,214	46,001,148	-
Funding from central banks	50,000,000	-	-	50,000,000	-	-
Funding from other banks	496,758,527	-	472,331,942	23,326,585	1,100,000	-
Derivatives - Hedge accounting	31,965,908	-	-	-		31,965,908
Total	**2,314,665,812**	**-**	**1,793,908,150**	**260,298,799**	**47,285,401**	**213,173,462**
GAP (Assets - Liabilities)	**322,297,678**	**233,680,384**	**(1,564,811,082)**	**(252,236,577)**	**179,669,141**	**1,725,995,812**

2020						
	Balance Sheet value	**Not sensitive**	**Up to 3 months**	**3 months to 1 year**	**From 1 to 5 years**	**Over 5 years**
Cash, cash balances in central banks and other demand deposits						
Cash and cash reserves in Central Banks	89,352,772	89,352,772	-	-	-	-
Other demand deposits	107,996,726	107,996,726	-	-	-	-
Financial assets held for trading	50,106,609	3,466,869	1,033,072	4,085,290	29,268,155	12,253,223
Financial assets at fair value through other comprehensive income	1,451,903,913	66,558	1,839	7,617,150	231,293,953	1,212,924,413
Financial assets at amortised cost						
Debt securities	359,812,199	-	-	-	-	359,812,199
Loans and advances - Clients	32,536,322	92,764	12,592,689	710,717	13,060,361	6,079,791
Loans and advances - Central Banks	8,017,812	-	8,017,812	-	-	-
Loans and advances - Banks	6,157,106	-	5,095,547	1,061,559	-	-
Total	**2,105,883,459**	**200,975,689**	**26,740,959**	**13,474,716**	**273,622,469**	**1,591,069,626**
Financial liabilities held for trading	22,899	-	22,899	-	-	-
Financial liabilities measured at amortised cost						
Funding from other banks	213,180,134	-	208,618,234	3,061,900	1,500,000	-
Funding from central banks	75,000,000	-	-	75,000,000	-	-
Funding from clients	1,402,939,710	-	1,109,503,077	259,283,946	34,152,687	-
Derivatives - Hedge accounting	52,915,036	-	-	-	-	52,915,036
Total	**1,744,057,779**	**-**	**1,318,144,210**	**337,345,846**	**35,652,687**	**52,915,036**
GAP (Assets - Liabilities)	**361,825,680**	**200,975,689**	**(1,291,403,251)**	**(323,871,130)**	**237,969,782**	**1,538,154,590**

Currency exchange risk

In the currency exchange markets there was reduction in volatility levels for the Euro-Yen, Euro-Pound and Euro-Dollar currency pairs. As for the Euro-Swiss Franc there was an increase in historical volatility levels. The Euro-Metical registered high levels of volatility at the start of the year, as there was a stabilization from the second semester of 2021.

The reference interest rate of the Euro was at 0%, the same as since the first quarter of 2016, a historic minimum level.

In relation to the exchange rates of the Euro against other major currencies, it is important to stress the depreciating trend of the Euro against the Dollar, with the Euro having reached its lowest values at the end of November of 2021. In relation to the Euro-Swiss Franc there was also a devaluation of the Euro throughout the whole of 2021 reaching its lowest levels in December 2021. The depreciating trend of the Euro against the Pound was also evident throughout 2021. With regard to the Euro-Yen, an increase of the Euro against the Yen was observed in the first semester of 2021, although without a defined trend over the second half of the year, with greater volatility as to the exchange rate development of these currencies. With regard to the Euro-Metical, the Euro depreciated sharply against the Metical at the end of the first quarter of 2021, having remained practically constant throughout the rest of 2021, after a slight recovery of the Euro during the months of April and May.

The distribution of the Balance Sheet by currency for the years ended on 31 December 2021 and 2020 is presented as follows:

2021					
	Euros	**North American Dollars**	**Pound Sterling**	**Other Foreign Currencies**	**Total Amount**
Assets by currency					
Cash, cash balances in central banks and other demand deposits					
Cash and cash reserves in Central Banks	46,868,742	898,713	114,837	86,181	47,968,473
Other demand deposits	110,962,103	55,469,257	1,976,687	2,680,014	171,088,061
Financial assets held for trading	75,917,786	5,412,468	-	1,556,095	82,886,349
Financial assets at fair value through other comprehensive income	1,474,058,635	247,726,932	-	24,364,753	1,746,150,320
Financial assets at amortised cost					
Debt securities	338,030,213	-	-	-	338,030,213
Loans and advances - Clients	41,460,921	6,274	-	65	41,467,260
Loans and advances - Central Banks	-	-	-	15,037,521	15,037,521
Loans and advances - Banks	137,488,879	49,974,106	-	5,552,334	193,015,319
Derivatives - Hedge accounting	1,197,229	-	-	-	1,197,229
Tangible assets	15,935,608	-	-	3,930,212	19,865,820
Intangible assets	11,645,976	-	-	144,002	11,789,978
Tax assets					
Current tax assets	8,097,920	330	-	176,055	8,274,305
Deferred tax assets	9,689,310	-	-	25,568	9,714,878
Other assets	80,451,735	4,878,721	68,332	141,995	85,540,783
	2,351,805,057	**364,366,801**	**2,159,856**	**53,694,795**	**2,772,026,509**
Liabilities by currency					
Financial liabilities held for trading	25,819,649	-	-	-	25,819,649
Financial liabilities accounted at fair value through profit and loss	156,232,960	-	-	-	156,232,960
Financial liabilities measured at amortised cost					
Funding from clients	1,444,488,973	86,473,975	1,518,643	21,407,177	1,553,888,768
Funding from central banks	50,000,000	-	-	-	50,000,000
Funding from other banks	416,342,506	78,353,187	208,421	1,854,413	496,758,527
Derivatives - Hedge accounting	31,965,908	-	-	-	31,965,908
Provisions	808,726	-	-	-	808,726
Deferred tax liabilities	692,167	-	-	-	692,167
Share capital reimbursable at sight	12,795,923	-	-	-	12,795,923
Other liabilities	28,777,412	1,099,407	9,103	497,046	30,382,968
	2,167,924,224	**165,926,569**	**1,736,167**	**23,758,636**	**2,359,345,596**
	183,880,833	**198,440,232**	**423,689**	**29,936,159**	**412,680,913**

2020					
	Euros	North American Dollars	Pound Sterling	Other Foreign Currencies	Total Amount
Assets by currency					
Cash, cash balances in central banks and other demand deposits					
Money in cash and Cash balances in central banks	87,377,976	992,249	8,794	973,753	89,352,772
Other demand deposits	64,277,976	37,322,043	3,601,340	2,795,367	107,996,726
Financial assets held for trading	48,134,006	256,005		1,716,598	50,106,609
Financial assets at fair value through other comprehensive income	1,274,394,048	166,875,891		10,633,974	1,451,903,913
Financial assets at amortised cost					
Debt securities	359,812,199				359,812,199
Loans and advances - Clients	32,420,013	8,810			32,428,823
Loans and advances - Central Banks				8,017,812	8,017,812
Loans and advances - Banks	1,758,508	3,022		4,395,576	6,157,106
Tangible assets	15,979,079			3,141,473	19,120,552
Intangible assets	3,969,304			83,907	4,053,211
Deferred tax assets	2,689,184				2,689,184
Other assets	71,767,410	142,737	7,501	48,945	71,966,593
	1,962,579,703	**205,600,757**	**3,617,635**	**31,807,405**	**2,203,605,500**
Liabilities by currency					
Financial liabilities held for trading	22 899				22 899
Financial liabilities measured at amortised cost					
Funding from clients	1,301,790,207	93,047,335	1,334,292	6,767,876	1,402,939,710
Funding from central banks	75,000,000				75,000,000
Funding from other banks	189,752,625	22,855,205	248,491	323,813	213,180,134
Derivatives - Hedge accounting	52,915,036				52,915,036
Provisions	1,523,413				1,523,413
Current tax liabilities	1,309,677			52,887	1,362,564
Share capital reimbursable at sight	14,304,989				14,304,989
Other liabilities	19,538,728	325,186	76,710	511,152	20,451,776
	1,656,157,574	**116,227,726**	**1,659,493**	**7,655,728**	**1,781,700,521**
	306,422,129	**89,373,031**	**1,958,142**	**24,151,677**	**421,904,979**

Sensitivity analysis

The Group does not speculate on currency markets (FX) and the use of VaR limits reflect its strategy to limit the exposure to foreign currency fundamentally to Clients' business and associated fluxes. During 2020, BiG decided to include in its balance sheet some assets in U.S. dollars. The exposition to Euro-Dollar futures contracts had therefore the goal to hedge the exchange rate risk of these assets (economic hedging).

In order to analyse the impact of a decline in exchange rates on the Group's exposures, an alteration of +/- 15% was applied to all exchange rates.

The sensitivity analysis resulting from a +/- 15% decline in exchange rates for the years ended on 31 December 2021 and 2020 is presented as follows:

2021

Currency	Base scenario		Impact resulting from a movement of:	
	Original currency	Equivalent	+15%	-15%
Australian Dollar	(823,638)	(527,466)	68,800	(93,082)
Brazilian Real	2,600,000	412,038	(53,744)	72,713
Canadian Dollar	(2,497,077)	(1,734,924)	226,294	(306,163)
Swiss Franc	(3,001,674)	(2,905,502)	378,979	(512,736)
Chinese Yuan	141,093,289	19,510,899	(2,544,900)	3,443,100
Danish Krone	1,035,865	139,297	(18,169)	24,582
Pound Sterling	(1,255,623)	(1,494,291)	194,908	(263,698)
Hong Kong Dollar	1,510	171	(22)	30
Indian Rupee	288,000,000	3,419,242	(445,988)	603,396
Yen	(272,026,198)	(2,086,410)	272,140	(368,190)
Won	(3,270,539,219)	(2,429,135)	316,844	(428,671)
Mexican Peso	18,239,860	788,110	(102,797)	139,078
Meticais	(78,991,579)	(1,087,909)	141,901	(191,984)
New Zealand Dollar	(2,400,000)	(1,447,614)	188,819	(255,461)
Norwegian Krone	6,234,867	624,186	(81,416)	110,150
Russian Rouble	(22,946)	(269)	35	(47)
Singapore Dollar	58,829	38,372	(5,005)	6,772
Swedish Krone	(37,725,499)	(3,680,429)	480,056	(649,487)
New Turkish Lire	224	15	(2)	3
US Dollar	(4,614,712)	(4,074,441)	531,449	(719,019)
South African Rand	(9,008,946)	(498,765)	65,056	(88,017)
Total impact			**(386,762)**	**523,266**

2020

Currency	Base scenario		Impact resulting from a movement of:	
	Original currency	Equivalent	+15%	-15%
Australian Dollar	2,098,007	1,319,833	(172,152)	232,912
Brazilian Real	(6,900,000)	(1,082,608)	141,210	(191,048)
Canadian Dollar	1,367,570	874,797	(114,104)	154,376
Swiss Franc	(9,849,249)	(9,117,987)	1,189,303	(1,609,056)
Chinese Yuan	32,569,890	4,099,829	(534,760)	723,499
Danish Krone	491,828	66,098	(8,621)	11,664
Pound Sterling	272,998	303,658	(39,608)	53,587
Yen	23,742,212	187,700	(24,483)	33,124
Won	2,310,629,324	1,729,513	(225,589)	305,208
Norwegian Krone	10,233,022	977,338	(127,479)	172,471
Swedish Krone	(4,103,074)	(408,905)	53,335	(72,160)
American Dollar	(18,051,716)	(14,710,876)	1,918,810	(2,596,037)
Hong Kong Dollar	1,437	151	(20)	27
Indian Rupee	626,000,000	6,981,893	(910,682)	1,232,099
Mexican Peso	9,379,500	384,154	(50,107)	67,792
New Zealand Dollar	1,700,000	1,000,942	(130,558)	176,637
Turkish Lire	8,189,673	898,670	(117,218)	158,589
Metical	(102,989,766)	(1,125,169)	146,761	(198,559)
Russian Rouble	(47,500,000)	(519,312)	67,736	(91,643)
Polish Zloty	(5,695)	(1,249)	163	(220)
Singapore Dollar	58,829	36,437	(4,753)	6,430
South African Rand	5,494,995	304,907	(39,770)	53,807
Total impact			**1,017,414**	**(1,376,501)**

Hedging risk

The quantification of the risk of the Group's book of derivative products depends on a number of variables related with the market, including the price of underlying assets, volatility, interest rates and time to maturity. The Group quantifies its exposure to these variables carrying out sensitivity analyses known as "greeks" which are mathematical terms.

Since January 2021 the Group no longer has any OTC options in the portfolio, and so any existing exposure will only arise from market options, whose price does not depend on any internal model. The materiality of this asset class is, for this reason, residual in the Group's balance sheet, which reflects the reduced appetite for trading this type of instrument.

In fixed return products, the Bank opted for a long strategy in bonds. On average, the exposure to the interest rate risk was higher during 2021, reflecting both the exposure to fixed rate assets and also the lower levels of the hedging of the interest rate risk.

2021

	Rho	***Vega***	***Delta***	***Theta***
Minimum	(477,903)	(610)	(57,137)	(11,304)
Maximum	(180,963)	24,162	-	5,631
Average	(338,143)	3,193	(8,321)	(336)
Standard Deviation	88,526	4,721	13,167	997

2020

	Rho	***Vega***	***Delta***	***Theta***
Minimum	(421,305)	(3,264)	(12,431)	(313)
Maximum	(148,510)	2,384	(431)	219
Average	(313,167)	(1,122)	(4,810)	34
Standard Deviation	57,857	1,529	2,276	105

Rho Sensitivity of the interest rate risk
Vega Sensitivity of the volatility risk
Delta Sensitivity of the underlyings risk
Theta Sensitivity to the time risk

Limits and Reporting

Limits on trading activity are essential to the control process of the risk appetite level, with there being limits approved by class of product, content and by portfolio and which may be calculated by means of a combination of non-statistical measures, including basis point value, and statistical measures, such as value at risk, analysed beforehand. A daily report is prepared for the Senior Administration with all of the relevant indicators and positions, based on the statistical and non-statistical measures established.

Credit risk

Credit Risk is the risk of loss as a result of a default by a borrower or counterparty.

A. Credit Risk Management

The Group is exposed to credit risks in a number of its activities. These necessarily include i) direct exposure to clients who have contracted loans, ii) direct exposure to credit risks associated with securities issued by third parties and held by the Group, and iii) market or settlement risk associated with trading activities by clients (settlement risk).

Credit risk arising from dealings with professional counterparties as well as the risk associated to issuers of quoted securities, is assessed in combination with procedures for managing market risks discussed above in Market Risk.

The Board of Directors delegates the execution of the general policies and guidelines on the management of the Credit Risk to the Executive Committee which, together with the Credit Risk Department and other members of the Credit Risk Committee and support area teams, implements daily these policies and liabilities daily. These activities specifically include:

- Definition of quantitative and qualitative guidelines for credit reviews;
- Analysis and control of the counterparty risk;
- Maintenance of a credit scoring and approval matrix;
- Integrity of the credit approval process;
- Control and monitoring of client, family and "house limit" risks;

- Documentation, control and form completion systems;
- Management and control of risk monitoring policies and systems;
- Strict adherence to regulatory standards and principles;
- Application of prices appropriate to the risks assumed.

In its process of analysis and approval, the Group assesses its exposure both in terms of individual transactions, relating to the maximum exposure allowed per client and, separately, in terms of the respective portfolios, to ensure there is adequate control over risk concentrations in each sector or industry. So, the Management of the Credit Risk in the Group is an integrated process at both transaction level and portfolio level:

- In terms of transactions: It means that all transactions need the approval of at least two representatives with credit authority, granted by the Board of Directors and by the senior members of the Credit Risk Management Committee. In the case of portfolios of securities, the limits are approved by members of the Board of Directors.

- In terms of portfolios: It means that the exposure will be managed – whether of loans, loans represented by securities, derivatives, currency exchange, etc. – so as to minimise excessive concentrations of risk relating to clients, industries, products or geographic location. Problematic loans, rates of cover by provisions, write-offs and recoveries are also analysed. There are various credit reporting procedures in force and available internally for the information of the Board of Directors.

As policy, all exposures are assessed and approved, whether they are included in the balance sheet or not.

The correct risk management is fundamental for the Group to create value for the shareholders. In general terms, the Group is exposed to risk as a direct result of the taking of positions with respect to particular markets or combinations of Markets, Products or Customers.

In the course of the Group's current activity, integrated exposure control systems are a key element of the credit risk management process.

In the management of exposure to risk, the Group is guided by the following basic principles:

- Frequent review of policies and procedures by the Board of Directors;
- Formal definition of responsibility for the risk management in the Group;
- Existence of policies and procedures that allow independent supervision;
- Policy of adequate diversification of risks;
- Independent reporting systems;
- Overlapping of risk measurement and control systems;
- Training to help in the identification of risks in the various areas.

Therefore, the credit risk is managed in order to make the organization's performance sustainable within acceptable parameters of risk versus return. This aim is achieved through a combination of policies, systems and controls, which are always backed by pondered and cautious commercial decisions.

In relation to its risk appetite, the Group strategically seeks to limit exposure to the credit risk, and essentially to:

- Exposure to investment grade companies, sovereigns with rating or banks with good credit quality, approval of which is supported by internal analyses and/or by research by Moody's (or other provider of independent research);
- Foreign Exchange or exposure to settlement associated to Companies, Institutional Investors and Private Investors. In this last group, limits are frequently approved on a case-by-case basis;
- Exposure to occasional credit risk analysed in detail by internal analysts;
- Collateralised credit, especially connected to the business of Wealth Management.

The exposure to the retail credit risk is traditionally very low, due to a number of reasons, such as:

- Non-strategic nature of the credit business, typical of commercial banking;
- Focus on other investment banking business and Wealth Management;
- Lack of scale/dimension of the Group.

In the taking of decisions and risk management of the Group, the Administration applies its strategy and business model in combination with a set of quantitative tools and systems used to monitor and measure exposure. These aspects include:

- Non-statistical measurements, such as scenario analyses, stress and sensitivity tests;
- Limits per counterparty, family, class of assets and portfolio;
- Limits of concentration;
- Qualitative analysis and control procedures.

The quantification of risk is an evolving process that requires regular self-assessment, updates to techniques and changes in assumptions, besides adherence to regulatory and accounting standards. As a result, the Board of Directors considers that any methodology of risk measurement alone is generally insufficient and may not provide a complete perspective of all the exposures.

As a policy, the Group seeks to quantify the potential losses associated with all the aspects of the business, in order to make a reasonable estimate of the potential damage in the event of the occurrence of unexpected events. These events include not only those that are observed, based on historic data and those that BiG considers to be improbable, but which, even so, may be estimated based on the assumption of certain scenarios.

As explained previously, the Group's exposure to the credit risk can include the concession of loans to clients, investments in corporate bonds, interbank total value and replacement value risks, the risk of liquidation of certain securities, amounts receivable under derivatives and foreign currency contracts, sovereign bonds and commitments assumed under guarantees or commercial paper programmes.

The credit risk generally concentrates its focus on nominal and fractionated exposures, concentrations by borrower or group, sector or geography, in an analysis that is based on stress tests.

The retail credit portfolio is segmented into 5 sub-portfolios, into which operations with similar characteristics are grouped:

- Mortgages;
- Loans at sight;
- Car purchase loans;
- Credit for Employees to buy BiG's shares;
- Other (overdrafts, personal loans, etc.).

B. Calculation of impairment

During 2021 the Group continued to calibrate the models that it developed to comply with the requisites of the IFRS 9 and to monitor possible orientations of national and international regulators with regard to the application of this standard.

With the consequences of the pandemic Covid-19 at a socioeconomic level, the Group updated its risk parameters with a higher frequency, looking in this way to adjust the determination of impairments to the evolution of the socioeconomic reality.

IFRS 9 contemplates the classification of financial assets according to three criteria:

- The business model under which the financial assets are managed;
- The type of financial instrument, or rather (i) derivative financial instruments, (ii) equity instruments or (iii) financial debt instruments; and
- The characteristics of the contractual cash flows of the financial debt instruments (which represent only payments of capital and interest).

In this context, the main categories of financial assets contemplated in the IFRS 9 are summarised as follows:

- A financial debt instrument that (i) is managed under a business model whose objective involves keeping the financial assets in the portfolio and receiving all their contractual cash flows and (ii) may have contractual cash flows in specific dates that correspond exclusively to the payment of capital and interest on the outstanding capital, should be measured at amortised cost, unless it is designated at fair value through profit and loss under the fair value option – Hold to Collect.
- A financial debt instrument that (i) is managed under a business model whose objective is achieved either through the receipt of the contractual cash flows or through the sale of the financial assets and (ii) contemplate contract clauses that give rise to cash flows that correspond exclusively to the payment of capital and interest on the outstanding capital, should be measured at fair value as a counter-entry against equity (FVTOCI), unless it is designated at fair value through profit and loss under the fair value option – Hold to Collect & Sell.
- All other financial debt instruments should be measured at fair value through profit and loss (FVTPL).

The Group assessed its business models based on a broad set of indicators, some of the main ones being its Business Plan, and also its current risk management policies. For the Hold to Collect business model, in order to assess the frequency and materiality of sales, quantitative thresholds were defined based on past experience. The sales contemplated for the financial assets classified in this business model do not exceed the thresholds defined by the Group.

With respect to other financial instruments, specifically equity instruments and derivatives, these are, by definition, classified at fair value through results.

For equity instruments, there is the irrevocable option of designating for all fair value variations to be recognised in other comprehensive income, and in this case, only the dividends are recognised in results, as gains and losses are not reclassified for results even at the time of their non-recognition/sale.

IFRS 9 establishes that the concept of impairment based on expected losses (ECL – Expected Credit Loss) is applied to all financial assets, except to financial assets measured at fair value through results and equity instruments measured at fair value through equity.

Also covered by the concept of expected losses of the IFRS 9 are financial assets at amortised cost, debt instruments measured at fair value through equity, off-balance sheet exposures, financial leasing, other amounts receivable, financial guarantees and loan commitments not valued at fair value.

Financial assets subject to impairment are classified in different stages according to the evolution of their credit risk from the date of initial recognition and do not depend on the credit risk at the reporting date:

- Stage 1: financial assets are classified in stage 1 whenever there is no significant increase in the credit risk since the date of their initial recognition. For these assets the expected credit impairment loss resulting from events of non-compliance that occur during the 12 months after the reporting date should be recognised in the income statement of the year;

- Stage 2: incorporates the financial assets in which a significant increase in the credit risk has been verified since the date of their initial recognition, even though this situation may not have materialised in concrete losses and are only the result of evidences. For these financial assets expected credit impairment losses are recognised throughout of the life of the assets (lifetime). However, interest will continue to be calculated on the gross amount of the asset;

- Stage 3: the assets classified in this stage demonstrate objective evidence of impairment on the reporting date, as a result of one or more events that have already occurred which result in a loss. In this case, the expected credit impairment loss during the expected remaining lifetime of the financial assets will be recognised in the income statement of the year. Interest is calculated on the net book value of the assets.

On each reporting date, the Group assesses if there is a significant increase in the credit risk, in order to determine the stage into which each exposure should be classified.

Financial assets go from stage 1 to stage 2 when the credit risk increases significantly when compared with the credit risk on the date of their initial recognition. The significant increase in the credit risk should be determined through the analysis of internal quantitative and/or qualitative indicators used in the normal management of credit risk, thus requiring greater articulation of the accounting requisites with the management policies on credit risk established by the Group. The transition of financial assets from stage 2 to stage 3 occurs when these are in default.

In the identification and assessment of the significant increase in the credit risk, the Group uses the information that is fed into the credit risk models implemented, supporting its decisions based on a broad set of triggers and alerts.

The Group uses a number of tools, where it considers the following factors, among others:

- the evolution of the rating of the issuer and of the prices of the securities in the portfolio (when applicable);
- the aggregate exposure to the client and the existence of overdue loans;
- the existence of other triggers (even though indirect) that could lead the Group to suspect impairment (evidences/ indications);
- the economic-financial viability of the client's business or professional activity and its capacity to generate sufficient means to service the debt in the future;
- the existence, nature and estimated value of the collateral associated to each credit;
- if there are privileged creditors;
- the client's level of indebtedness in the financial sector;
- the analysis carried out weekly in relation to PARI – Plan of Action for the Risk of Non-compliance
- the amount and timing of estimated recovery.

The amount of the ECL to be recognised corresponds to the difference between the book value of the exposure and the current value of the estimated future cash flow (considering the recovery period) discounted at the original effective interest rate of the contract.

For a credit with a variable interest rate, the discount rate to be used to determine the respective ECL is the original effective interest rate contracted, determined based on the clauses of each contract.

The measurement of expected losses is the result of the product between (i) the probability of default (PD) of the financial instrument, (ii) the LGD (Loss Given Default) and (iii) the exposure on the date of the non-compliance (EAD – Exposure at Default), discounted at the initial effective interest rate of the contract. This measurement, and also the assessment of the significant increase in the credit risk, should consider not only information on past events, but also the current conditions and reasonable forecasts substantiated on events and future economic conditions (i.e. forward-looking information).

These parameters are obtained through statistical models, market data, historical data or through external benchmarks, if internal sources are not available, their calculation being validated by independent bodies and their values regularly updated.

- The EAD represents the expected exposure, in the case of non-compliance by the client and/or of the exposure. The Group obtains the values of the EAD through the current exposure of the counterparty and foreseeable alterations to the respective current value, depending on the contract conditions, including amortisation and advance payments. For guarantees and sureties provided, the value of the EAD considers the total value guaranteed by the Group, on the assumption that the amount may be used in full (i.e. it is applied a CCF – Credit Conversion Factor of 100%);

- The PD are estimated considering a determined historic period, or through external benchmark indicators, if historic data is not available. The Group regularly gathers indicators of performance and default of its credit risk exposures, with analyses by type of exposure/client. For segments where there is no information available, but it is possible to determine the debtor's external rating, the Group uses external information published by the rating agencies or market data, such as CDS spreads and bond yields to gauge the PD;

- The LGD represents the value of the loss that the Group expects in the event of a non-compliance. The Group estimates the parameters using external benchmark data (e.g. Moody's) or internal data, when available, through the recovery rates.

As mentioned previously, the main difference between impairment losses measured for financial assets classified in stages 1 and 2 is the respective time horizon in the calculation of the PD. The expected losses for financial assets in stage 1 are calculated using a PD of 12 months while the expected losses in stage 2 use a lifetime PD. The calculation of the expected loss for the financial assets always considers point-in-time and forward-looking.

The estimates take macroeconomic factors into consideration that can influence them. The following estimates were used in the models to calculate the ECL:

	2022e	**2023e**
GDP	5.8%	3.1%
Unemployment Rate	6.0%	5.7%

The different business generating areas involved in this process do not perform the calculation, revision and approval of impairment losses, therefore retaining the independence that is absolutely necessary in this type of analysis.

C. Credit moratoria

Motivated by the COVID-19 pandemic situation and the resulting socio-economic consequences, during the years 2020 and 2021, the public and private sectors came together to take a series of measures to support families and companies, of which the Bank highlights the most relevant:

- The launch of lines of economic support by the Portuguese State, with the partial guarantee of a Mutual Guarantee Society; and
- Families and companies have the possibility of adhering to the temporary suspension of loan instalments (commonly known as "moratoria").

While with regard to the first measure, the Group did not make this offer to its Customers because its specialised business model of savings and investment banking does not include this type of credit offer to its Customers; with regard to the second measure, the Group supported its Customers in view of the exceptional global and national economic situation, by applying moratoria under the following provisions:

- of Decree-Law 10-J/2020 of 26 March on "legal moratoria" for companies and individuals; and
- of the Protocol on "general moratoria of private initiative" to be applied within the scope of the COVID-19 pandemic between a number of Financial Institutions and the Portuguese Banking Association (APB).

The various types of moratoria, both legal and private, ended during 2021, with most clients having resumed the repayment of the payment schedule of operations without disruption. For some operations it was necessary to apply additional restructuring measures, in order for clients to resume a new regular payment plan for their loans.

At the end of 2021, no operations were subject to moratorium measures. Furthermore, all operations were in good standing.

As at 31 December 2021 and 2020, the detail of the operations that were still in the balance sheet and that were subject to the application of moratoriums in the Group (despite no longer being in force):

2021

	Corporates		Individuals		Total	
	Number	Book Value	Number	Book Value	Number	Book Value
Public / Legal	4	105,928	2	206,291	6	312,219
Mortgage	1	83,166	2	206,291	3	289,457
Non-mortgage	3	22,762	-	-	3	22,762
Private APB	-	-	3	25,018	3	25,018
Mortgage	-	-	-	-	-	-
Non-mortgage	-	-	3	25,018	3	25,018
Total	**4**	**105,928**	**5**	**231,309**	**9**	**337,237**

2020

	Corporates		Individuals		Total	
	Number	Book Value	Number	Book Value	Number	Book Value
Public / Legal	4	110,170	2	207,114	6	317,284
Mortgage	1	84,925	2	207,114	3	292,039
Non-mortgage	3	25,245	-	-	3	25,245
Private APB	-	-	4	64,081	4	64,081
Mortgage	-	-	-	-	-	-
Non-mortgage	-	-	4	64,081	4	64,081
Total	**4**	**110,170**	**6**	**271,195**	**10**	**381,365**

In accounting terms, the following aspects should be noted:

1) Treatment of planned moratoria
The moratorium regime provides for the extension of credit payment, obliging banks to suspend this payment for a certain period.

The existing moratorium regimes allow for the application of two types of payment suspensions, which are chosen by the customers:
- Suspension only of the repayment of the principal, keeping interest payments;
- Full suspension, of capital and interest, with no payment by the Customers.

2) Treatment of significant increases in credit risk
In general, the Bank applied the EBA guidelines, published on 2 April 2020, *Guidelines on legislative and non-legislative moratoria on loan repayments applied in the light of the COVID-19 crisis (EBA/GL/2020/02)* to determine the significant increase in credit risk of operations in moratorium. Nevertheless, the Bank reinforced the monitoring of these operations in order to identify and analyse early any indication that could impact the credit quality of these debtors, and if necessary classify the respective contract to stage 2 or 3.

3) Identification of restructured operations
Operations with approved moratorium requests have not been identified as restructuring due to financial difficulties, whether “legal moratoriums”, applied under Decree-Law 10-J/2020 (and subsequent Decree-Laws), or “general private initiative moratoriums” applied as a result of the Interbank Protocol promoted by the Portuguese Banking Association (APB).
However, in the post-moratorium period, some additional support measures were granted by the Bank, which led to the classification of the respective operations as “restructured due to financial difficulties”, as can be consulted in the section Details on restructured credit.

4) Updating of macroeconomic scenarios
Throughout 2021 and 2020, the Group updated more frequently the macroeconomic scenarios considered in its model for the purposes of calculating the Expected Credit Loss (ECL) in accordance with IFRS9.

D. Policy relating to the degrees of internal risk

The Group gives preference to the use of the ratings of external entities (Moody's, S&P and Fitch). The Group adopts the Basel policies on the selection of ratings when there is more than one rating.

When these notations are not available, the Group performs an internal analysis of the issuers and assigns a classification of 1-10, which then is mapped for the classification of these external entities.

The internal treatment of a client classified as in default should contemplate taking all the operational measures that appear necessary, namely the inhibition of (i) movements in accounts and means of moving accounts, (ii) transfers of amounts outside of the Group, (iii) attempts to reduce or remove collateral and (iv) increases in exposure by the borrower.

As necessary, still in relation to this internal analysis, the legal mechanisms that ensure the execution of guarantees or the filing of enforcement proceedings will be triggered. This action will be coordinated by the Legal department, together with the law firm that assists the Bank in legal matters.

The actions described above should also take into consideration (i) knowledge of the client, (ii) awareness of the product, (iii) the necessary understanding of standards, regulations, procedures, timings of reporting to the supervisory bodies and (iv) the need to adjust the Group's internal accounts and reports.

E. Calculation of the current value of the future cash flow in the calculation of impairment losses assessed individually and collectively

On an individual basis, and for the retail credit portfolio, the method of calculation adopted by the Group for the determination of credit impairment is the discounted cash flow (DCF) method or rather, the Group determines the PV (Present Value) of the cash-flows becoming due for the time of the analysis, discounted at the original effective interest rate of the contract. This PV is then compared with the exposure value and, if the difference is negative, there will then be an impairment loss.

In the calculation of the ECL, the Group determines the net amount of each exposure (credit amount – collateral amount). This collateral amount is adjusted by haircuts, in accordance with the rules defined in the point valuation of collateral. For the purpose of the analysis of impairment, only in operations with financial guarantees (margin account) or real guarantees (mortgage or car loans) is the respective collateral evaluated, while in other operations a collateral equal to zero is assumed, even in the case of the automobile leases where the item belongs to the Group.

In the case of the DCF method, the interest rate used in the calculation of impairment is determined in accordance with the following rules:

- fixed rate contracts: initial fixed interest rate;
- variable rate contracts: current interest rate, resulting from the contract clauses (e.g. indexed to the Euribor).

When the exposures are guaranteed by collateral, the Group takes into consideration the expected value of the collateral as well as the expectations of recovery, and the recovery and sale costs.

F. Conversion of debt into capital of the debtor

The Group does not normally use this type of solution and has no exposure to any economic group that has undergone this form of credit restructuring.

G. Emergent period used for the different segments and justification of its suitability

The Group does not consider an emergent period in its model. In all the segments, the rule defined by the IFRS9 is used, with expected losses at 12 months, in the case of exposures classified in stage 1, and lifetime expected losses for exposures in stage 2 and stage 3.

H. Triggers and alerts for significant increases in the credit risk

Staging Criterion – Transfer to stage 2

	Securities portfolio	Credit portfolio
TRIGGERS (automatic)	i. Delay in the payment of capital and/or interest of between 31 and 90 days; ii. Debt of the issuer restructured due to financial difficulties iii. Inability to measure the credit risk at the time of its origination and/or acquisition;	i. Delay in the payment of capital and/or interest of between 31 and 90 days;
OTHER ALERTS (subject to revision and analysis in the Credit Risk Committee)	i. Negative evolution of the rating compared to the acquisition date (as per ratings matrix); ii. Negative evolution of price compared to amortised cost and comparison with the threshold permitted in the price matrix);	i. Indications of risk in the CRC-Credit Liabilities Centre of the Banco de Portugal; ii. Indications of risk in the Clients' accounts; iii. Liens or bank blocks recorded in the Clients' accounts; iv. Inclusion in the List of Cheque Defaulters); i. Inclusion in the internal blacklist; vi. Significant restructuring of a credit operation due to financial difficulties of the debtor;

Staging Criterion – Transfer to stage 3

	Securities portfolio	Credit portfolio
TRIGGERS (automatic)	i. Delay in the payment of capital and/or interest equal to or longer than 91 days; ii. Debt of the issuer restructured due to financial difficulties iii. Inability to measure the credit risk at the time of its origination and/or acquisition;	i. Delay in the payment of capital and/or interest equal to or longer than 91 days;
OTHER ALERTS (subject to revision and analysis in the Credit Risk Committee)	i. Negative evolution of the rating (2 more notches than that recorded for stage 2) compared to the acquisition date. ii. Decline in the fair value of the financial asset on a continuous basis during 12 months or decline of the fair value of the financial asset significantly (over 30%); iii. Securities with rating equal to or less than CCC+ (not POCI); iv. Loss of attribution of rating, with the Group being unable to infer the risk associated to the asset; v. Disappearance of active market for the bond under analysis due to financial difficulties; vi. Bankruptcy/insolvency of the issuer;	i. Client in insolvency proceedings, PER - Special Recovery Plan, or any other equivalent situation of protection; ii. Classification of the operation as "unproductive" (without interest); iii. Termination of the contract due to non-compliance and consequent filing of legal case for recovery; iv. Sale, by the Group, of credit operation with significant financial loss (>20% of the outstanding nominal value on the date of the sale) due to reasons exclusively connected to the quality of the credit risk of the debtor; v. Contagion from other operations to the debtor (if the same are significant against the total value in debt). For "Non Retail" exposures, this contagion is mandatory. For "Retail" exposures, the contagion is not mandatory, being employed an indicative threshold of 20%.

The distribution by sector of activity for the years ended on 31 December 2021 and 2020, is presented as follows:

2021

	Financial assets at amortised cost		Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Guarantees and sureties provided
	Loans and advances Clients	Debt securities			
	Balance Sheet value	Balance Sheet value	Balance Sheet value	Balance Sheet value	Balance Sheet value
Agriculture, livestock, hunting, forestry and fishing	59	-	-	-	-
Mining industries	-	-	-	21,366,998	-
Manufacturing industries	13,531	-	3,926,830	160,697,157	-
Electricity, gas, steam, hot and cold water and cold air	-	-	4,147,779	84,360,540	-
Construction	23,302	-	-	-	-
Bulk and retail trade; repair of motor vehicles and motorcycles	18,489	-	-	2,421,192	-
Transports and storage	-	-	-	4,910,602	-
Financial activity and insurance	2,204,200	-	18,014,740	697,331,376	-
Real estate	370,886	-	-	1,939,352	-
Scientific, technical consultancy and similar	699,498	-	1,075,284	20,146,728	-
Public administration and defence; Obligatory social security	9	338,030,213	39,919,027	719,603,777	-
Human health and social support	43,047	-	113,714	1,022,545	-
Mortgages	5,957,905	-	-	-	-
Loans to private individuals	31,698,798	-	-	-	198,760
Other	437,536	-	15,688,975	32,350,053	9,350
	41,467,260	**338,030,213**	**82,886,349**	**1,746,150,320**	**208,110**

2020

	Financial assets at amortised cost		Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Guarantees and sureties provided
	Loans and advances Clients	Debt securities			
	Balance Sheet value	Balance Sheet value	Balance Sheet value	Balance Sheet value	Balance Sheet value
Agriculture, silviculture and fisheries	2,688	-	-	-	-
Mining industries	-	-	-	11,642,121	-
Manufacturing industries	577	-	5,340,830	164,072,859	-
Electricity, gas, steam, hot and cold water and cold air	67	-	618,045	21,452,682	-
Construction	33,693	-	-	36,080	-
Bulk and retail trade; repair of motor vehicles and motorcycles	37,966	-	-	-	-
Transports and storage	657	-	1,029,769	17,109,992	-
Financial activity and insurance	1,406,593	-	15,446,957	725,018,003	-
Real estate	46,169	-	-	-	-
Scientific, technical consultancy and similar	869,696	-	2,110,601	20,146,728	-
Public administration and defence; Obligatory social security	133	359,812,199	20,683,509	467,121,603	-
Human health and social support	63,271	-	80,628	5,921,776	-
Mortgages	6,005,445	-	-	-	-
Loans to private individuals	23,876,833	-	-	-	-
Other	85,035	-	4,796,270	19,382,069	140,110
	32,428,823	**359,812,199**	**50,106,609**	**1,451,903,913**	**140,110**

Exposure to public debt

On 31 December 2021 and 2020 the Group's exposure to public debt is as follows:

	2021		
	Financial assets held for trading	**Financial assets at fair value through other comprehensive income**	**Financial assets at amortised cost**
Portugal	1,569,684	10,870,416	-
Spain	34,654,179	227,851,264	-
Italy	-	271,951,235	338,030,213
Other	3,695,165	200,611,431	-
	39,919,028	**711,284,346**	**338,030,213**

	2020		
	Financial assets held for trading	**Financial assets at fair value through other comprehensive income**	**Financial assets at amortised cost**
Portugal	5,446,094	14,932,017	-
Spain	8,144,344	92,897,898	-
Italy	-	258,203,900	359,812,199
Other	7,093,070	114,682,558	-
	20,683,508	**480,716,373**	**359,812,199**

The breakdown of the exposure to securities in the portfolio of Financial assets at fair value through other comprehensive income, Financial assets held for trading and Financial assets at amortised cost is as follows:

2021					
	Nominal value	**List value**	**Accumulated interest**	**Balance Sheet value(1)**	**Fair value reserve(2)**
Financial assets held for trading					
Portugal					
Maturity up to 1 year	162,000	163,535	348	163,883	-
Maturity over 1 year	1,301,164	1,393,014	12,787	1,405,801	-
Spain					
Maturity over 1 year	35,000,000	34,596,850	57,329	34,654,179	-
Other					
Maturity up to 1 year	429,588	431,537	9,220	440,757	-
Maturity over 1 year	3,174,560	3,227,543	26,865	3,254,408	-
Financial assets at fair value through other comprehensive income					
Portugal					
Maturity over 1 year	11,104,000	10,837,325	33,091	10,870,416	211,776
Spain					
Maturity over 1 year	231,650,000	227,237,092	614,172	227,851,264	10,479,635
Italy					
Maturity over 1 year	273,418,000	270,625,580	1,325,655	271,951,235	13,039,042
Other					
Maturity up to 1 year	4,521,172	4,294,967	97,836	4,392,803	2,253
Maturity over 1 year	206,651,668	193,620,913	2,597,715	196,218,628	6,189,517
Financial assets at amortised cost					
Italy					
Maturity over 1 year	305,000,000	319,521,051	1,696,044	338,030,213	-
	1,072,412,152	**1,065,949,407**	**6,471,062**	**1,089,233,587**	**29,922,223**

(1) the Balance Sheet value of Financial assets at amortised cost - Debt securities, includes the component of hedge impairment.
(2) the fair value reserve presented includes the component of hedge impairment.

2020					
	Nominal value	List value	Accumulated interest	Balance Sheet value[1]	Fair value reserve[2]
Financial assets held for trading					
Portugal					
Maturity up to 1 year	1,498,499	1,522,735	9,958	1,532,693	
Maturity over 1 year	3,594,971	3,887,127	26,274	3,913,401	
Spain					
Maturity over 1 year	7,500,000	8,129,700	14,644	8,144,344	
Other					
Maturity up to 1 year	87,363	88,488	3,463	91,951	
Maturity over 1 year	6,778,674	6,990,155	10,964	7,001,119	
Financial assets at fair value through other comprehensive income					
Portugal					
Maturity over 1 year	15,500,000	14,854,597	77,420	14,932,017	12,059
Spain					
Maturity over 1 year	84,000,000	92,560,980	336,918	92,897,898	(81,734)
Italy					
Maturity over 1 year	246,800,000	257,069,824	1,134,076	258,203,900	(2,221,475)
Other					
Maturity up to 1 year	7,398,930	7,494,833	122,290	7,617,123	237,680
Maturity over 1 year	108,465,002	105,990,551	1,074,884	107,065,435	(230,467)
Financial assets at amortised cost					
Italy					
Maturity over 1 year	305,000,000	338,714,700	1,696,044	359,812,200	-
	786,623,439	**837,303,690**	**4,506,935**	**861,212,081**	**(2,283,937)**

(1) the Balance Sheet value of Financial assets at amortised cost - Debt securities, includes the component of hedge impairment.
(2) the fair value reserve presented includes the component of hedge impairment.

Debt exposure by rating

The Group gives preference to the use of the ratings of external entities (Moody's, S&P and Fitch), using the rules set out in the following paragraph. When these notations are not available, the Group performs an internal analysis of the issuers and assigns a classification of 1-10, which then is mapped for the classification of these external entities.

If the rating notations differ between external entities, the Group uses the following criteria:

- When there are three rating notations different, the best of the two worst ratings is used;
- When there are two rating notations different, the worst of the two ratings is used;
- When there is only one rating, this rating is used;

On 31 December 2021 and 2020 the Group's debt exposure by rating is as follows:

	EXPOSURE 31-12-2021							
	Rating AAA - AA	Rating A - BBB	Rating BB - B	CCC	Unrated	GROSS EXPOSURE	ECL	NET EXPOSURE
Loans represented by securities								
Hold to Collect								
Stage 1	-	338,040,768	-	-	-	338,040,768	10,555	338,030,213
Hold to Collect and Sell								
Stage 1	498,537,892	958,002,028	111,266,774	23,754,223	110,241,205	1,701,802,122	691,103	1,701,111,019
Stage 2	-	-	40,153,931		184,134	40,338,065	1,333,376	39,004,689
	498,537,892	**1,296,042,796**	**151,420,705**	**23,754,223**	**110,425,339**	**2,080,180,955**	**2,035,034**	**2,078,145,921**

	EXPOSURE 31-12-2020							
	Rating AAA - AA	Rating A - BBB	Rating BB - B	CCC	Unrated	GROSS EXPOSURE	ECL	NET EXPOSURE
Loans represented by securities								
Hold to Collect								
Stage 1	-	359,812,199	-	-	-	359,812,199	-	359,812,199
Hold to Collect and Sell								
Stage 1	201,454,584	1,024,276,464	82,572,402	10,596,029	132,937,876	1,451,837,355	1,530,230	1,450,307,125
	201,454,584	**1,384,088,663**	**82,572,402**	**10,596,029**	**132,937,876**	**1,811,649,554**	**1,530,230**	**1,810,119,324**

On 31 December of 2021, the Group's exposure to balances and amounts receivable by rating is as follows:

	EXPOSURE 31-12-2021							
	Rating AAA - AA	Rating A - BBB	Rating BB - B	Rating CCC	Unrated	GROSS EXPOSURE	ECL	NET EXPOSURE
Deposits and margins								
Stage 1	12,269,864	438,728,394	895,212	15,135,816	31,368,305	498,397,591	-	498,397,591
	12,269,864	**438,728,394**	**895,212**	**15,135,816**	**31,368,305**	**498,397,591**	**-**	**498,397,591**

	EXPOSURE 31-12-2020							
	Rating AAA - AA	Rating A - BBB	Rating BB - B	Rating CCC	Unrated	GROSS EXPOSURE	ECL	NET EXPOSURE
Deposits and margins								
Stage 1	93,938,252	52,333,602	-	9,326,404	16,446,621	172,044,879	-	172,044,879
	93,938,252	**52,333,602**	**-**	**9,326,404**	**16,446,621**	**172,044,879**	**-**	**172,044,879**

Exposure by type and staging

Considering the portfolios indicated in line A. above, the retail credit exposures were grouped as follows:

- Loans at sight;
- Mortgages;
- Other (car loans, credit for employees to buy BiG's shares and other credits, which include overdrafts and personal loans)

On 31 December 2021 and 2020 the Group's exposure by type and staging is as follows:

a.1)

	Gross exposure 31-12-2021			
	Stage 1	**Stage 2**	**Stage 3**	**TOTAL**
Loans not represented by securities				
Current Account Credit	21,217,886	1,161,210	62,086	22,441,182
Mortgages	5,983,919	139,285	-	6,123,204
Other	12,933,435	39,277	52,907	13,025,619
Loans represented by securities				
Hold to Collect	338,040,768	-	-	338,040,768
Hold to Collect and Sell *	1,701,802,122	40,338,065	-	1,742,140,187
Guarantees and sureties provided	198,110	10,000	-	208,110
TOTAL	**2,080,176,240**	**41,687,837**	**114,993**	**2,121,979,070**

* Gross exposure corresponds to fair value plus impairment

	Impairment 31-12-2021			
	Stage 1	**Stage 2**	**Stage 3**	**TOTAL**
Loans not represented by securities				
Current Account Credit	-	-	62,086	62,086
Mortgages	1,117	434	-	1,551
Other	2,627	5,868	50,613	59,108
Loans represented by securities				
Hold to Collect	10,555	-	-	10,555
Hold to Collect and Sell	691,103	1,333,376	-	2,024,479
Guarantees and sureties provided	-	-	-	-
TOTAL	**705,402**	**1,339,678**	**112,699**	**2,157,779**

	Net exposure 31-12-2021			
	Stage 1	**Stage 2**	**Stage 3**	**TOTAL**
Loans not represented by securities				
Current Account Credit	21,217,886	1,161,210	-	22,379,096
Mortgages	5,982,802	138,851	-	6,121,653
Other	12,930,808	33,409	2,294	12,966,511
Loans represented by securities				
Hold to Collect	338,030,213	-	-	338,030,213
Hold to Collect and Sell	1,701,111,019	39,004,689	-	1,740,115,708
Guarantees and sureties provided	198,110	10,000	-	208,110
TOTAL	**2,079,470,838**	**40,348,159**	**2,294**	**2,119,821,291**

	Gross exposure 31-12-2020			
	Stage 1	**Stage 2**	**Stage 3**	**TOTAL**
Loans not represented by securities				
Current Account Credit	12,115,343	251,594	61,613	12,428,550
Mortgages	6,178,732	-	-	6,178,732
Other	13,845,609	48,580	32,965	13,927,154
Loans represented by securities				
Hold to Collect	359,812,199	-	-	359,812,199
Hold to Collect and Sell *	1,451,837,355	-	-	1,451,837,355
Guarantees and sureties provided	130,110	10,000	-	140,110
TOTAL	**1,843,919,348**	**310,174**	**94,578**	**1,844,324,100**

* Gross exposure corresponds to fair value plus impairment

	Impairment 31-12-2020			
	Stage 1	Stage 2	Stage 3	TOTAL
Loans not represented by securities				
Current Account Credit	-	-	61,613	61,613
Mortgages	880	-	-	880
Other	2,448	9,593	32,965	45,006
Loans represented by securities				
Hold to Collect	-	-	-	-
Hold to Collect and Sell	1,530,230	-	-	1,530,230
Guarantees and sureties provided	-	-	-	-
TOTAL	**1,533,558**	**9,593**	**94,578**	**1,637,729**

	Net exposure 31-12-2020			
	Stage 1	Stage 2	Stage 3	TOTAL
Loans not represented by securities				
Current Account Credit	12,115,343	251,594	-	12,366,937
Mortgages	6,177,852	-	-	6,177,852
Other	13,843,161	38,987	-	13,882,148
Loans represented by securities				
Hold to Collect	359,812,199	-	-	359,812,199
Hold to Collect and Sell	1,450,307,125	-	-	1,450,307,125
Guarantees and sureties provided	130,110	10,000	-	140,110
TOTAL	**1,842,385,790**	**300,581**	**-**	**1,842,686,371**

a.2)

GROSS EXPOSURE 31-12-2021	Stage 1	Stage 2				Stage 3			TOTAL
Segment		Paid on time	Days late <= 30	Days late > 30	Total	Days late <= 90	Days late > 90 dias	Total	
Loans not represented by securities									
Current Account Credit	21,217,886	1,161,210	-	-	1,161,210	-	62,086	62,086	22,441,182
Mortgages	5,983,919	139,285	-	-	139,285	-	-	-	6,123,204
Other	12,933,432	35,879	-	3,398	39,277	3	52,907	52,910	13,025,619
Loans represented by securities									
Hold to Collect	338,040,768	-	-	-	-	-	-	-	338,040,768
Hold to Collect and Sell *	1,701,802,122	40,338,065	-	-	40,338,065	-	-	-	1,742,140,187
Guarantees and sureties provided	198,110	10,000	-	-	10,000	-	-	-	208,110
	2,080,176,237	**41,684,439**	**-**	**3,398**	**41,687,837**	**3**	**114,993**	**114,996**	**2,121,979,070**

* Gross exposure corresponds to fair value plus impairment

IMPAIRMENT 31-12-2021	Stage 1	Stage 2				Stage 3			TOTAL
Segment		Paid on time	Days late <= 30	Days late > 30	Total	Days late <= 90	Days late > 90 dias	Total	
Loans not represented by securities									
Current Account Credit	-	-	-	-	-	-	62,086	62,086	62 086
Mortgages	1,117	434	-	-	434	-	-	-	1 551
Other	2,627	5,796	-	72	5,868	3	50,610	50,613	59 108
Loans represented by securities									
Hold to Collect	10,555	-	-	-	-	-	-	-	10 555
Hold to Collect and Sell	691,103	1,333,376	-	-	1,333,376	-	-	-	2 024 479
Guarantees and sureties provided	-	-	-	-	-	-	-	-	-
	705,402	**1,339,606**	**-**	**72**	**1,339,678**	**3**	**112,696**	**112,699**	**2 157 779**

NET EXPOSURE 31-12-2021	Stage 1	Stage 2				Stage 3			TOTAL
Segment		Paid on time	Days late <= 30	Days late > 30	Total	Days late <= 90	Days late > 90 dias	Total	
Loans not represented by securities									
Current Account Credit	21,217,886	1,161,210	-	-	1,161,210	-	-	-	22,379,096
Mortgages	5,982,802	138,851	-	-	138,851	-	-	-	6,121,653
Other	12,930,805	30,083	-	3,326	33,409	-	2,297	2,297	12,966,511
Loans represented by securities									
Hold to Collect	338,030,213	-	-	-	-	-	-	-	338,030,213
Hold to Collect and Sell	1,701,111,019	39,004,689	-	-	39,004,689	-	-	-	1,740,115,708
Guarantees and sureties provided	198,110	10,000	-	-	10,000	-	-	-	208,110
	2,079,470,835	**40,344,833**	**-**	**3,326**	**40,348,159**	**-**	**2,297**	**2,297**	**2,119,821,291**

GROSS EXPOSURE 31-12-2020	Stage 1	Stage 2				Stage 3			TOTAL
Segment		Paid on time	Days late <= 30	Days late > 30	Total	Days late <= 90	Days late > 90 dias	Total	
Loans not represented by securities									
Current Account Credit	12,115,343	251,594	-	-	251,594	-	61,613	61,613	12,428,550
Mortgages	6,178,732	-	-	-	-	-	-	-	6,178,732
Other	13,845,609	32,216	-	16,364	48,580	10	32,955	32,965	13,927,154
Loans represented by securities									
Hold to Collect	359,812,199	-	-	-	-	-	-	-	359,812,199
Hold to Collect and Sell *	1,451,837,355	-	-	-	-	-	-	-	1,451,837,355
Guarantees and sureties provided	130,110	10,000	-	-	10,000	-	-	-	140,110
	1,843,919,348	**293,810**	**-**	**16,364**	**310,174**	**10**	**94,568**	**94,578**	**1,844,324,100**

* Gross exposure corresponds to fair value plus impairment

IMPAIRMENT 31-12-2020	Stage 1	Stage 2				Stage 3			TOTAL
Segment		Paid on time	Days late <= 30	Days late > 30	Total	Days late <= 90	Days late > 90 dias	Total	
Loans not represented by securities									
Current Account Credit	-	-	-	-	-	-	61,613	61,613	61 613
Mortgages	880	-	-	-	-	-	-	-	880
Other	2,448	666	-	8,927	9,593	10	32,955	32,965	45 006
Loans represented by securities									
Hold to Collect	-	-	-	-	-	-	-	-	-
Hold to Collect and Sell	1,530,230	-	-	-	-	-	-	-	1 530 230
Guarantees and sureties provided	-	-	-	-	-	-	-	-	-
	1,533,558	**666**	**-**	**8,927**	**9,593**	**10**	**94,568**	**94,578**	**1 637 729**

NET EXPOSURE 31-12-2020	Stage 1	Stage 2				Stage 3			TOTAL
Segment		Paid on time	Days late <= 30	Days late > 30	Total	Days late <= 90	Days late > 90 dias	Total	
Loans not represented by securities									
Current Account Credit	12,115,343	251,594	-	-	251,594	-	-	-	12,366,937
Mortgages	6,177,852	-	-	-	-	-	-	-	6,177,852
Other	13,843,161	31,550	-	7,437	38,987	-	-	-	13,882,148
Loans represented by securities									
Hold to Collect	359,812,199	-	-	-	-	-	-	-	359,812,199
Hold to Collect and Sell	1,450,307,125	-	-	-	-	-	-	-	1,450,307,125
Guarantees and sureties provided	130,110	10,000	-	-	10,000	-	-	-	140,110
	1,842,385,790	**293,144**	**-**	**7,437**	**300,581**	**-**	**-**	**-**	**1,842,686,371**

Reconciliation of exposures

On 31 December 2021 and 2020 the movements in the Group's exposures subject to calculation of expected impairment losses are presented as follows:

	Stage 1	Stage 2	Stage 3	Total
Exposure Loans not represented by securities and Guarantees and sureties provided				
Opening balance on 01-01-2021	32,269,795	301,459	103,292	32,674,546
Increases due to origination or acquisition	21,946,689	1,164,608	(112,699)	22,998,598
Reductions due to derecognition	(13,159,952)	(275,568)	103,294	(13,332,226)
Net variations due to alterations in the credit risk	(158,691)	163,489	21,106	25,904
Net variations due to modifications without derecognition	(564,490)	(4,217)	-	(568,707)
Alterations due to updates to methodologies used	-	-	-	-
Reductions due to write-offs	-	-	-	-
Other adjustments	-	-	-	-
Closing balance on 31-12-2021	40,333,351	1,349,771	114,993	41,798,115
Exposure Loans represented by securities				
Opening balance on 01-01-2021	1,811,649,554	-	-	1,811,649,554
Increases due to origination or acquisition	866,025,523	-	-	866,025,523
Reductions due to derecognition	(517,179,447)	-	-	(517,179,447)
Net variations due to alterations in the credit risk	(40,338,066)	40,338,066	-	-
Net variations due to modifications without derecognition	(80,314,671)	-	-	(80,314,671)
Alterations due to updates to methodologies used	-	-	-	-
Reductions due to write-offs	-	-	-	-
Other adjustments	(3)	(1)		(4)
Closing balance on 31-12-2021	2,039,842,890	40,338,065	-	2,080,180,955
Total Exposure on 31-12-2021	**2,080,176,241**	**41,687,836**	**114,993**	**2,121,979,070**

	Stage 1	Stage 2	Stage 3	Total
Exposure Loans not represented by securities and Guarantees and sureties provided				
Opening balance on 01-01-2020	20,152,499	1,227,726	30,366	21,410,591
Increases due to origination or acquisition	16,006,226	17,516	73,267	16,097,009
Reductions due to derecognition	(2,256,170)	(11,527)	(672)	(2,268,369)
Net variations due to alterations in the credit risk	(264,740)	(237,309)	319	(501,730)
Net variations due to modifications without derecognition	(1,368,020)	(694,947)	12	(2,062,955)
Alterations due to updates to methodologies used	-	-	-	-
Reductions due to write-offs	-	-	-	-
Other adjustments	-	-	-	-
Closing balance on 31-12-2020	32,269,795	301,459	103,292	32,674,546
Exposure Loans represented by securities				
Opening balance on 01-01-2020	1,926,815,125	-	-	1,926,815,125
Increases due to origination or acquisition	701,048,073	-	-	701,048,073
Reductions due to derecognition	(810,231,609)	-	-	(810,231,609)
Net variations due to alterations in the credit risk	-	-	-	-
Net variations due to modifications without derecognition	(5,982,033)	-	-	(5,982,033)
Alterations due to updates to methodologies used	-	-	-	-
Reductions due to write-offs	-	-	-	-
Other adjustments	(2)	-	-	(2)
Closing balance on 31-12-2020	1,811,649,554	-	-	1,811,649,554
Total Exposure on 31-12-2020	**1,843,919,349**	**301,459**	**103,292**	**1,844,324,100**

Reconciliation of expected impairment losses

On 31 December 2021 and 2020 the movements in the Group's expected impairment losses are presented as follows:

	Stage 1	Stage 2	Stage 3	Total
ECL Loans not represented by securities and Guarantees and sureties provided				
Opening balance on 01-01-2021	3,330	878	103,291	107,499
Increases due to origination or acquisition	2,014	72	112,699	114,785
Reductions due to derecognition	(1,254)	(879)	(103,294)	(105,427)
Net variations due to alterations in the credit risk	(44)	4,687	-	4,643
Net variations due to modifications without derecognition	(333)	1,500	-	1,167
Alterations due to updates to methodologies used	-	-	-	-
Reductions due to write-offs	-	-	-	-
Other adjustments	31	44	3	78
Closing balance on 31-12-2021	3,744	6,302	112,699	122,745
ECL Loans represented by securities				
Opening balance on 01-01-2021	1,530,230	-	-	1,530,230
Increases due to origination or acquisition	447,935	-	-	447,935
Reductions due to derecognition	(667,482)	-	-	(667,490)
Net variations due to alterations in the credit risk	(253,295)	1,333,376		1,080,081
Net variations due to modifications without derecognition	-	-	-	-
Alterations due to updates to methodologies used	-	-	-	-
Reductions due to write-offs	-	-	-	-
Other adjustments	(355,730)	-	-	(355,730)
Closing balance on 31-12-2021	701,658	1,333,376	-	2,035,034
Total ECL on 31-12-2021	**705,402**	**1,339,678**	**112,699**	**2,157,779**

	Stage 1	Stage 2	Stage 3	Total
ECL Loans not represented by securities and Guarantees and sureties provided				
Opening balance on 01-01-2020	2,240	15	30,365	32,620
Increases due to origination or acquisition	1,233	20	73,267	74,520
Reductions due to derecognition	(734)	(15)	(672)	(1,421)
Net variations due to alterations in the credit risk	(53)	189	319	455
Net variations due to modifications without derecognition	644	669	12	1,325
Alterations due to updates to methodologies used	-	-	-	-
Reductions due to write-offs	-	-	-	-
Other adjustments	-	-	-	-
Closing balance on 31-12-2020	3,330	878	103,291	107,499
ECL Loans represented by securities				
Opening balance on 01-01-2020	566,842	-	-	566,842
Increases due to origination or acquisition	626,683	-	-	626,683
Reductions due to derecognition	(220,987)	-	-	(220,987)
Net variations due to alterations in the credit risk	-	-	-	-
Net variations due to modifications without derecognition	195,176	-	-	195,176
Alterations due to updates to methodologies used		-	-	-
Reductions due to write-offs		-	-	-
Other adjustments	362,516	-	-	362,516
Closing balance on 31-12-2020	1,530,230	-	-	1,530,230
Total ECL on 31-12-2020	**1,533,560**	**878**	**103,291**	**1,637,729**

Details on collateral

For the purpose of quantitative analysis, the following valuation criteria are used:

i) Financial: performed automatically by the systems depending on the market prices and weightings that are periodically revised by the Board of Directors:

- Every month the financial assets used as collateral are analysed with regard to their Liquidity, Volatility and stock market capitalisation (if applicable);
- Every week automatically, taking only the 30 day volatility of securities traded on regulated markets into account, for all the financial assets which were previously approved as acceptable to be held as collateral, it is calculated the respective weighting (calculated by the system) over which the client can leverage the credit (80%, 70%, 60% and 50%).

ii) Buildings: the value of the last formal valuation of the building, performed by an independent entity, is used. Furthermore, a correction factor is applied to this value, according to the scale below:
- Up to 12 months: 0%;
- From 12 to 24 months: 15%;
- From 24 to 36 months: 25%;
- More than 36 months: 50%.

The determination of the recoverable amount is based on the evaluation (with or without the correction factor) plus a time discount factor.

When a credit operation collateralised by buildings shows sufficiently strong indications that so justify it, the collateral is reassessed by an external appraiser. This also occurs when the client become non-compliant.

iii) Other collateral: are analysed on a case by case basis.

Weightings and other corrective factors are periodically revised, at least once a year, taking history, economic prospects and the published indicators of the competitors into account, according to the type of product.

On 31 December 2021 and 2020 the collateral of the exposures of the portfolio of loans not represented by securities (retail and guarantees and sureties provided) is as follows:

Breakdown of the fair value of the collateral underlying the credit portfolio by segments:

31-12-2021	Current Account Credit		Mortgages				Other			
	Other Real Collateral*		Buildings		Other Real Collateral*		Buildings		Other Real Collateral*	
Fair value	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
< 0,5 M€	218	22,451,625	84	8,897,815	-	-	-	-	164	6,799,610
>= 0,5 M€ and < 1 M€	19	12,670,579	1	500,000	-	-	-	-	1	600,000
>= 1 M€ and < 5 M€	14	21,397,786	-	-	-	-	-	-	4	4,550,000
>= 5 M€	5	43,980,963	-	-	-	-	-	-	-	-
	256	**100,500,953**	**85**	**9,397,815**	**-**	**-**	**-**	**-**	**169**	**11,949,610**

* Examples: shares, bonds and deposits (at market price)

31-12-2020	Current Account Credit		Mortgages				Other			
	Other Real Collateral*		Buildings		Other Real Collateral*		Buildings		Other Real Collateral*	
Fair value	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
< 0,5 M€	393	29,536,837	85	8,839,256	-	-	-	-	189	7,087,939
>= 0,5 M€ e < 1 M€	23	16,723,431	1	500,000	-	-	-	-	1	600,000
>= 1 M€ e < 5 M€	14	30,418,887	-	-	-	-	-	-	4	4,550,000
>= 5 M€	1	8,573,829	-	-	-	-	-	-	-	-
	431	**85,252,984**	**86**	**9,339,256**	**-**	**-**	**-**	**-**	**194**	**12,237,939**

* Examples: shares, bonds and deposits (at market price)

a) LTV ratio of the Housing and Other segments:

Segment / Ratio	31/12/2021 Number of buildings	Credit Stage 1	Credit Stage 2	Credit Stage 3	Total Credit	Impairment	Net exposure
Mortgages							
No associated collateral	-	-	-	-	-	-	-
< 60%	75	5,368,472	139,285	-	5,507,757	1,436	5,506,321
>= 60% and < 80%	7	499,395	-	-	499,395	94	499,301
>= 80% and < 100%	2	51,858	-	-	51,858	10	51,848
>= 100%	1	64,194	-	-	64,194	12	64,182
	85	**5,983,919**	**139,285**	**-**	**6,123,204**	**1,552**	**6,121,652**

(*) Gross Exposure Value

Segment / Ratio	31/12/2020 Number of buildings	Credit Stage 1	Credit Stage 2	Credit Stage 3	Total Credit	Impairment	Net exposure
Mortgages							
No associated collateral	-	647	-	-	647	2	645
< 60%	29	1,467,014	-	-	1,467,014	197	1,466,817
>= 60% and < 80%	32	1,919,855	-	-	1,919,855	290	1,919,565
>= 80% and < 100%	25	2,791,216	-	-	2,791,216	391	2,790,825
>= 100%	-	-	-	-	-	-	-
	86	**6,178,732**	**-**	**-**	**6,178,732**	**880**	**6,177,852**

(*) Gross Exposure Value

Details on restructured credit

When, due to the financial difficulties of a given client, the Group agrees to change the contract conditions of existing credit operations (namely, extension of the repayment period, introduction of grace periods, capitalization of interest, reduction in interest rates, forgiving the interest or capital) or contracts new credit facilities for the settlement (total or partial) of existing debt, these credit operations should be identified and marked as restructured credit due to financial difficulties of the client, and impairment is calculated accordingly on these loans. A client is in a situation of financial difficulty when s/he has not complied with some of their financial obligations with the Group or if it is foreseeable, in view of the information available, that this may occur, taking into consideration, among other things, the indications of impairment.

During 2021, the only restructurings of credit operations were related to additional relief measures applied in the post-moratorium period.

The value of restructured exposures for the year ended on 31 December of 2021 (31 December 2020: no restructured exposures) is the following:

2021								
Segmento	Exposure				Exposure			
	Stage 1	*Stage 2*	*Stage 3*	Total	*Stage 1*	*Stage 2*	*Stage 3*	Total
Private individuals	-	55,843	-	55,843	-	131	-	131
Corporate	-	102,888	-	102,888	-	4,599	-	4,599
TOTAL	**-**	**158,731**	**-**	**158,731**	**-**	**4,730**	**-**	**4,730**

The annual variation in restructured exposures for the years ended on 31 December 2021 and 2020 is the following:

	2021	2020
Opening balance of the restructured credit portfolio (gross of impairment)	**-**	**-**
Restructured loans in the period	163,999	-
Settlement of restructured loans (partial or total)	5,674	-
Closing balance of the restructured credit portfolio (gross of impairment)	**158,325**	**-**

The restructuring measures applied for the year ended on 31 December of 2021 (31 December 2020: no restructured exposures) is the following:

2021						
	Performing loans			Total		
Restructuring measures applied	**No. of operations**	**Exposure**	**Impairment**	**No. of operations**	**Exposure**	**Impairment**
Time extension and capital grace period	2	19,446	4,296	2	19,446	4,296
Time extension and reduction of spread	2	139,285	434	2	139,285	434
TOTAL	**4**	**158,731**	**4,730**	**4**	**158,731**	**4,730**

Details on analysis of credit

For the purpose of the identification of individually significant exposures (which obligatorily will be analysed on an individual basis), the Group sets thresholds that should be considered. These are, among other things, exposures collateralised by non-liquid assets which represent a relevant percentage of the retail credit portfolio or of the Group's own funds. Nevertheless, even if a given exposure does not come within these criteria and bearing in mind the Group's conservative position in relation to the credit risk, this may be subject to individual analysis for impairment.

On 31 December 2021 and 2020 the detail of the portfolio of loans not represented by securities (retail and guarantees and sureties provided) by individual and collective assessment model, is as follows:

2021	**Current Account Credit**		**Mortgages**		**Other**		**Total**	
	Exposure	**Impairment**	**Exposure**	**Impairment**	**Exposure**	**Impairment**	**Exposure**	**Impairment**
Evaluation								
Individual	62,086	62,086	-	-	31,786	5,796	93,872	67,882
Collective	22,379,096	-	6,123,204	1,551	13,201,720	53,312	41,704,020	54,863
	22,441,182	**62,086**	**6,123,204**	**1,551**	**13,233,506**	**59,108**	**41,797,892**	**122,745**

2020	**Current Account Credit**		**Mortgages**		**Other**		**Total**	
	Exposure	**Impairment**	**Exposure**	**Impairment**	**Exposure**	**Impairment**	**Exposure**	**Impairment**
Evaluation								
Individual	-	-	-	-	32,215	667	32,215	667
Collective	12,428,550	61,613	6,178,732	880	14,035,049	44,339	32,642,331	106,832
	12,428,550	**61,613**	**6,178,732**	**880**	**14,067,264**	**45,006**	**32,674,546**	**107,499**

Sensitivity analysis on expected credit loss

A sensitivity analysis exercise was carried out on the expected credit loss (ECL), on loans and advances to customers, based on amendments of the fundamental hypotheses applied individually to the calculation of the expected loss.

Presented below is the estimated sensitivity to changes in the projection of the annual variation of the rate of growth of unemployment for the twelve following months:

Annual variation in the unemployment rate	Variation of expected credit loss (ECL)
+1%	+ 184 euros
-1%	- 197 euros

Operational Risk

Operating risk is part of the Group's day to day business and may arise as a result of inadequate procedures or systems, human risk or external events.

Given the nature of its business, the Group is exposed to potential losses or operational risk as a result of human error, system breakdown, operation processing failures, unexpected interruptions in activity or stoppages or shortages in terms of third party supplies or provision of services.

To monitor this type of risk and the effective fulfilment of the operating procedures throughout the Group, there is a control structure which supervises the appropriateness of the procedures, systems and human resources in order to ensure the normal development of the activity in any circumstances.

The objective of this structure is to ensure that the Group adheres to the established procedures and limits, so that the cost inherent to operational errors can be kept within controlled levels, vis-à-vis the Group's capital and its strategy. Alongside this structure, a culture of risk detection and mitigation is nurtured in the Group, which encourages the proactive resolution of problems based on their early identification.

Capital and solvency ratio management

Equity funds for the years ended on 31 December 2021 and 2020 are presented as follows:

		2021	2020
A - Equity Funds			
Ordinary paid-up capital, issue premiums, treasury stock and other		187,963,268	172,739,404
Results and reserves formed from retained earnings		198,323,133	219,601,357
Minority interest recognised in FPP1		4,549,125	3,950,339
Intangible assets		(11,789,978)	(4,053,211)
Adjustments due to prudential filters		(2,044,253)	(1,554,949)
Other deductions from equity		(2,189,572)	-
Common Equity Tier 1 Capital	(A1)	374,811,723	390,682,940
Tier 1 Capital	(A2)	374,811,723	390,682,940
Total Equity Funds	(A3)	374,811,723	390,682,940
B - Risk weighted assets	(B)	1,088,419,408	863,321,123
C - Capital Ratios			
Common Equity Tier 1 Capital	(A1 / B)	34.4%	45.3%
Tier 1 Capital	(A2 / B)	34.4%	45.3%
Total capital ratio	(A3 / B)	34.4%	45.3%

The movement in equity funds for the years ended on 31 December 2021 and 2020 is presented as follows:

	2021	2020
Opening Balance	**390,682,940**	**367,515,312**
Ordinary paid-up capital, issue premiums, treasury stock and other	15,223,864	1,000
Results and reserves formed from retained earnings	(21,278,224)	24,030,807
Minority interest recognised in FPP1	598,786	176,350
Intangible assets	(7,736,767)	(1,115,599)
Adjustments due to prudential filters	(489,304)	75,070
Other deductions from equity	(2,189,572)	-
Closing Balance	**374,811,723**	**390,682,940**

Other Risks and their measurement:

Reputational Risk

In terms of Reputation Risk, understood as the probability of the occurrence of a negative impact on results or on capital arising from a negative perception of the public image of the institution, founded or not, by the different stakeholders, the press or by public opinion in general, the Group conceived stress tests which allow for the existence of negative news relating to the Group, with consequences in terms of the withdrawal of deposits by clients.

Correlation Risk

The different types of risk, liquidity, reputation, credit, counterparty, market concentration, interest rate, market, etc., are correlated between each other. This correlation is evidently clearer in some pairs of risks while having no particular relevance in other risk pairs.

- Liquidity risk *versus* Reputation risk:
  The decline in the reputation of a financial institution can lead to a lack of trust of clients and of investors in general. Such a situation can lead to the liquidity risk for the institution with regard to its immediate liabilities.

- Liquidity risk versus Reputation risk versus Market risk:
  In the above case the reputation risk versus liquidity risk is analysed. BiG can nevertheless assume that there is an unusual variation in the different financial instruments in the market.

- Liquidity risk versus Reputation risk versus Credit risk:
  In this case, as in the previous point, the Group allows for scenarios where there is Reputation risk and Liquidity risk. In addition, BiG can also consider a scenario of the probability of default of the assets, as well as the impact of downgrades in their rating.

Liquidity risk *versus* Reputation risk *versus* Market risk:
(30% drop in the stock market, a 100 b.p. decline in the interest rate curve and a massive withdrawal of deposits as consequence of reputational risk)

The results of the scenarios below (scenarios 1, 2 and 3) relate to 31 December 2020, the impact of which is described below.

Scenario 1 – 33% of Demand Deposits are withdrawn by clients
Liquidity in the period of one week: 219,056,533 Euros.
Liabilities: 327,211,836 Euros.
In this scenario, it would be necessary to sell assets or seek additional funding, for a total amount of 108,155,303 Euros. Based on the assumption that market conditions would also be simultaneously negative and based on stress assumptions (a drop of 30% in the stock market and a 100 b.p. decline in the interest rate curve), the Group would have a maximum loss of 33,076,044 Euros.

Scenario 2 – *50*% of Demand Deposits are withdrawn by clients
Liquidity available in the period of one week: 219,056,533 Euros.
Liabilities: 490,817,754 Euros.
In this scenario, it would be necessary to sell assets or seek additional funding, for a total amount of 271,761,221 Euros. Based on the assumption that market conditions would also be simultaneously negative and based on stress assumptions (a drop of 30% in the stock market and a 100 b.p. decline in the interest rate curve), the Group would have a maximum loss of 33,076,044 Euros.

Scenario 3 – 50% of Demand Deposits and of Term Deposits are withdrawn by clients
Liquidity available in the period of one month: 219,056,533 Euros.
Liabilities: 776,944,385 Euros.
In this scenario, it would be necessary to sell assets or seek additional funding, for a total amount of 557,887,851 Euros. Based on the assumption that market conditions would also be simultaneously negative and based on stress assumptions (a drop of 30% in the stock market and a 100 b.p. decline in the interest rate curve), the Group would have a maximum loss of 33,076,044 Euros.

Liquidity risk versus Reputation risk versus Credit risk:

Scenario of downgrades of debt securities and massive withdrawal of deposits as a consequence of reputational risk)

- Aaa – Aa2: the rating is maintained
- Aa3 – A3: a drop of 2 notches in the rating
- Baa1 and lower ratings: a drop of 4 notches in the rating

The results of the scenarios below (scenarios 1, 2 and 3) relate to 31 December 2021, the impact of which is described below:
Scenario 1 – 33% of Demand Deposits are withdrawn by clients
Liquidity available in the period of one week: 219,056,533 Euros.
Liabilities: 327,211,836 Euros.
In this scenario, it would be necessary to sell assets or seek additional funding, for a total amount of 108,155,303 Euros. Based on the assumption that market conditions would also be simultaneously negative and based on stress assumptions (downgrade of debt securities), the Group would have a maximum loss of 33,321,740 Euros.

Scenario 2 – 50% of Demand Deposits are withdrawn by clients
Liquidity available in the period of one week: 219,056,533 Euros.
Liabilities: 490,817,754 Euros.
In this scenario, it would be necessary to sell assets or seek additional funding, for a total amount of 271,761,221 Euros. Based on the assumption that market conditions would also be simultaneously negative and based on stress assumptions (downgrade of debt securities), the Group would have a maximum loss of 33,321,740 Euros.

Scenario 3 – 50% of Demand Deposits and of Term Deposits are withdrawn by clients
Liquidity available in the period of one month: 219,056,533 Euros.
Liabilities: 776,944,385 Euros.
In this scenario, it would be necessary to sell assets or seek additional funding, for a total amount of 557,887,851 Euros. Based on the assumption that market conditions would also be simultaneously negative and based on stress assumptions (downgrade of debt securities), the Group would have a maximum loss of 33,321,740 Euros.

NOTE 44
PLEDGING OF ASSETS

On 31 December 2021 and 2020 pledges on assets may be analysed as follows:

2021	Book value of pledged assets	Fair value of pledged assets	Book value of unencumbered assets	Fair value of unencumbered assets
Securities				
Bonds and other fixed return securities	551,953,470	539,114,586	1,600,597,652	1,596,623,417
Shares	-	-	7,619,837	7,619,837
Other securities	-	-	6,893,136	6,893,136
Other assets	1,750,000		603,212,414	
	553,703,470		**2,218,323,039**	

2020	Book value of pledged assets	Fair value of pledged assets	Book value of unencumbered assets	Fair value of unencumbered assets
Securities				
Bonds and other fixed return securities	271,574,099	271,574,099	1,586,711,892	1,575,422,471
Shares	-	-	2,688,767	2,688,767
Other securities	-	-	844,660	844,660
Other assets	1,750,000	-	340,036,082	-
	273,324,099		**1,930,281,401**	

In 2021 and 2020, pledged securities are recorded in the portfolios of Financial Assets at fair value through other comprehensive income and in the portfolio of Financial Assets at amortised cost.

On 31 December 2020 the amount of liabilities associated to pledged assets was 467,386,511 Euros and includes the balances relating to repurchase agreements (note 31) and resources from central banks (note 32) (31 December 2020: 225,315,541 Euros).

NOTE 45
GROUP COMPANIES

The accounts of the Group companies as at 31 December of 2021 and 2020 are presented below**:**

	2021			2020		
	Total assets	**Total Equity**	**Net Result of the year**	**Total assets**	**Total Equity**	**Net Result of the year**
ONETIER PARTNERS, SGPS, S.A.	-	-	-	-	-	616,382
BiG Serviços Financeiros, S.A.	1,688,784	1,684,413	387,645	1,301,139	1,296,768	216,423
Banco BIG Moçambique, S.A.	52,308,223	28,625,849	2,736,703	29,537,190	22,408,752	3,010,251
Onetier Partners, SCR, S.A.	7,681,752	7,496,997	2,153,596	5,368,170	5,343,400	344,086
DIF Broker Sociedade Financeira de Corretagem S.A. *	94,185,145	6,025,845	2,620,659	-	-	-

* Holding acquired in 2021

Investments in subsidiaries and investment funds are made up as follows:

	Activity	Consolidation method	2021 % economic interest	2021 % of voting rights	2020 % economic interest	2020 % of voting rights
Subsidiaries						
BiG Serviços Financeiros, S.A.	Financial assistant	Full	100.0%	100.0%	100.0%	100.0%
Banco BIG Moçambique, S.A.	Bank	Full	82.6%	82.6%	82.6%	82.6%
Onetier Partners, SCR, S.A.	Venture capital company	Full	100.0%	100.0%	100.0%	100.0%
DIF Broker Sociedade Financeira de Corretagem S.A.	Financial brokerage firm	Full	100.0%	100.0%	0.0%	0.0%

	Consolidation method	Head Office	Year of acquisition	Year of incorporation	2021 % economic interest	2021 % of voting rights	2020 % economic interest	2020 % of voting rights
Investment Funds								
BiG Diversified Macro Fund	Full	Ireland	2018	2018	90.4%	90.4%	94.3%	94.3%
Onetier Fundo Capital de Risco	Full	Portugal	2021	2021	52.9%	52.9%	0.0%	0.0%

BiG Serviços Financeiros, S.A., fully held by the Bank, was incorporated on 11 September 2008, with its registered office at Lisbon and its main objective is to provide financial advisory services, as well as holding or managing real estate.

BiG Moçambique was incorporated on 8 October 2014, with its registered office in Maputo, and its main objective is to carry out any operations and provide any services permitted for banks in Mozambique, with no legal restriction.

Onetier Partners, Sociedade de Capital de Risco, S.A. was incorporated on 20 April 2004 and its main objective is to make temporary investments in companies with high potential for growth and appreciation. Since 2016 the company's investment policy has favoured the acquisition of equity stakes in, or the granting of convertible debt to, early stage start-up companies that operate preferably in the Fintech, Insurtech and Cybersecurity segments.

On 7 September 2021 the Bank acquired 100% of the capital of DIF Broker – Sociedade Financeira de Corretagem, S.A., an investment company incorporated in 1999 with the purpose of carrying out the activities permitted by law for financial brokerage companies, including all ancillary, connected or similar operations compatible with this activity and permitted at law, with no legal restriction. The amount associated to this participation corresponds to the acquisition price of the capital of DIF Broker and consists of: (i) a fixed component, amounting to 8.9 million Euros and (ii) a variable component, payable between 2022 and 2024, indexed to the growth future of the net business income, which can rise to a maximum of 6.5 million Euros, and which is estimated at 3.8 million Euros. The cost of the participation represents the sum of both components, adjusted for dividend payments made by DIF Broker to BiG already contemplated on the date of the acquisition and incorporated in the price initially paid.

The BiG Diversified Macro Fund is an open-ended collective investment scheme incorporated on 25 April 2018, based in Dublin, Ireland, and regulated under the Alternative Investment Fund Managers Directive (AIFMD).

The entity Onetier – Fundo Capital de Risco is a venture capital fund managed by Onetier Partners, Sociedade de Capital de Risco, S.A. and was established in December 2021.

There are no significant restrictions on the control of subsidiaries, with the exception of those provided for in Article 101 of the General Regime of Credit Institutions and Financial Companies. On this date, none of the companies that composes the Group is in the situation contemplated in no. 1 of the said article.

NOTE 46
IMPACT OF COVID-19

In December 2019, the Chinese authorities identified a new coronavirus – SARSCoV-2, as the causative agent of the disease, designated by the World Health Organization (WHO) as Coronavirus Disease 2019 – COVID-19.

The WHO declared a pandemic status in 11/03/2020, in view of the widespread exacerbation of the disease around the world.

The COVID-19 pandemic turned out to be a globally disruptive event, the repercussions of which are still being felt today.

Measures adopted by the Group

Following the first lockdowns decreed all around the world, companies and citizens adopted diverse measures to adapt to the new context, in particular the forced adoption of telework and the use of new remote communication tools.

In this context, the Group adapted its internal structure to the new reality arising from the successive confinements, with 95% of its team teleworking.

By the end of 2020 and throughout most of 2021, the telework regime was made more flexible, according to the evolution of the pandemic situation and guidelines of the DGS and of the Government. Measures were adopted for the rotation of teams, with a gradual increase in the percentage of face-to-face work, always in order to protect the employees and customers, ensuring the proper functioning and service level of the Group.

The branch network initially adopted a regime of attendance by appointment for operations and/or customers who needed face-to-face contact, gradually evolving to full opening. In order to promote the carrying out of digital operations safely, the Group exempted commission on SEPA credit transfers made on the website or APP, until 30 June 2020. On the other hand, transfers via MBWAY associated with the BiG Mastercard continued free from costs, as has been the Group's practice. Furthermore, BiG exempted the replacement fee for Customers who requested Contactless MasterCard cards.

Contingency plan

The Group's business continuity management already included a disaster scenario associated to diseases and pandemics. Following the pandemic caused by COVID-19, the Group ended up by adapting the contingency plan to the reality that the specific situation imposed.

Likewise, a COVID-19 Working Group was set up, comprising of several senior members of the Group, which met regularly to analyse the evolution of the pandemic and to submit proposals to the Executive Committee for additional measures that were considered necessary.

The Group always maintained regular contact with the Authorities and Supervisors, by sending new reports that came to be required, or through participation in progress meetings with these authorities.

Credit risk management

Following the spread of the COVID-19 pandemic concerns were raised about the respective impacts on the solvency of private, corporate and sovereign clients.

To attenuate these impacts, most Governments around the world were obliged to introduce diverse relief measures to their citizens and companies most affected by the pandemic (e.g. moratoriums), and also tax reduction measures (e.g. temporary reduction of VAT and other tax), and direct support to taxpayers (e.g. salary supplements for companies in layoff).

This massive set of measures launched by Governments helped to alleviate, in the short term, the pressure on Individuals and Companies, albeit with asymmetric results in different countries. In any case, it was possible to preserve employment and income, and minimally recover economic activity after the sharp drops in GDP and employment in the first months of 2020.

In 2021 there was a significant general economic recovery, even though the health pressure of the pandemic has continued to challenge Governments and the Health Authorities, above all with successive epidemic waves and variants. However, with the vaccination process gaining traction, albeit very asymmetrically among the various economic blocks and, within these, among the various countries, the situation eventually became more "normalised". In the last months of 2021, the incidence of Covid-19 registered an increase, but with a more vaccinated world population and with, possibly, a lower viral capacity in the last variants, deaths were more contained.

During this pandemic period, the Group's credit risk management was also adjusted, not only through the fulfilment of new guidelines issued by the Authorities, but also through the effort put into adjusting the models implemented for risk management.

Of the broad set of measures that were adopted in the management of credit risk, the Group highlights the following:

- The assumptions of the impairment calculation models were revisited, in particular the securities portfolio model, which represents almost all of the Group's exposure to the credit risk, and it was possible to introduce some improvements in the process;
- Considering the severe instability in the financial markets and the guidelines issued by the Supervisory Authorities, some adjustments were made in terms of criteria for defining staging, a phenomenon that was fading throughout 2020 and was already practically non-existent in 2021. Backtesting against the reality verified afterwards ended up corroborating the wisdom of the decisions adopted;
- The macroeconomic assumptions used in the models were updated more frequently to ensure the inclusion of more up-to-date forward-looking information;

- Also in the case of issuers without an external rating, the Group sought to update its internal risk analyses more frequently, in order to detect, at an earlier stage, any warning signs that could lead to a possible change in the risk profile;
- As a result of a conservative culture in credit risk management, and as a consequence of the COVID-19 pandemic, the portfolios proved to be extremely resilient. In the securities portfolio, default was zero and in the retail portfolio the level of default was residual, mainly due to small overdrafts and other causes not directly related to Covid-19;
- Although the number and amount of loan transactions subject to relief measures ("moratoriums") was very small (12 operations, corresponding to a total amount of credit of 544,539 Euros), the Group carried out close, individual surveillance on these credits. Furthermore, in the securities portfolio, surveillance was also reinforced on debt issuers with worse ratings, with negative outlooks in more than one ECAI, and greater exposure to the Group;
- At the end of 2021, together with the retail clients who had benefitted from moratorium measures, and in anticipation of their expiry, the Group studied additional restructuring measures of the operations, in order to prevent defaults after the resumption of the normal reimbursement of the contracts, thus avoiding the so-called "cliff effects". To date, these measures have proved effective;
- In collateral management, there was a permanent adjustment in terms of valuation, according to the evolution of market values, above all in retail products such as Margin Accounts. However, there were no significant margin executions, and there were also no non-productive operations, due to possible collateral deficit and/or the need to reinforce impairment for this reason;

Capital and liquidity management

As a strategic orientation, the Group's policy is to ensure the maintenance of high levels of capital and liquidity. During the pandemic situation experienced in 2020 and 2021, the Group kept its structural focus on preserving high levels of capital and liquidity, adopting a prudent policy in managing the encumbrance of assets, and maintaining a comfortable percentage of unencumbered assets.

The policy of reinforcing the portfolio of earning assets adopted in 2021 was undertaken in a diversified manner, giving priority to liquid assets, with broad access to funding sources, and allowing the Group's equity level to be maintained at a level that significantly exceeds the minimum requirements, in line with the strategic orientation of preserving a very significant buffer capital.

NOTE 47
RECENTLY ISSUED STANDARDS

1. Impact of the adoption of new standards, alterations to the standards that became effective for annual periods that started on 1 January 2020:

a) **IFRS 16** (amendment), 'Leases – COVID-19 rent subsidies'. This amendment introduces a practical expedient for lessees (but not for lessors), which exempts them from assessing whether subsidies granted by lessors under COVID-19 qualify as "modifications" when three criteria's are cumulatively met: i) the change in lease payments results in a revised consideration for the lease that is substantially the same as, or less than, the consideration immediately before the change; ii) any reduction in lease payments only affects payments due on or before 30 June 2021; and iii) there are no significant changes to other terms and conditions of the lease. Lessees that elect to apply this exemption, account for the change in rental payments as variable rental payments in the period(s) in which the event or condition that triggers the payment reduction occurs. This amendment is applied retrospectively with the impacts reflected as an adjustment to retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the lessee first applies the amendment. This amendment had no impact on the Group's financial statements

b) **IFRS 4** (amendment), ''Insurance Contracts – Deferral of application of IFRS 9'. This amendment addresses the temporary accounting consequences that result from the difference between the effective date of IFRS 9 – Financial Instruments and the future IFRS 17 – Insurance Contracts. In particular, the amendment made to IFRS 4 postpones until 2023 the expiration date of the temporary exemption from applying IFRS 9 in order to align the effective date of the latter with that of the new IFRS 17. This amendment had no impact on the Group's financial statements

c) **IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16** (amendments) 'Reform of reference interest rates – stage 2. These amendments address issues that arise during the reform of a reference interest rate, including the replacement of a reference interest rate by another alternative, allowing the adoption of exemptions such as: i) amendments in hedge designation and documentation; ii) amounts accumulated in the cash flow hedge reserve; iii) retrospective assessment of the efficacy of a hedging relationship under IAS 39; iv) amendments in hedging relationships for groups of items; v) assumption that an alternative reference interest rate, referred to as a non-contractually specified risk component, is separately identifiable and qualifies as a hedged risk; and vi) update the effective interest rate, without recognising a gain or loss, for financial instruments measured at amortised cost with variations in the contractual cash flows as a consequence of the reform of the IBOR, including leasing indexed to an IBOR. This alteration produced impacts on the Group's financial statements.

2. Standards (new and amendments) published, application of which is mandatory for annual periods that start on or after 1 January 2022, and already endorsed by the European Union:

a) **IAS 16 (amendment)** 'Income obtained before the start-up' (to be applied in financial years beginning on or after 1 January 2022). Change in the accounting treatment given to the consideration obtained with the sale of products resulting from the production in test phase of tangible fixed assets, prohibiting its deduction from the acquisition cost of the assets. This amendment is of retrospective application, without restatement of comparatives. This amendment is not expected to have any impact in the Group's financial statements.

b) **IAS 37 (amendment)** 'Onerous contracts – costs of fulfilling a contract' (effective for annual periods beginning on or after 1 January 2022). This amendment is still subject to endorsement by the European Union. This amendment specifies that in assessing whether a contract is onerous or not, only expenses directly related to the performance of the contract can be considered, such as incremental costs related to direct labour and materials and the allocation of other directly related expenses such as the allocation of depreciation costs of tangible assets used to perform the contract. This amendment should be applied to contracts that, at the beginning of the first annual reporting period to which the amendment is applied, still include unfulfilled contractual obligations, without giving rise to the restatement of the comparative. This amendment is not expected to have any impact in the Group's financial statements.

c) **IFRS 3 (amendment)** 'References to Conceptual Structure' (to be applied for financial years beginning on or after 1 January 2022). This amendment updates the references to the Conceptual Structure in the text of IFRS 3, and no changes have been made to the accounting requirements for concentration of businesses. This amendment also clarifies the accounting treatment to be adopted regarding liabilities and contingent liabilities under IAS 37 and IFRIC 21, incurred separately versus included in a concentration of businesses. This amendment is to be applied prospectively. This amendment is not expected to have any impact in the Group's financial statements.

d) **IFRS 16 (amendment)**, 'Leasing – Covid-19-Related Rent Concessions after 30 June 2021' (to be applied for financial years beginning on or after 1 April 2021). The alteration extends the date of application of the amendment to IFRS 16 – 'Leasing – Covid-19-Related Rent Concessions' from 30 June 2021 to 30 June of 2022. The condition of application of the practical measure is maintained, and: i) if the lessee already is already applying the practical measure of 2020, it will have to continue to apply it to all lease contracts with similar characteristics, and under comparable conditions; and ii) if the lessee has not applied the practical measure to the eligible rent concessions of 2020, it may not apply this extension to the 2020 amendment. This amendment is applied retrospectively with the impacts reflected as an adjustment to the opening balance of the retained earnings of the annual reporting period in which the lessee applies this amendment for the first time. This amendment is not expected to have any impact on the Group's financial statements.

e) **IFRS 17 (new)**, 'Insurance contracts' (to be applied in years that start on or after 1 January 2023). This standard is still subject to the process of approval by the European Union. This new standard replaces IFRS 4 and is applicable to all entities that issue insurance contracts, reinsurance contracts and investment contracts with characteristics of discretionary participation. IFRS 17 is based on the current measurement of technical liabilities, which are reassessed on each reporting date. Current measurement can be made by the application of the complete model ("building block approach") or simplified model ("premium allocation approach"). The complete model is based on scenarios of discounted cash flows weighted by the probability of occurrence and adjusted to the risk, and a technical margin, which represents an estimation of the future profit of the contract. Subsequent changes to the estimated cash flows are adjusted against the technical margin, except if the latter becomes negative. IFRS 17 is to be applied retrospectively, with some exemptions at the transition date. This amendment is not expected to have any impact in the Group's financial statements.

f) **IFRS 17 (amendment)**, 'Insurance contracts' (to be applied for financial years beginning on or after 1 January 2023. This amendment is still subject to endorsement by the European Union. This amendment comprises specific changes in eight areas of IFRS 17, such as: i) scope; ii) level of aggregation of insurance contracts; iii) recognition; iv) measurement; v) modification and derecognition; vi) presentation of the Statement of Financial Position; vii) recognition and measurement of the Income Statement; and viii) disclosures. This amendment also includes clarifications, which aim to simplify some of the requirements of this standard and streamline its implementation. This amendment is not expected to have any impact in the Group's financial statements.

g) **Improvements to standards 2018 – 2020** (to be applied for annual periods beginning on or after 1 January 2022). This improvement cycle amends the following standards: IFRS 1, IFRS 9, IFRS 16 and IAS 41. This amendment is not expected to have any impact in the Group's financial statements.

3. Standards (new and amendments) published, whose application is mandatory for annual periods beginning on or after 1 January 2022, not yet endorsed by the European Union:

a) **IAS 1** (amendment), ''Presentation of financial statements – classification of liabilities' (effective for annual periods beginning on or after 1 January 2023). This amendment is still subject to endorsement by the European Union. This amendment intends to clarify the classification of liabilities as current or non-current balances depending on the rights that an entity has to defer its payment, at the end of each reporting period. The classification of liabilities is not affected by the entity's expectations (the assessment should determine whether a right exists, but should not consider whether the entity will or will not exercise that right), or by events that occur after the reporting date, such as non-compliance with a covenant. This amendment also includes a new definition of “settlement” of a liability. This amendment is applied retrospectively. This amendment is not expected to have any impact in the Group’s financial statements.

b) **IAS 1** (amendment), ‘Disclosure of accounting policies’ (to be applied for financial years beginning on or after 1 January 2023). This amendment is still subject to endorsement by the European Union. Amendment to the disclosure requirements for accounting policies based in defining “material” rather than “significant”. The information on an accounting policy is considered material if, in the absence thereof, users of financial statements are unable to understand other financial information included in these financial statements. Immaterial information relating to accounting policies does not need to be disclosed. The IFRS Practice Statement 2 was also altered to clarify how the concept of “material” applies to the disclosure of accounting policies. This amendment is not expected to have any impact on the Group’s financial statements.

c) **IAS 8** (amendment), ‘Disclosure of accounting estimates’ (to be applied for financial years beginning on or after 1 January 2023). This amendment is still subject to endorsement by the European Union. Introduction of the definition of accounting estimate and the way in which this is distinguished from changes in accounting policies. Accounting estimates are now defined as money subject to measurement uncertainty, to achieve the objective(s) of an accounting policy. This amendment is not expected to have any impact on the Group’s financial statements.

d) **IAS 12** (amendment), Deferred tax related with assets and liabilities associated to a single transaction’ (to be applied for financial years beginning on or after 1 January 2023). This amendment is still subject to endorsement by the European Union. IAS 12 now requires entities to recognise deferred tax on certain specific transactions, when their initial recognition gives rise to equal amounts of taxable temporary differences and deductible temporary differences. The subject transactions refer to the recording of: i) right-of-use assets and lease liabilities; and ii) provisions for decommissioning, restoration or similar liabilities, and the corresponding values recognised as part of the cost of the related asset, when on the date of the initial recognition they are not relevant for tax purposes. These taxable differences are no longer subject to the exemption of initial recognition of deferred tax. The cumulative effect of the initial application of this amendment is recognised as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) of the earliest comparative period presented. This amendment is not expected to have any impact on the Group’s financial statements.

e) **IFRS 17** (amendment), ‘Initial application of IFRS 17 and IFRS 9 – Comparative information (effective for annual periods beginning on or after 1 January 2023). This amendment is still subject to endorsement by the European Union. This amendment applies only to insurance companies in transition to IFRS 17 and allows the adoption of an overlay in the classification of a financial asset for which the entity had not made the application retrospectively, under IFRS 9. This amendment aims to avoid temporary accounting mismatches between financial assets and liabilities of insurance contracts, in the comparative information presented in the initial application of IFRS 17, providing for: (i) the application of financial asset by financial asset; (ii) the presentation of the comparative information as if the requirements concerning classification and measurement of IFRS 9 had been applied to this financial asset, but without requiring an entity to apply the impairment requirements of IFRS 9; and (iii) the obligation to use reasonable and supported information available on the transition date, to determine how the entity expects that financial asset to be classified in accordance with IFRS 9. This amendment is not expected to have any impact on the Group’s financial statements.

NOTE 48
SUBSEQUENT EVENTS

In 2022 the conflict between Russia and Ukraine has dominated international geopolitical concerns. This military conflict and the sanctions unprecedented imposed to the Russia, have been reflected in higher levels of market volatility, significant variations in practically all asset classes, increases in the price of raw materials, rising inflation and the flight of investors to safe haven assets.

This context, in particular the high uncertainty associated with the unfolding of events, could have an impact on the Bank’s activity, namely in the event of new widespread devaluations of assets in the international financial markets. The Bank will pay special attention to the evolution of these events and market conditions, with a view to adopting the necessary management measures and minimising possible negative impacts.

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